DETAILED BUSINESS PLAN SECTION

I. Sustainability

A. Organization's Fiscal Viability

Part 1: Budget templates – budget plan for the next three years – no major changes – approximately at 5% yearly growth.

See Attachment

Previous two years of financial performance information – 2 years of audits

See Attachment

The procedures we have in place to alert us to a fiscal problem are as follows:

1. The Finance Director prepares a monthly report comparing the budget to the actual. The Executive Director, Superintendent and Principals review this report and discuss any concerns monthly. The Charter School Board also receives a copy of this monthly report.
2. All purchases must have a purchase order - all purchase orders must be signed prior to placing an order. All purchase orders must be signed by the person whose budget will be paying for the items or service. They must indicate which line item the purchase will come out of. It must also contain the signature of the Executive Director, Superintendent and the Finance Director.
3. CAS has site-based management. The Principals prepare their budgets each year which are approved by the Superintendent, Executive Director and the Board. They know exactly what they have, and prior to making a purchase, must check the last budget report o assure that they do not go over on a line item – or have permission to go over on that particular line item prior to purchase.
4. Each month the Superintendent and Executive Director anticipate CAS expenses and using the CHAR reports from DOE the cash flow for the month and year.
5. Upon being concerned on either low expected income or high expenses, the Executive Director and Superintendent place a "freeze" on any discretionary expenditures.
6. Maintain diligence on the legislators, State Superintendent of Education, State Treasurer activities and/or proposed activities.
7. Receive updates from the Charter School Association and other agencies of pending or proposed activities that would affect CAS finances.
8. The Executive Director has the final decision. She uses all the above resources in making the final decision.

This usually gives us several weeks to prepare for a shortfall in funding. We are currently setting up a line of credit that would provide a cushion should something happen that we did not anticipate.

We know exactly where we are when a financial decision is made.

Part 2: Accounting Procedures:

Process used in fiscal decision-making: See Attached Finance Manual

Site-level personnel with fiscal authority: CAS uses site-based management. All Douglas campuses site-based management is done by the Principal in Douglas. All Sierra Vista campus site-based management is done by the Principal in Sierra Vista.

The organization's fiscal viability related to fundraising – CAS uses the tax credit for special events or extracurricular activities. We do not depend on this funding for operations. If these funds dried up it would not affect us at all.

Philanthropic support from the community – Not applicable

POLICIES

Preparation of the Annual Budget

The school prepares a proposed budget each fiscal year on budget forms prescribed by the Office of the Auditor General and the Arizona Department of Education (ADE), which include all information required by Arizona Revised Statutes (A.R.S.).

The school submits the proposed budget to the Superintendent of Public Instruction no later than July 5 of each year and no later than the date of publication of notice of the public hearing and board meeting. The proposed budget is kept on file at the school and is made available to the public upon request.

Preparation of Notice

The governing board of each school holds a public hearing to present the proposed budget to the public, and a special board meeting to adopt the budget. The board prepares a notice of public hearing and special board meeting. The notice will fix a time for the meeting, not later than July 15, and designate a public place to hold the hearing and meeting.

Publication of Notice

The governing board publishes a notice of public hearing and special board meeting in a newspaper of general circulation or transmits the notice electronically to ADE for posting on its Web site. The publication or posting date is no later than 10 days prior to the hearing and meeting. The notice will be printed in at least eight-point type. The governing board then files a publisher's affidavit of publication or an affidavit include the date the notice was posted to ADE's Web site with the Superintendent of Public Instruction within 30 days of publication.

Public Hearing and Special Board Meeting

The governing board members hold the public hearing at the time and place designated in the notice. The purpose of the public hearing is to present the proposed budget publicly to all those present at the hearing. Any person may request the governing board to explain the budget or any item therein and may protest the inclusion of any item in the proposed budget.

Immediately following the public hearing, the president of the governing board will call to order the special board meeting to adopt the proposed budget. The budget will be recorded in the board minutes. The governing board will submit the adopted budget to the Superintendent of Public Instruction no later than July 18.

Budget Revisions

The may revise their adopted budgets during the fiscal year provided all revisions are completed and approved at a governing board meeting before May 15. If the school has overestimated its student count and/or state equalization assistance it will revise its budget before May 15. If the school receives federal or state grants, or other miscellaneous receipts that were not included in its adopted budget, the school will revise its adopted budget to include the additional monies received.

Budget Reports

Budget reports are used to continuously monitor budget capacity and performance. Budget reports comparing actual results to budgeted amount are prepared at least monthly and reviewed by the heads of the individual budget unites on a timely basis. At the school management level, a report of operations and variance analysis is prepared monthly. The monthly budget report will include the budgeted expense per the adopted budget, current-month expenses, year-to-date expenses, commitments, and the remaining budget balance. The level of detail presented in the report is dependent on each school's specific management needs. Monthly budget reports are used to monitor activity at any level from project to object code.

POLICIES

The following policies have been implements to comply with statutory requirements and maintain adequate internal control over disbursements.

1. All disbursements must be approved by the governing board. The governing board may delegate the authority to approve disbursements (and/or set limits for such approval) between governing board meetings. However, the board shall review and approve a report of disbursements at least monthly.

2. The governing board will approve all long-term contracts before the contracts are executed.

3. The school follows the School District Procurement Rules adopted by the State Board of Educations in accordance with A.R.S 15-213(A)(a) for all purchases including construction in excess of the limits established by A.R.S 41-2535 ($50,000) unless specifically exempted by a school's sponsor in its charter agreement. For procurement of construction in excess of $50,000 but not exceeding $100,000, the school will follow the Simplified Construction Procurement Program adopted by the State Board of Education in accordance with A.R.S 15-213 (A)(2).

4. The school may purchase goods and services through cooperative purchasing agreements provided the charter school performs adequate due diligence procedures to provide reasonable assurance that the purchasing cooperative complies with the School District Procurement rules. The school will document the due diligence procedures performed for at least a sample of the contracts that the school wishes to use from a purchasing cooperative.

5. The school follows the School District Procurement Rules for all purchases between schools and their employees regardless of the dollar amount and the revenue source.

6. The schools follows the guidelines for competitive purchasing below the dollar limits required for sealed bids for all purchases not exceeding $50,000.

7. Purchase orders are prepared for all school disbursements except for exempted items such as salaries and related costs, utilities, and in-state travels, or where a contract exists.

8. Receiving reports are prepared for all goods and services received, except exempted items.

9. Disbursements from authorized bank accounts are made with pre-numbered checks. Each check is marked "void after 180 days" to help ensure prompt cashing by the payee.

10. Checks are properly completed before issuance, and are not written payable to cash or bearer. Void checks are stamped to prevent reuse and numerically filed with other canceled checks.

11. Unused checks are physically safeguarded and access to them is limited to authorized personnel.

Policies

The following policies establish an adequate property control system.

1. The Executive Director is directly responsible for administering policies and procedures over the property control system including coordinating the administrative and accounting functions.

2. The school maintains a detailed list of capital assets that includes all equipment with unit costs of $1,000 or more and useful lives of 1 year of more, and all land, buildings, and related improvements with costs of $5,000 or more.

3. The school personnel takes a physical inventory of all equipment at least every three years, and at least every two years for equipment costing more than $5,000 purchased with federal monies.

4. Adequate insurance coverage is maintained.

Policies

The school has implemented the following policies to maintain adequate internal control over receipts.

1. Receipts are adequately safeguarded and properly recorded on a timely basis using the account codes prescribed in Chart of Accounts.

2. The school segregates among employees the duties of receiving, depositing, and recording receipts.

3. Pre-numbered and numerically controlled cash receipts forms are prepared in duplicate for each cash payment received. They are either handwritten or generated by a computer system or a cash register.

4. Cash receipts are deposited intact daily, when significant, or at least weekly.

5. A validated bank deposit receipt is retained for each bank deposit.

Policies

1. The school maintains segregation of duties between recordkeeping and custodial functions.

2. The school properly safeguards supply inventory.

3. The school completes a physical inventory annually.

4. The school properly values inventory and maintain adequate supporting documentation.

POLICIES

The following policies have been implements to comply with statutory requirements and strengthen internal control over payroll.

1. The governing board established written payroll policies and made them available to employees.

2. An appropriate segregation of duties in payroll processing is maintained. The same employee is not assigned responsibilities for payroll preparation, payroll authorization, and check distribution.

3. The school established a delayed payroll system (e.g., five-day lag). This type of systems allows time for payroll adjustments to ensure that employees receive only the amount of wages they have earned.

4. The school maintains adequate control over processing, storing and issuing checks.

5. The school records payroll expense in the correct fiscal year.

6. The school has established and maintains a system to account for the accrual and use of annual and sick leave for all employees. Policies pertaining to leave include prescribed accrual rates for specified years of service, maximum amounts allowed to be accrued, and dispositions of accrued time upon terminations of employment. The school prescribed policies pertaining to the voluntary transfer of annual, personal, and sick leave between employees or to a sick leave bank.

7. The schools ensures that certain personnel, whether paid or unpaid, as described in A.R.S. 15-152(A) are fingerprinted and submit a form indicating whether they are awaiting trial on, have ever been convicted of, or have ever in open court or pursuant to a plea agreement admitted committing certain criminal offenses (A.R.S. 15-183(C)(4).

POLICIES

Lodging and Subsistence

The school has prescribed policies and procedures and amounts for reimbursing lodging and per diem expenses incurred for school purposes. Reimbursement amounts do not exceed the maximum amounts established by the Director of the Arizona Department of Administration (DOA) and approved by the Joint Legislative Budget Committee (JLBC).

Although the lodging reimbursement rate should not exceed the listed maximum, there is an exception for conference lodging. For employees staying at a conference-designated hotel, DOA guidelines authorize reimbursement at the conference lodging rate. Conference-designated lodging is defined as the hotel at which the conference is being held or the hotels listed in the conference brochure. However, the conference brochure indicating lodging rates and meals provided at the conference must accompany the travel claim, and reimbursement for lodging should not exceed the least expensive single-room rate plus tax published in the brochure for the conference-designated hotel.

Transportation

The school reimburses employees and board members for mileage at the standard rate established by DOA and approved by the JLBC. Standard rates are prescribed for travel by privately owned motor vehicles and aircraft. Mileage is based on the most direct, regularly traveled route computed by highway map or odometer reading when traveling my motor vehicle, or by the most direct air mileage route listed by the civil aeronautics board when traveling by aircraft. Landing and parking fees are reimbursable except at the location where the aircraft is normally based.

If the school reimburses lodging, per diem, and mileage expenses in excess of the limits set by DOA, and the amounts exceed the Internal Revenue Service (IRS) limits outlines in IRS Publication 1542, the school is required to include amounts in excess of the IRS limits in the employee's income on Form W-2.