

SECTION 7 – BUSINESS CAPACITY

MHS has the benefit of having access to the collective knowledge of three successful operating charter schools, and with that access, we have identified and already started implementing many of the best practices used by each of these schools. MHS has created the structure for fiscally responsible accounting and office procedures that will ensure the long-term fiscal viability of MHS. The board, and in particular its finance committee, will work along side the Administrator to fine tune and improve the following procedures/policies:

Financial Reporting. The Principal shall be responsible for properly accounting for all funds received and all expenses incurred in the operation of MHS. The Principal shall exercise his/her responsibility to the highest ethical standards and shall conform to generally accepted principles for government accounting. Such accounting shall be done in a manner that is easily reviewed by the board and lends itself to auditing. Financial statements shall be prepared for review and for regular board meetings held in August, November, February, and May, and as necessary when significant financial changes require board review and/or approval, or as requested by the President or Treasurer. Financial statements shall be made available to directors in the board packets prior to the meeting.

Financial Accounting Audits. All funds and accounts of MHS shall be audited annually after the close of each fiscal year in accordance with state law. The board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government/non-profit accounting to conduct the audit. The independent auditor shall submit a report to the board that includes the audited financial statements and an opinion regarding those financial statements. The auditor shall also include in the report any information and documentation required by the District. If a specific auditor or audit is required or selected by contract or law by the District, the required audit may serve as the independent audit required by this policy.

Preparation and Adoption of Annual Operating Budget

The annual budget is the financial plan for the operation of MHS. The annual operating budget shall be based on a fiscal year that runs from July 1 to June 30. It provides the framework for both expenditures and revenues for the fiscal year and translates into financial terms the educational programs and goals of the schools. The operating budget should ultimately support the vision and mission of MHS. The board assigns to the Principal the overall responsibility for the preparation and administration of the budget. The annual budget shall contain the following sections and corresponding detail: Revenues, Operating Expenses broken down by staff salaries, employee benefits, purchased services, supplies and materials, capital outlays, and facility costs, and Revenues over Expenses, and Transfers to Capital Reserves. The annual budget for the upcoming fiscal year shall be submitted for review and approval by the board during the regular April board meeting. The annual budget will be built based upon the revenues normally received through the district as PPR. Further, the Principal or his/her designee shall perform internal quarterly financial audits each calendar quarter after the second week after the quarter's end. Along with the report of audit findings and financial statements, the Treasurer shall review both and prepare a "budgeted vs. actuals" summary for board review. Ultimately the board will assure strong financial oversight of the budget, audits, and expenditures.

In order to facilitate closing of the books at the year-end board meeting, the Finance Committee (an advisory committee consisting of the Treasurer, Principal, and the Manager of School Finance) shall conduct a more thorough review of closing numbers for the quarter ending March 31 for a formal presentation and acceptance of the findings at the annual board meeting.

MHS will operate using data-driven decision making for fiscal accounting and reporting. It will be critical to have a strong data management system to provide the data required to make critical decisions. MHS will be purchasing and using the district recommended software PeopleSoft. PeopleSoft provides access to forms and database management systems that will allow us to manage the school and its records more efficiently. PeopleSoft includes payroll, human resources, benefits, accounts payable, accounts receivable, general ledger, inventory, purchasing, billing order management, and student administration tools. All administrative staff will receive training on PeopleSoft so that school operations can be consistent and efficient. Lastly, PeopleSoft software will allow us to interact more efficiently with financial systems within the district. This will also improve our ability to manage business operations in the school and keep track of pupil enrollment and attendance.

Long Range Planning

MHS has developed its five-year budget and cash flow projections with significant input from charter school professionals, accountants, members of CDE, CLCS, other successful charter schools, realtors, and administrators following the chart of accounts of the Jefferson County R-1 School District. MHS has created two standing committees—Finance Committee and Facilities Committee—to deal with the long-range planning of both its financial viability and future facility needs. Each committee serves at the pleasure of the MHS Board and its constituents and reports monthly to the MHS Board of Directors. As is noted in Section 8 of this application, MHS is in the final stages of its lease agreement for property. The cost of and long-term projects surrounding the property under consideration have been built into MHS's initial- and 5-year budgets. The property will initially be leased, but in the yet to be consummated agreement a purchase option has been built into the contract. Once MHS shows a few years of successful business and financial management, it intends on purchasing the property via bond issuance. MHS has applied for waivers to allow autonomy on budgetary issues from the District.