

Wai`alae Elementary Public Charter School Accounting Policy

General: Wai`alae Elementary Public Charter School will follow accounting policies and procedures that comply with generally accepted accounting principles (GAAP). Audited financial statements are prepared using financial statement reporting model prescribed by the Governmental Accounting Standards Board (GASB).

Method of Accounting: Wai`alae Elementary Public Charter School monthly financial reports use cash basis accounting for internal reporting. Under cash basis accounting revenue and expenses are recognized at the time physical cash is actually received or paid out. For annual financial reports Wai`alae Elementary Public Charter School uses accrual based accounting for external reporting. Under accrual basis accounting all revenue and expenses are recognized when earned or incurred regardless of when the related cash is received or paid.

Fiscal Year: Begins July 1st and ends on June 30th of the following calendar year.

Purchasing and Cash Disbursements:

- A. All purchases must be approved by the CEO or designee. The exception will be to ongoing monthly payments that are generally fixed in amount (i.e. monthly dues).
- B. The CEO will verify appropriateness of the expense for School business and that the expense falls within budget constraints before initialing approval.
- C. All expenses submitted for payment will be accompanied by appropriate documentation, such as an invoice, a rental agreement, or a vendor-issued receipt. The documentation will include the name of the vendor, the date of purchase or service, cost of the item or service and a description of the item or service being submitted for payment.
- D. Expenditures of over \$25,000 (per check) require Board approval. Expenditures over \$5,000 (per check) outside budgeted categories require Board approval.
- E. Checks require two signatures, generally the CEO and Business Manager.
- F. The Wai`alae School Board will receive monthly statements at its monthly board meetings, and may question expenses at its discretion.

Reconciliation of Cash:

- A. Monthly bank statements are received by the school.
- B. Bank statements are reconciled to the recorded transactions on Wai`alae's accounting software.
- C. Any erroneous or fraudulent transactions are reported to the CEO immediately.
- D. Reconciliation reports are printed, dated and combined with corresponding bank statements, and reports are reviewed by non-signatory board members or designee.

Capitalization Policy: The accounting over capital assets depends on whether the assets are used in a governmental fund and whether they are reported in the governmental-wide or fund financial statements. Depreciation expense is recorded in the government-wide financial statements. Wai`alae Elementary Public Charter School utilizes the straight-line method over

the assets estimated useful life of Building and Infrastructure (50 years) and Furniture and Equipment (5-15 years). Any acquisition of \$1,000 or more of a tangible non-expendable personal property having a useful life of more than a single reporting period will be recorded as a capital asset.

Adopted by Wai'alaie School Board 1/28/15