

PENSACOLA STATE COLLEGE
MANUAL OF PROCEDURES

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| Procedure Title: | Charter School – Financial Organization | <u>Number</u> 143 |
| Related Policy: | Charter Academy – 6Hx20-1.043 | <u>Page</u> Page 1 of 3 |

I. Purpose

The Charter Academy will have its accounts established in the restricted funds of the College. It will be audited annually as part of the College and will be included in the College's financial statements. As a Charter School, separate stand-alone statements for the Academy need to be produced for interim reporting to the Escambia County School Board and a separate annual financial statement. To accomplish these objectives, the purpose of this procedure is to formalize guidelines for these transactions and to clarify how the Charter School Academy operates.

II. Initial Funding

The College has provided \$400,000 to fund the Charter Academy's operations. The College Board of Trustees is not requiring the payback of these funds.

III. Budget

- a. Annually, the Charter School will prepare and present a budget for approval to the Charter Academy Board and subsequently to the District Board of Trustees of Pensacola State College. Once approved, the budget will be provided to the Escambia County School Board for their acceptance.
- b. Amendments to the Charter School Budget will be made in accordance with College budget amendment procedures. After being taken to the Charter Academy Board and District Board of Trustees, Pensacola State College, budget amendments will be forwarded to the Escambia County School Board.

IV. Accounting and Reporting

- a. The College reports its financial statements as a Business Type Activity (BTA) and uses the accrual basis of accounting and entity-wide reporting. The College also follows recommendations from the National Association of College and University Business Officers (NACUBO) for accounting principles specific to colleges and universities. As such, the College reports to different accounting functions than a secondary school.
- b. The College will continue to maintain all accounts to be able to report to the NACUBO functions for the entire entity but will map the College functions to the objects needed for reporting secondary activities in accordance with the Red Book, which is the reporting standard used by Florida's secondary schools.

- c. The District Sponsor requires monthly reporting of the Charter Academy's activities. In any month when the Charter Academy Board does not meet, the VP of Business Affairs will review and approve amounts to be reported to the District and then bring the same reports for subsequent approval to the Charter Academy Board.

V. Interdepartmental Sales and Services

- a. Any services provided between the College and the Charter School will be established in the interdepartmental sales range defined in the Florida College System accounting manual. This will allow the transactions to naturally occur in the regular accounts while also allowing for the clear elimination of inter-company transactions when time for year-end reporting.
- b. Typical interdepartmental sales and services would include and not be limited to accounting, legal, and IT support.

VI. Cash Management

- a. The Charter Academy annually will build and administer an operationally sound budget. Recognizing that while revenues will be planned to exceed expenditures, there are likely to be issued with revenues not being realized to planned levels that will result in cash flow concerns until which time a working fund balance is built.
- b. The College agrees to allow the Charter Academy to have negative cash in its accounts, and the College's cash will cover any short-term cash deficiencies. This will act like overdraft protection for the Charter Academy. This will happen naturally as the College will hold the moneys in the same account as other College funds.
- c. All Charter Academy moneys will be deposited into the College's bank accounts. Separate bank accounts for operations or internal school funds are not allowed. School funds will be housed in separate agency accounts within the College's accounting system.

VII. Allocation of Facilities and Operations Costs

- a. The Charter Academy will occupy designated space on the Colleges' Campuses. Students of the Charter Academy will attend classes both within the designated Charter Academy space as well as in other College spaces when they are integrated into regular College classes.
- b. Costs to maintain the space used by Charter Academy students will be allocated annually to the College's General Fund and may include any of the following costs:
 - i. Facilities rental
 - ii. Maintenance Costs
 - iii. Custodial Costs
 - iv. Utility Costs
 - v. Insurance Costs
 - vi. Security Costs
- c. Costs charged to the Charter Academy will depend on what the Academy can afford. Facility and operational costs are significant. It may be in the College and the Academy's best interest to have the College's General Fund absorb costs in leaner Charter Academy fiscal years. The


College President will recommend these financial decisions and will be brought to both the Charter Academy Board and the College District Board of Trustees for review and approval.

VIII. Asset Capitalization

In accordance with FS 1001.64 (4)(b), the College has adopted a Property and Equipment Policy and Record and Inventory of Property Procedure (Policy 6Hx20 – 1.019 Property and Equipment: Procedure 117 – Record and Inventory of Property). The Charter Academy will capitalize bulk equipment and furniture purchases of similar items that are material to the Charter School, not inclusive of College assets.

IX. Personnel costs

Employees of the Charter Academy are grant-funded employees of the College and are eligible for all benefits offered to College employees. The College, while seeking contribution from the Charter Academy for salary and benefits, retains financial responsibility for these costs.

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| Responsible Official | Vice President, Business Affairs |
| President's Signature:  | Date: 6/20/23 |