



LOGOS PUBLIC CHARTER SCHOOL

FISCAL POLICY

Logos Public Charter School Fiscal Policy

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100 INTRODUCTION

Oregon state law requires each charter school to keep an accurate account of all its activities and provide for an annual independent audit of its financial statements. The LPCS Board, acting as public agents authorized by the state of Oregon, are responsible for management of the school, which includes developing and adopting fiscal policies and procedures.

101 SCOPE AND ORGANIZATION

This policy consists of a series of general policies and their subsidiary guidance.

102 PURPOSE OF POLICIES

- A. This policy is the official document for the accounting and administrative functions conducted by Logos Public Charter School, further referred to in this document as LPCS.
- B. This policy provides standards and directives for sound management and promotes consistent, prudent financial, and administrative practices.
- C. This policy should be used in conjunction with and referenced to LPCS's existing personnel policy handbook, job descriptions, and any other policy manuals maintained by the school.

103 AMENDING THE POLICY

This policy contains the essential fiscal policies for LPCS, as of the date of promulgation. From time to time, as additional matters require changes to this policy, the LPCS Board will amend this policy.

200 INTERNAL CONTROL POLICIES

LPCS, under the direction of the LPCS Board, further referred to as the LPCS Board, is required to establish and maintain adequate accounting records and internal control procedures. Internal control consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring. The objectives of internal control relate to financial reporting, operations, and compliance.

LPCS and all levels of management are responsible for preventing and detecting instances of fraud and related misconduct and for establishing and maintaining proper internal controls that provide security and accountability of the resources of the school. Management is also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.

Any employee with reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within the school.

Internal control policies provide Logos with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and

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regulations and produce timely and accurate financial information. The following policies will highlight some of the areas of internal control that Logos has considered:

201 COMPLIANCE WITH LAWS

LPCS will follow all the relevant laws and regulations that govern Charter Schools within the state of Oregon. Additionally, U.S. Government laws and regulations that relate to grant funding will be adopted as grant funding is received. The following are specific policies of LPCS:

A. Political Contributions

No funds or assets of LPCS may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of LPCS for political contributions in any form—whether in cash or other property, services, or the use of facilities—is strictly prohibited. LPCS also cannot be involved with any committee or other organization that raises funds for political purposes.

Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using the school's assets in political campaigns.

B. Record Keeping

To provide an accurate and auditable record of all financial transactions, the school's books, records, and accounts are maintained in conformity with generally accepted accounting principles as required by Oregon statutes, applicable to charter schools.

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.

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Further, the school specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of the school.
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

202 ORGANIZATIONAL CONFLICT OF INTEREST OR SELF-DEALING (RELATED PARTIES)

LPCS may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to LPCS or members of its management, unless the private benefit is considered merely incidental. LPCS will follow conflict of interest laws and disclosures which restrict public officials and employees from taking advantage of their position to gain improper benefits for themselves, relatives, their associates, or their friends. The law also restricts board members from voting on matters affecting their financial interest and limits the circumstances under which they can receive anything of value because of their official position. A board member may not vote or enter into any discussion if one of the following groups will receive financial benefit:

- A. The Director or immediate family or business partner;
- B. A business organization in which the Director is serving as an officer, director, trustee, partner or employee; or
- C. Any person or organization with which the Director is negotiating or has any arrangement concerning prospective employment.

The private benefit preclusion will extend to:

- A. Sale or exchange, or leasing, of property between the school and an affiliated or unaffiliated organization or a private or related individual.
- B. Lending of money or other extension of credit between the school and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.
- C. Furnishing of goods, services or facilities between the school and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.

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D. Payment of compensation, unless authorized by the LPCS Board or its governing body, by the school to an affiliated or unaffiliated organization or a private or related individual.

E. Transfer to, use by, or for the benefit of a private or related individual of the income or assets of the school.

Thus, LPCS will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s).

Related party transactions shall include transactions between a school and members of the board, management, contracted management organization, employees, related individuals and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law, and brother-in-law of a board member or school employee.

203 BOARD OF DIRECTORS AUTHORITIES

The LPCS Board is responsible for the operation of LPCS in accordance with the provisions of all state and federal laws and regulations and conditions as may be established from time to time. The LPCS Board is also responsible for operating the school in accordance with the representations made in its charter school contract and application submitted to and approved by the Board of Education.

Specifically, the LPCS Board shall have the sole authority to approve and will incorporate into its own minutes such matters as (i) change of the School's name, with the Department of Education's Charter School office approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of key employees (iv) key employees' salary and salary changes, (v) incurrence of debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter (vi), investment policies, (vii) depository and investment banks, (viii) purchase or sale of property (ix) opening up or closing checking or savings accounts, and (x) selection of LPCS's certified public accountants and (xi) other activities associated with the operations of the School.

The LPCS Board will meet regularly to ensure that its fiduciary duty is maintained. The Board will review the following: prior meeting minutes, business items, educational items, subcommittee reports, new business and other items.

204 SIGNATURE AUTHORITIES

The Board will, at its annual organizational meeting following June 1, or at other times deemed necessary by the Board, authorize the public charter school administrator or other individuals designated by the Board to sign public charter school checks. The Board may authorize the use of facsimile signatures by those person authorized to sign public charter school checks.
ORS 294.120, ORS 328.441, ORS 328.445, ORS 338.115(2).

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205 GOVERNMENT ACCESS TO RECORDS

The Business Manager will provide access to LPCS's records as requested by auditors, to facilitate the completion of such audits or reviews in a timely manner.

206 SECURITY OF FINANCIAL DATA

- A. The school's accounting software should be reviewed to ensure that general and application controls to unauthorized access to data is precluded (i.e., proper password protection and authorizations for inquiry or browse only functions.)
- B. The system's accounting data must be backed up daily by the Business Manager to ensure the recoverability of financial information in case of hardware failure. The back up should be stored in a fire safe area and properly secured.
- C. All other financial data, petty cash box, unused checks and unclaimed checks will be secured by the Business Manager from unauthorized access.

207 SECURITY OF SCHOOL DOCUMENTS

Originals of the following corporate documents are maintained and their presence is verified on a periodic basis:

- A. Charter and all related amendments
- B. Charter school by-laws
- C. Minutes of the LPCS Board and subcommittees
- D. Banking agreements
- E. Leases
- F. Insurance policies
- G. Community Partner invoices
- H. Grant and contract agreements
- I. Fixed asset inventory list
- J. Contract and grant billings

208 USE OF SCHOOL ASSETS

School employees should not use any of the school's assets for personal use without prior approval of the LPCS Board and with proper justification.

209 USE OF SCHOOL CREDIT CARDS

Charter school credit cards should only be issued with the formal approval of the LPCS Board and with proper justification. The cost/benefit to LPCS should be fully reviewed to ensure that no other method is appropriate. If credit cards are issued they should be assigned to certain charter school employees and should be used only for school related expenditures. All charges must be supported by invoices or travel reports to be eligible for payment by LPCS.

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Monthly credit card statements are reconciled to invoices and travel reports and are approved by the Business Manager.

300 FINANCIAL MANAGEMENT POLICIES

LPCS has been granted a charter by the Board of Education of the State of Oregon and under contract by the Medford School District (549C). Charter schools are considered special purpose government entities that engage in business type activities, and all of the financial activity of the school is recorded in an enterprise fund within the proprietary fund group. As such, the accounting policies and financial reporting adopted by the school should be consistent with a special purpose governmental entity that engages in business type activities. The LPCS Board has oversight of the management of a charter school inclusive of establishing the governance structure and the financial management policies as set forth in LPCS contract and application.

LPCS will maintain in effect the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accord with amounts specified in the board-adopted budget, (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

301 BASIS OF ACCOUNTING

LPCS will maintain its accounting records and related financial reports on the accrual basis of accounting.

302 ACCOUNTING POLICIES

The accounting policies and financial reporting adopted are consistent with the special purpose governmental entity requirements of the Governmental Accounting Standards Board (GASB), including Statement of Governmental Accounting Standards No. 34 –*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the school has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

303 BASIS OF PRESENTATION

The accounts of LPCS are organized as a special purpose governmental entity that engages in *Business-type Activity*, which is considered to be a separate accounting entity. The operations are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues and expenditures. LPCS uses the following fund:

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Enterprise Fund - This fund of LPCS is used to account for all financial resources associated with the operation of the school.

All transactions will be posted in an electronic general ledger. The transactions will be posted on the ledger by Business Manager or his/her assistants.

Note on Component Units: All non-profit agencies (if any) associated with LPCS should be evaluated during the planning stage of the audit to determine if they should be included as a component unit of the school. If they are considered a component unit, then all of their financial information should be reported in conjunction with LPCS's financial statements and accounted for in accordance with GASB No.'s 14 and 39. If they do not meet the criteria of a component unit, then all the transactions incurred between the non-profit and the School should be evaluated as related party transactions and disclosed in accordance with GAAP and the Policy. DOE requires that all related party transactions, whether material or immaterial, be disclosed in the notes to the financial statements.

304 REVENUES

Under the accrual basis of accounting, revenues are recognized when earned, consistent with generally accepted accounting principles applicable to special purpose governmental units.

305 EXPENDITURES

Under the accrual basis of accounting, expenses are recognized when services are incurred or goods are received.

306 IN-KIND EXPENSES

The school recognizes services that are donated, if these services would have been purchased by the school if not donated (e.g., transportation). These expenses are recorded when incurred.

307 INCURRED COSTS

For the purpose of invoicing funding sources for allowable costs under cost reimbursement grants or contracts, the term "costs incurred" is defined as follows: costs related to items or services incurred directly for the grant or contract and received at the time of the request for reimbursement and not specifically disallowed by the funding source.

308 CASH

A. The school maintains cash accounts at the following banks:

1. Operating (checking)
2. Money Market (Maximizer)
3. Service Learning

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- B. A schedule of aged accounts and grants receivable is prepared monthly and reviewed by the Business Manager for collection. Appropriate collection procedures are initiated, if necessary.

309 ACCOUNTS RECEIVABLE AGING CRITERIA

Accounts receivable outstanding is aged on a thirty, sixty, ninety, and over-ninety day basis.

310 INVESTMENTS

The public charter school board may authorize the investment or reinvestment of funds which are not immediately needed for operation of the public charter school. Such investment will comply with state law and Oregon Administrative Rules.

The public charter school administrator will develop and the Board will approve the criteria for the appropriate investment of public charter school funds. A progress report of investments will be made to the public charter school board on a regular basis.

ORS 294.033, ORS 294.035, ORS 294.135(1)(a), ORS 294.155, ORS 338.15.

311 Budgets

The public charter school budget will serve as the financial plan of operation for LPCS and will include estimate of expenditures for a given period and purpose and the proposed means of financing the estimated expenditures. The public charter school may provide that the budget and budget documents be prepared on an annual or biennial basis.

The public charter school budget will be prepared in full compliance with Local Budget Law. The administrator will be designated as budget officer and will prepare the budget document. ORS 294.305 – 294.565, ORS 328.542 – 328.565, ORS 338.115©, Oregon Department of Education, Program Budget and Accounting Manual (2006).

312 Insurance and Bonding

- A. The school maintains minimum levels of coverage, as deemed appropriate by the LPCS Board, for the follow policies:

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1. General liability
 2. Business & personal property (including auto/bus)
 3. Computer equipment
 4. Workers' compensation
 5. Personal injury liability
 6. Unemployment
 7. Fidelity bond
 8. Board Insurance
- B. The school requires proof of adequate insurance coverage from all prospective contractors, as deemed applicable by the LPCS Board.

313 PUBLIC EMPLOYEE RETIREMENT SYSTEM

The Public Employee Retirement System (PERS) is a contributory retirement system designed to provide benefits to Oregon's teachers and administrators. Staff members employed by the school who are eligible for membership are required to join the system. See <http://www.oregon.gov/PERS> for full details about eligibility, required payroll deductions and reporting deadlines.

314 RECORD RETENTION AND DISPOSAL

- A. Records are maintained for the following minimum periods:
1. Books, records, documents, and other supporting evidence including paid, cancelled, or voided checks, accounts payable records, Community Partners' invoices, payroll sheets and registers of salaries and wages, tax withholding statements, employee timesheets and other public documents are retained for seven years after the original entry date.
- B. The following records supporting federal contracts, as required by U.S. Office of Management and Budget, are retained for the indicated minimum periods:
1. For three years after submission of the final report of expenditures: general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices. Except for:
 - a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
 - b) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
 2. Permanently: Audit reports, annual corporate reports, charter, board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records.
- C. The disposal date determined under this policy is the end of the fiscal year, or the date of final payment of government grants.

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- D. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.
- E. All financial records are maintained in chronological order, organized by fiscal year.
- F. In connection with the disposal of any records, a memorandum of record disposal is prepared by the Business Manager listing the record or the class of records disposed of. The LPCS Board certifies this memorandum of records disposal.

315 FINANCIAL REPORTING

The Board will receive and at each regularly scheduled board meeting monthly financial reports that include estimates of expenditures for the general fund in comparison to budget appropriations, actual receipts in comparison to budget estimates and the public charter school's overall cash condition. Supplementary reports on other funds or accounts will be furnished upon request of the Board or director.

The Board will receive a preaudit report from the administrator recapping the year-end closure of financial statement prior to the annual audit.

Appropriate staff will be available at any Board meeting, upon the Board's request, to respond to questions and to present current financial information. The director will notify the Board at any time of substantial deviation in the anticipated revenues and/or expenditures.

ORS 294.155, ORS 294.311, ORS Chapter 297, ORS 328.465, ORS 338.095(2); OAR 162-010-111 to -0330, OAR 162-040-000 to -160, OAR 581-023-0037, and Oregon Department of Education, Program Budget and Accounting Manual.

The Business Manager maintains supporting records in sufficient detail to prepare the School's financial reports, including:

A. Annually:

- 1. Financial statements for audit
- 2. Annual budget

B. Monthly:

- 1. Trial balance
- 2. Internally generated budget vs. actual financial statements with explanations for significant variances
- 3. Billing invoices to funding sources
- 4. Updating of the cash flow projection
- 5. Accounts receivable aging report
- 6. Accounts payable listing

C. Quarterly:

- 1. IRS Form 941 and payroll tax returns and comparable state taxing authority

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- Returns
- 2. Other reports upon request

316 AUDIT

An audit of all public charter school accounts will be made annually by an accountant selected by the Board from the roster of authorized municipal accountants maintained by the Oregon Board of Accountancy. The audit examination will be conducted in accordance with minimum auditing standards established by the Secretary of State.

A copy of the audit report will be presented to the Board. The director will submit a copy of the audit report to the sponsoring district, the state board of education and the Oregon Department of Education.

ORS 294.155, ORS Chapter 297, ORS 327.137, ORS 328.465, ORS 338.095(2); OAR 581-023-0037.

317 Audit/Finance Committee

The LPCS Board appoints an audit/finance subcommittee. This subcommittee will nominate the independent auditor and review the scope and results of the audit. The audit/finance subcommittee also receives notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, the subcommittee will develop a corrective action plan to address all relevant weaknesses noted by the auditor. The audit/finance subcommittee will also review all financial information of LPCS and provide recommendations to the LPCS Board.

318 CHART OF ACCOUNTS

The chart of accounts of LPCS will assist schools in managing their operations, preparing financial statements and participating in the audit.

400 ASSETS, LIABILITIES, AND NET ASSETS

401 ASSETS

Economic resources that are recognized and measured in conformity with generally accepted accounting principles. Assets also include certain deferred charges that are not resources, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of assets.

402 BANK ACCOUNTS

- A. Bank accounts for the indicated purpose(s) and limitation(s) have been authorized by the LPCS Board of the School at the indicated Federal Deposit Insurance Corporation (FDIC)-insured banks.

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- B. LPCS will maintain its accounts at a federally insured commercial bank or credit union. Funds deposited in non—speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or certificates of deposit. The Board must appoint and approve all individuals authorized to sign checks in accord with these policies.
- C. The School’s Business Manager will reconcile the school’s ledger(s) with its bank accounts on a monthly basis and prepare (1) a balance sheet, (2) an income statement (also known as a Profit and Loss statement [P&L]) , (3) a comparison of budgeted to actual revenues and expenditures to date, and (4) a check register report for the Board review and approval at each Board meeting. The Board will regularly review these statements. The School will deposit all funds received as soon as practical upon receipt. A petty cash fund, not to exceed \$200, may be established with an appropriate ledger to be reconciled monthly by the Business Manager.
- D. All funds received shall be deposited or transferred into the school’s accounts at the earliest possible convenience and in no event later than 48 hours after receipt (unless receipt is just before a holiday weekend that includes a banking holiday).

403 PETTY CASH PAYMENTS

- A. Petty cash payments are made from a fund not to exceed \$200, and should be for cash advances, local expense reimbursement, and small-dollar Community Partner purchases, provided proper documentation is furnished with each request. No individual payment shall be greater than \$75.
- B. The petty cash account is balanced on a monthly basis by the petty cash custodian. The replenishment check is made out to the acting business manager on an as needed basis.

404 CRITERIA FOR CAPITALIZING AND DEPRECIATING FOR PROPERTY AND EQUIPMENT

All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$500 or more is capitalized and recorded in the statement of net assets. Depreciation associated with the fixed asset will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be reflected in the annual audit in the statement of revenues, expenses, and changes in net assets.

405 PROPERTY AND EQUIPMENT INVENTORY

The Executive Director shall establish and maintain an inventory of all non-consumable goods, laptop computers, and equipment worth over \$500.

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- A. The Business Manager maintains a log identifying all fixed asset property in its possession, as follows:
 1. Name and description
 2. Serial number, model number, or other identification
 3. Whether title vests with an entity other than LPCS
 4. Acquisition date, cost, depreciation expense, and net book value
 5. Location of the equipment (if practicable)
 6. Ultimate disposition data, including date of disposal and sales price or method of disposal

All non-consumable school property lent to students shall be returned to the school no later than 15 working days after end of the school year.

The Executive Director may, at any time, declare public charter school property as surplus and authorize its disposal when such property is no longer useful to the public charter school, unsuitable for use, too costly to repair or obsolete.

If reasonable attempts to dispose of surplus properties fail to produce a monetary return to the public charter school, the Executive Director may dispose of them in another manner.

If the charter is terminated or a public charter school is dissolved, the assets of the public charter school that were purchased with public funds shall be given to the State Board of Education. ORS 279B.055, ORS Chapters 279A, 279B, and 297C, ORS 332.155, ORS 338.105(6), ORS 338.115(s).

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406 PHYSICAL INVENTORIES

- A. LPCS performs a physical inventory of all property over \$500 in its possession or control on an annual basis.
 - B. The physical inventory records include each asset, the related control number, location, and a brief description of its condition.
 - C. The physical inventory is reconciled to the detailed fixed asset subsidiary ledger, and differences, if any, are investigated and reconciled.
-
- A. No item of property or equipment shall be removed from the premises without prior approval from the Business Manager or the Executive Director.
 - B. LPCS has adopted standard disposition procedures for the school staff to follow, which include an Asset Disposal Form, which identifies the asset, the reason for disposition, and signature of the requester. The form also allows for an identification of the asset's net book value, condition of the asset, and supervisory approval or denial.
 - C. When property is retired, the appropriate asset in the fixed asset subsidiary will be adjusted and properly reflected in the general ledger.

407 IMPAIRMENT OF ASSETS

A recognized impairment of an asset is reflected when circumstances warrant. The appropriate adjustment is made for any impaired assets, accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments should be reported to the LPCS Board for approval of the adjustment to the fixed asset subsidiary ledger.

408 Betterments

Expenditures for significant betterments of existing leased/owned properties are recorded in fixed assets at cost. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be reflected in the annual audit in the statement of revenues, expenses, and changes in net assets.

409 Liabilities

Economic obligations that are recognized and measured in conformity with generally accepted accounting principles. Liabilities also include certain deferred amounts that are not obligated, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of liabilities.

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410 Accounts Payable

Only valid accounts payable transactions based on documented Community Partner invoices, receiving reports, or other approved documentation are recorded as accounts payable.

411 Accounts Payable Payment Policy

Community Partners and suppliers are paid as their payment terms require, taking advantage of any discounts offered. In practice, Community Partners and suppliers are paid as soon as invoices are received and processed. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

412 Accrued Liabilities

Salaries, wages earned, and payroll taxes, together with professional fees, rent/mortgage, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs.

413 Liability for Compensated Absences

- A. Compensated absences arise from employees' absences from employment due to vacation leave or other school-designated circumstances. When LPCS expects to pay an employee for such compensated absences, a liability for the estimated probable future payments is accrued if all of the following conditions are met:
 1. The employee's right to receive compensation for the future absences is attributable to services already performed by the employee.

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2. The employee's right to receive the compensation for the future absences is vested or accumulates.
 3. It is probable that the compensation will be paid.
 4. The amount of compensation is reasonably estimable.
- B. Compensated absences not required to be paid upon employee termination are only recorded when paid.

414 ACCRUED TEACHERS' SALARY

The portion of any teachers' salaries paid for a school year that extends into the next fiscal year (e.g., a twelve-month salary schedule from September 1 to August 31 of the following year) should be accrued at the end of the fiscal year for which services were rendered.

415 DEBT

- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.
- B. All short-term and long-term debt is approved by the LPCS Board.
- C. Loan agreements approved by the LPCS Board should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

416 NET ASSETS

Net assets are recorded in accordance with generally accepted accounting principles applicable to special purpose governmental units. Net assets include the following:

- Unrestricted
- Restricted
- Investment in Capital Assets, net of related debt

500 COST ACCOUNTING POLICIES

501 CONSISTENCY IN COST ACCOUNTING

Practices used by LPCS in estimating costs in grant/contract proposals are consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by LPCS in accumulating and reporting actual costs are consistent with its practices used in estimating costs in its grant and contract proposals.

502 UNALLOWABLE COSTS

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Costs expressly unallowable or mutually agreed to be unallowable are identified in separate general ledger accounts and excluded from billings to a grant or contract with the respective funding source. Available guidance includes, but is not limited to, OMB Circular A-87 -Cost Principles for State, Local and Indian Tribal Governments, OMB Circular A-102 -Grant and cooperative Agreements with State and Local Governments, OMB Circular A-133 - Audits of State and Local Governments and Nonprofit Organizations.

503 SEPARATE RECORDS OF UNALLOWABLE COSTS

LPCS maintains separate records of all expressly and mutually agreed upon unallowable costs.

504 COST ACCOUNTING PERIOD

The fiscal year of LPCS is July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

505 GAIN OR LOSS ON DISPOSITION OF ASSETS

Gains and losses from the sale or other disposition of property are recorded as revenue in the year in which they occur, and are reflected as such on the Statement of Revenue, Expenditures, and Changes in Net Assets.

600 PROCUREMENT POLICIES

601 PROCUREMENT – GOODS AND SERVICES

LPCS procures only those items and services that are required to perform the mission and/or fill a bona fide need. Procurements are made using best value contracting which includes assessing the best value considering quality, performance and price. Logos will use a competitive procurement process, which requires sound business practices for purchases less than \$2,000. The school will also select the best value by obtaining three written quotes or responses indicating the refusal to give a quote for items greater than \$2,000 and less than \$10,000. Finally, a formal bid process will be used for items greater than \$10,000, in which three responses will be received and evaluated using a formal evaluation process.

A. The School adheres to the following objectives:

1. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
2. Make all purchases in the best interests of the school and its funding sources.
3. Obtain quality supplies/services needed for delivery at the time and place required.
4. Buy from responsible and dependable sources of supply.

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5. Obtain maximum value for all expenditures.
 6. Deal fairly and impartially with all Community Partners.
 7. Be above suspicion of unethical behavior at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in LPCS supplier relationships.
- B. LPCS will execute a Purchase Order for all purchases and it shall be approved by the Business Manager for purchases over \$2,000.00 and less than \$10,000 and by the Executive Director, and the Business Manager for purchase greater than \$10,000. Logos will maintain purchase order forms to document the authorization of all non-payroll expenditures that are not originated in the Business Office.
- C. All lease agreements will be evidenced by a lease or sublease agreement approved by the LPCS Board and signed by the Charter Leader. The agreement will identify all the terms and conditions of the lease. Any real estate agreement to rent or sell will require a beneficial interest disclosure.

602 EMERGENCY PURCHASES

An “emergency purchase” is the purchase of goods or services that are so badly needed that the school will suffer financial or operational damage if they are not secured immediately. A decision to purchase may be declared in an emergency at the school’s discretion and “best value” procurement guidelines must be followed. In addition, the purchase must be authorized by the Executive Director or the Business Manager.

603 PROCUREMENT – CONSTRUCTION

The School is required to comply with certain laws while constructing a new facility or performing construction on its current facility. These laws include numerous federal and state laws inclusive of the state’s public bidding and prevailing wage laws. When undertaking construction or renovation projects, the school should seek advice from the State of Oregon Office of the Attorney General and the State of Oregon Division of Occupational Safety regarding the applicability of these laws and also the advice of legal counsel regarding the specific construction project.

Public Bidding Laws - This law applies to the construction, reconstruction, installation, demolition, maintenance or repair of any building by a public agency estimated to cost more than \$25,000. Charter schools are considered public agencies under the statutes of the State.

Prevailing Wage Statute - This law requires payment of a minimum hourly wage rate for certain classifications of labor performed on state and local construction projects. The Division of Occupational Safety issues prevailing wage schedules for construction projects covered by the prevailing wage statute and determines whether the prevailing wage statute applies to certain construction projects.

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604 PROCUREMENT – EDUCATIONAL SERVICES

The LPCS Board must approve the terms of the contracts with individuals or organizations that provide “substantially all educational services”. These contracts are not valid or in effect prior to receiving final approval from the LPCS Board.

700 EMPLOYEE POLICIES

701 PAYROLL POLICIES

LPCS will contract with a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The Executive Director or designee will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The Executive Director and Board Treasurer (if one) will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll-related documentation including a federal employment forms (I-9, I-11, etc.), tax withholding forms, retirement date, and an accounting of the use of sick leave.

- A. Employees are paid on a 10-month, monthly schedule from September 1 to the following June 30. (Also see Section 413: Accrued Teachers' Salary.)
- B. Employee's time is properly approved by both the individual and the supervisor and reported to the Business Office or designated representative.
- C. All employee payroll amounts are calculated based upon approved rates included in the individual's personnel file.
- D. Any changes to the pay rates or benefits are properly authorized.
- E. All payroll taxes—including PERS deductions—and benefits are properly calculated and any deposits made in a timely manner.
- F. Payroll liabilities and expenses are recorded in the general ledger by the Business Manager after review and approval of the payroll register.
- G. All payroll tax reports are prepared in a timely manner and reviewed by a designated individual for accuracy prior to filing.
- H. Refer to the employee handbook approved by the board for lists of employee benefits.

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800 CONSULTANTS AND CONTRACTORS POLICIES

801 CONSULTANT UTILIZATION

The utilization of all consultants and contract personnel are sufficiently evidenced by:

- A. Details of all agreements (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any) with the individuals or organizations providing the services and details of actual services performed.
- B. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
- C. The use of a management contract for educational and administrative services will clearly identify the contractor's performance requirements, including students' academic achievement, contractor's compensation and LPCS's rights to educational curricula and intellectual property developed. If the contract provides substantially all educational services, then the contract will be approved by the LPCS Board prior to signature by LPCS. (Also see Section 704: Procurement – Educational Services.)

802 INDEPENDENT CONTRACTORS

The use of consultants is closely monitored so as not to vary from the rules of the Internal Revenue Code. In particular, consultants will:

- A. Be free from the employer's control and direction in performing the service, both under a contract and in fact.
- B. Provide a service that is outside the employer's usual course of business.
- C. Must be engaged in an independent trade, occupation, profession, or business of the same type.
- D. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
- E. Not be assigned a permanent workstation.
- F. Use his or her own stationery or time sheet in billing for services.

900 MISCELLANEOUS POLICIES

901 ATTENDANCE ACCOUNTING

The Executive Director or designee will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at the School and engaged in the activities required of them by the School. The annual audit should review actual attendance accounting records and practices to ensure compliance. The attendance

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accounting practices will be in conformance with and the applicable Oregon Administrative Rules (OAR) defining Public School Average Daily Membership (ADM). Therefore:

- ADM will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by the School.
- The calendar must also document that the school offers an amount of annual minutes of instruction as required pursuant to applicable law.

902 ANNUAL FINANCIAL AUDIT

The Board will annually appoint an Finance Committee by October 1. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee. The committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The Executive Director or designee will sign the audit contract. The audit may include, but not be limited to (1) an audit of the accuracy of school's financial statements, (2) an audit of the school's attendance accounting and revenue claims practices, and (3) an audit of the school's internal controls practices. If the school receives over \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The Audit shall be completed, reviewed by the Board, and submitted to the charter-granting agency, the Medford School District (549C), the Office of the State Treasurer, and Oregon Department of Education prior to December 15 of each year (unless the Audit is abnormally delayed).

903 NEGOTIATING FUNDING ENTITLEMENTS

The Executive Director will take lead responsibility for negotiating all revenue arrangements with the charter granting agency and appropriate state education agency staff. These arrangements will be documented in appropriate and detailed Memoranda of Understanding and reported to the Board.

904 REQUIRED BUDGET AND OTHER FISCAL REPORTS

The Executive Director, working in conjunction with the Business Manager, will produce and submit to the charter granting agency any and all required fiscal reports as may be required by state or federal law, or mandated by the terms of the school's charter and contract with the Medford School District 549C. These include, but are not limited to, attendance reports, enrollment and other data reports required by the Oregon Department of Education, and other related data.

905 PROPERTY AND LIABILITY INSURANCE

The Executive Director shall ensure that the school retains appropriate property and liability insurance coverage. Property insurance shall be obtained to cover Building as required by Lease Agreement, Business Personal Property and address business interruption and extra expense needs, including fire and other hazards with replacement cost coverage for all assets listed in the school's Fixed Assets inventory. Liability coverage for Premises, Operations, Teachers Legal

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Liability, Employment Practices, Fiduciary Liability and Abuse & Molestation with a Liability Limit of no less than \$1,000,000 per occurrence, along with Board errors and omissions liability insurance shall also be obtained and kept in force at all times on a “claims made” form with a self-insured retention of no more than \$50,000 per occurrence and limit of no less than \$1 million per occurrence. The school’s Executive Director and other staff who manage funds shall be placed under a fidelity bond. Logos shall maintain worker’s compensation insurance for all employees as required by the Oregon State Statutes.

906 BOARD COMPENSATION

Board members shall serve without compensation, but may be reimbursed for actual and necessary expenses. Expenses for travel necessary to attending board meetings and meetings of board committees need not be approved in advance by the board. All other expenses shall be approved in advance by the board. Travel expenses reimbursed shall not exceed levels that would be subject to federal or state income tax. All expenses reimbursed shall be documented by receipts and in no event may reimbursements exceed actual expenses.

907 AUTHORITY TO ENTER INTO CONTRACTS AND AGREEMENTS

Except as otherwise provided in these policies, the Executive Director or designee may enter into contracts and agreements not to exceed \$10,000 without Board approval, provided funds sufficient for the contract or agreement are authorized and available within the school’s board-adopted budget. Contracts and agreements in excess of \$10,000 must be submitted for board approval and may be executed by the Executive Director or other person specifically designated by the Board after the Board has duly approved the contract or agreement.

908 FUNDRAISING, GRANT SOLICITATION, AND DONATION RECOGNITION

The Board. The Board shall be notified no later than the next regular board meeting of the award or receipt of any funds and shall be informed of any conditions, restrictions, or compliance requirements associated with the receipt of such funds, including grants or categorical programs sponsored by the state or federal government.

Adopted: 1/24/2011.

Amended: 8/12/2013, 7/10/18

Addendum

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Budget Development and Oversight Calendar and Responsibilities

LPCS will develop and monitor its budget in accord with the annual budget development and monitoring calendar as specified below.

January – February

- The Finance Committee of the Board works with Executive Director and Business Manager to review Governor’s proposed state budget for the upcoming fiscal year, and identify the likely range of revenues for the school’s upcoming fiscal year (July 1-June 30). [*Board Treasurer, Business Manager, Executive Director*]
- The Executive Director and Business Manager prepares a set of proposed budget development principles for board review and approval. [*Board Treasurer, Executive Director, Business Manager, LPCS Board*]
- Develop rough planning budget for upcoming fiscal year, including projected enrollment and any proposed staffing changes. [*Executive Director in conjunction with Board Finance Committee*]
- Develop five-year budget projection in accord with the school’s established strategic and growth plans. [*Executive Director in conjunction with Board Finance Committee*]
- Ongoing monitoring and revision of current year budget. [*Board Treasurer, Finance Committee, Business Manager, and Executive Director*]

March – April

- The Executive Director, working in conjunction with staff, Board members, and Treasurer, prepares a formal budget plan for upcoming fiscal year. The plan is reviewed by the Finance Committee of the Board.
- Ongoing monitoring and revision of current year budget. [*Board Treasurer, Finance Committee, Business Manager, and Executive Director*]
- The Finance Committee of the Board solicits bids for the annual audit and selects an auditor. [*Finance Committee of the Board acting alone*]

May – June

- Executive Director reviews revenue projections subsequent to the Governor’s annual “May Revise” budget figures, fine-tunes the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Finance Committee reviews and finalizes the proposed budget for the upcoming fiscal year and forwards to the Board. [*Board Treasurer, Finance Committee, and Executive Director*]

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- The Board reviews and formally adopts a budget for upcoming fiscal year before June 15. A copy of the final budget is provided to the charter-granting agency. *[Board]*
- Ongoing monitoring and revision of current year budget. *[Board Treasurer, Finance Committee, Business Manager, and Executive Director]*

July – August

- Books for prior fiscal year are closed, all transactions are posted, and records assembled for audit. *[Executive Director, Business Manager, and Board Treasurer]*
- Budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter-granting agency. *[Executive Director and Finance Committee]*
- Independent auditor performs audit of the just-closed fiscal year and prepares audit report for submission to the Finance Committee. *[Auditor, Staff as requested by the Auditor, Business Manager, Finance Committee]*

September – December

- At the end of the first full week of school, the Executive Director reviews LPCS's actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is again revised to match likely revenues. *[Executive Director, Business Manager, Finance Committee, Board]*
- The Finance Committee of the Board reviews a copy of the audit. Executive Director and Finance Committee address any audit exceptions or adverse findings. Audit report and any follow-up plans are submitted to charter-granting agency. *[Finance Committee, Board, Executive Director]*
- The Executive Director reviews current year actual versus budgeted revenues and expenditures after the second and fifth months of the school year and reports to the Finance Committee. The Board approves any needed changes to the annual budget. *[Board Treasurer, Finance Committee, and Executive Director]*
- Ongoing monitoring and revision of current year budget.
[Board Secretary, Finance Committee, Business Manager, and Executive Director]