Fiscal Control Policy: Overview

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The Board of Directors of Excel Academy Charter Schools ("School") has reviewed and adopted the following procedures to ensure the most effective use of the School's funds to support its mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Board of Directors formulates financial policies and procedures, delegates administration of the policies and procedures to the Chief Executive Officer (CEO) and/or Executive Director, and reviews operations and activities on a regular basis.
2. The CEO/Executive Director is responsible for all operations and activities related to financial management.
3. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, and bank account reconciliations.
4. The Board of Directors shall commission an annual financial audit by an independent third-party auditor who will report directly to it. The Board of Directors shall approve the final audit report, and a copy will be provided to the chartering authorities and other legally required entities. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Board of Directors and the chartering authorities.

Annual Financial Audit

1. By January 1, annually, the Board of Directors shall appoint an audit committee to select an auditor.
2. Every six years, the committee shall solicit and review bids and select an independent certified public accountant to perform an annual fiscal audit pursuant to the provisions in the School's charter. The Board of Directors may request a waiver of this process.
3. The audit shall include, but not be limited to:
    a. An audit of the accuracy of the financial statements
    b. An audit of the attendance accounting and revenue accuracy practices
    c. An audit of the internal control practices
4. The School will review any audit exceptions or deficiencies and determine the means for resolving them. Audit exceptions must be resolved to the satisfaction of the School Governing Board and in accordance with the procedures detailed in the Charter and Education Code Section 47605(b)(5)(1).
5. The School shall complete its audit within ninety (90) days of the close of the fiscal year. A copy of the audit report shall be submitted to the District within thirty (30) days of completion later than December 15 of the fiscal year following the fiscal year for which the audit was performed, a copy of the School's annual, independent financial audit report for the preceding fiscal year shall be delivered to the District, State Controller, California Department of Education and County Superintendent of Schools.

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Fund Balance

The School shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54, as follows:

1. Nonspendable fund balance includes amounts not expected to be converted to cash, such as resources not in a spendable form (e.g., inventories and prepaid) or legally or contractually required to be maintained intact.

2. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.

3. Committed fund balance includes amounts constrained to specific purposes by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30). However, the actual amounts may be determined subsequent to that date but before the issuance of the financial statements.

4. Assigned fund balance includes amounts intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. The Board delegates authority to assign funds to the assigned policy fund balance to the Executive Director. It authorizes the assignment of such funds to be made any time before issuing the financial statements. The Executive Director may further delegate the authority to assign funds.

5. Unassigned fund balance includes amounts that are available for any purpose. When multiple types of funds are available for expenditure, the School shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance. The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the School against unforeseen circumstances. If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance, which may include dedicating new unrestricted revenues, reducing costs, and/or increasing revenues or pursuing other funding sources.

Reserve Balance

The School budget shall include a minimum reserve balance for economic uncertainties consistent with the percentage or amount specified in 5 CCR 15450.

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In addition to meeting the minimum reserve requirements established under 5 CCR Section 15450, the School shall maintain a **Reserve for Economic Uncertainties equal to no less than fifteen percent (15%) of total annual expenditures**. This reserve is intended to ensure the School's long-term fiscal stability and to allow the School to effectively weather unforeseen fiscal, economic, or funding conditions at the state and federal levels.

Once the School's Reserve for Economic Uncertainties exceeds fifteen percent (15%) of total annual expenditures, the Executive Management Team shall determine the appropriate designation of reserve amounts in excess of 15%. Such designations may include, but are not limited to, the following categories:

1. Economic Uncertainty
2. Future Longevity Salary Commitments
3. Future Special Education Costs
4. Future Facilities Costs
5. Future Legal Costs
6. Enrollment Uncertainty
7. Future Technology Costs

Reserve designations shall be reviewed and discussed during an annual management planning meeting, typically held in August. Management's recommended reserve designations for each school shall be reported to the Board of Directors annually.