

ACCOUNTING PROCEDURES MANUAL



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INTRODUCTION

ACCOUNTING REGULATIONS FOR SCHOOLS

The contents of this manual are in keeping with Orange Beach City Board of Education Board Policy 7.20 which states *the Superintendent shall develop specific procedures to ensure that accounting practices throughout the system are consistent with Generally Accepted Accounting Principles*. All Orange Beach City Board of Education (OBBOE) employees are responsible for the adherence of all procedures within this manual.

Specifically, the position of Principal carries with it the full responsibility for all financial matters relating to the school. It is imperative the principal gives his/her personal attention to the collection, expending, reporting, and overall supervision of financial activity. The principal must be familiar with all local school financial policies so that he or she will not permit practices contrary to the policies. The principal is directly responsible for the handling of monies received at the school. It is the ultimate responsibility of the principal for any shortages resulting from the failure to follow, or to require others to follow, the financial procedures for the handling of school monies. The principal should work with members of the central administration staff who have general supervision of particular functions. The Local Accounting Department or the Chief School Financial Officer should be consulted if accounting problems are encountered.

The following are procedures regarding the financial affairs of the schools. These rules are subject to continual audit by the Superintendent, Local Accounting Office, and the State Examiners of Public Account.

1. All money collected at the school for any purpose must be receipted and secured under lock and key in the school office and deposited on a daily basis. (Exceptions may be made for some fundraising activities conducted by parent-teacher organizations and booster clubs.)
2. All expenditures must be paid by check, purchasing card, or money transfer (for internal payments) and supported by a valid invoice based on a purchase order issued and signed by the principal prior to the purchase being made. All purchases must conform to the policies of the Board of Education and the State Bid Law, when applicable.
3. Bank statements must be reconciled monthly.

4. Monthly financial reports reflecting accurate balances and activities of the accounts of the school must be reviewed and approved by the principal.
5. Any school entering into a contract or lease must obtain the signature of the Superintendent in advance.
6. Schools must conform to all board policies concerning local school funds and activities.

The Alabama Department of Education and the State Examiners of Public Accounts retain the authority to require local boards of education to modify forms and procedures for local school financial operations.

ACCOUNTING POLICIES AND PROCEDURES FOR HANDLING SCHOOL FUNDS

The following pertain to the handling of financial records for Orange Beach City Schools (OBCS).

1. Funds are received, receipted, and deposited daily into the school's bank account. Deposits are entered and posted daily or regularly into the school's computerized local school accounting (LSA) program.
2. Expenditures are incurred only under the authorization of the principal. All expenditures are paid by check or purchasing card and recorded in the computerized LSA program. The expenditures are posted and summarized at the end of each month and the month-end cash disbursement report is generated. The original is kept at the school and an electronic copy is sent to the Accounting Office.
3. A monthly financial report submitted to the Board of Education by the third of each month (for the previous month) contains an analysis of transactions for all accounts handled in the school. (Example: January end of the month reports and download will be due into the Accounting Office by the 3rd of February; February's will be due by the 3rd of March, etc.) In the event that a school cannot make this deadline, the bookkeeper will notify the Chief School Financial Officer designee.

Please refer to the Month End Close section of the Accounting Policies and Procedures Manual for a list of reports and documentation to submit each month.

OBCS operates under modified accrual accounting procedures where the revenue is recognized when it becomes available or measurable and expenditures are recognized when the encumbrance is entered or in the period the liability occurred as in the case of utility bills, salaries, telephone bills, and school paid travel.

Books and materials common to all schools are as follows:

1. Receipt Books – To record all monies received.
2. Check Register – To record all monies expended. The Financial Accounting System for Local School Accounting “check register” shall be designated the OFFICIAL CHECKBOOK of the school.
3. Ledger – To summarize financial transactions of all accounts monthly.

4. Monthly Financial Report – To report financial conditions of the school as of the last day of each month.
5. Accounts Payable – To report all unpaid bills at the end of each month. (Most schools do not do this; however, the critical time to address accounts payable is September as this is checked by the Auditors. All September accounts payable must be recorded.)
6. Purchase Order Register – To record all purchase orders issued. All schools must follow a purchase order system for purchases. In the event a purchase is made at the school without a purchase order, the principal would need to authorize payment before the bookkeeper would pay the invoice. An 'Acknowledgment of Procedural Non-Compliance' form would need to be attached.

Every school must maintain for reference a copy of the Alabama Department of Education's Financial Procedures for Local Schools Manual. The accounting procedures outlined in this publication have been approved by the Alabama Department of Education for use by local schools.

Revisions are made to the Financial Procedures for Local Schools Manual occasionally. The Financial Procedures for Local Schools Manual may be found on the State of Alabama Department of Education website, www.alsde.edu. This website should be checked periodically by school bookkeepers for any changes to the manual. It is the responsibility of bookkeeping personnel to stay abreast of any manual changes.

LEGAL COMPLIANCE GUIDELINES

The funds maintained at the local schools can generally be divided into two major categories:

1. Public Funds - referred to as Fund 12
2. Non-Public Funds - referred to as Fund 32

Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

PUBLIC FUNDS

Public funds are restricted to the same legal requirements as board funds.

Funds received from public (tax) sources or used for public purposes are public funds subject to the control of the school principal.

Funds are generally classified as public funds when the following criteria are met:

- Money generated school-wide
- Money that can be used for all students
- Money controlled by the principal or any school employee

Examples of public funds:

1. General Fund - May consist of vending machine commissions, proceeds from school fundraisers (school pictures, coupon books, etc.), student parking, appropriations from the board, interest income, and other miscellaneous revenues. Its primary purpose is to pay for the general operations of the school and is totally controlled by the principal.
2. Library - Accounts for late charges on returned library books, funds collected for lost library books, and expenditures incurred for purchasing library books.
3. Athletic - May consist of income from gate receipts, parking at athletic events, advertising commissions, game program sales, and donations from athletic booster clubs. Separate accounts may be established for individual sports if desired. Expenditures include athletic uniforms, equipment and supplies, membership dues to athletic organizations, registration fees for coaching clinics, travel and transportation, game officials, and expenditures related to athletic events including expenses for practicing and preparing for athletic competitions and exhibitions.
4. Concession and Student Vending - May consist of concessions operated by the school at athletic events. May include vending machines or concessions for students operated at the school during the school day in conformity with the Child Nutrition Program guidelines.
5. Fees - School imposed course fees for certain non-required academic courses, field trips, workbooks, and supplemental instructional materials. These funds

are used to cover the costs associated with the course or purpose for which the funds are collected.

6. Locker Fees - Funds collected from students that are used to cover the costs associated with maintaining the student lockers.
7. Appropriations - Funds such as maintenance, school allocation, helping school tag revenues, legislators', and other fees that are sent to the local schools to pay for expenditures incurred at the local school level.
8. Extended Day Program - Reflects revenues generated from the collection of fees, and expenditures that are directly related to the operation of the Extended Day Program.

Allowable expenditures from public funds include:

- Professional development training
- Refreshments expended for an open house at a school where the public would attend
- Pregame meals for student athletes and coaches
- [Academic incentives for students](#)
- Athletic and band uniforms for students to participate in school activities
- Membership in professional organizations (Membership dues for the local athletic association must be paid from an athletic account.)
- School landscaping, maintenance, furnishings, and decorations

Unallowable expenditures from public funds include:

- Food for faculty and staff
- Meals/Refreshments for volunteers
- Gifts/Flowers for faculty and staff
- Gifts/Donations to an individual or organization

NON-PUBLIC FUNDS

Non-public funds are restricted for expenditures subject to the intent and authorization of the organization's sponsors and officers and not used for general operations of the school.

The organization, not the principal, directs the use of these funds.

Non-public funds are subject to the same expenditure restrictions as public funds if separate accounting records are not maintained for each of the non-public funds.

Funds are generally classified as non-public funds when the following criteria are met:

- Money generated for a particular group
- Money used for that particular group
- Money controlled by the students and/or a parental organization

Examples of non-public funds:

1. Clubs and Classes - Student organizations may have self-imposed fees but not academic course fees. The participants often impose their own fees for participation in these clubs and classes. These student organizations often conduct fundraising events. Clubs and classes include FBLA, Senior Class, Student Government, Spanish Club, Choir, Beta Club, National Honor Society, etc. Student organizations are self-governed by officers elected by the participants.
2. Courtesy (Faculty) - Money collected from faculty/staff to purchase flowers or gifts and vending machines in the teacher's lounge.
3. Other School Related Organizations - Parent or parent/teacher organizations can have the organization's funds in the school accounts. These organizations are governed by officers elected by its members. PTO, PTA, Band Boosters, and various athletic booster support groups are considered school related organizations. (See Guidelines for School Related Organizations in the Alabama Department of Education's Financial Procedures for Local Schools Manual.)

4. Donations - IF the donor issues a letter specifying funds may be used for non-public expenditures, these donations may be considered non-public.

PUBLIC AND NON-PUBLIC FUNDING

Regulations concerning public and non-public funds are as follows:

Public funds cannot be transferred to non-public accounts. If funds are transferred from public to a non-public account, then funds are considered commingled and the non-public account becomes a public account.

Non-public funds can be transferred to a public account; however, once transferred, they become public funds, incurring all the legal restrictions.

Some of the expenditures not allowable from public funds that may be allowable from non-public funds include:

- Food for social gatherings
- Class prom entertainment
- T-shirts for club members or faculty
- Donations to various organizations
- Transfers to other non-public accounts
- Travel expenses to club events
- Championship rings
- Faculty appreciation gifts
- Scholarships
- Flowers for funerals/courtesy fund

If in doubt, consider the expense PUBLIC FUNDS.

RECEIPTING MONEY

DEPOSIT POLICY

1. At the end of each day, all monies on hand must be deposited with the bank (with limited exceptions, such funds being placed in a secured location).
2. A deposit slip should be prepared in duplicate, listing each check separately and recording the issuer of the check and the amount.
3. The original and the duplicate slip should accompany the deposit to the bank to be validated.
4. The bookkeeper should check the accuracy of the bank's validation before leaving the bank.
5. The duplicate deposit slip should be returned to the school and used to verify the entry made in the Cash Receipt Journal.
6. Daily receipts should be totaled and should match the total of the deposit slip.
7. All money is to be deposited in a bank to the credit of one account.
8. Do not cash checks with school funds. Deposit funds intact.
9. The bookkeeper or principal is responsible for taking the deposit to the bank daily.

BANK ACCOUNT

A school should have no more than one checking account. Establishing separate bank accounts is not necessary to avoid commingling of public and non-public funds. Funds not needed for current operations, whether invested in CD's, money market accounts, or savings accounts, must be recorded in the school's accounting records and included in the school's financial statements.

School funds must be maintained in a Qualified Public Depository (QPD). A QPD is an Alabama banking institution that provides protection for school funds under the Security for Alabama Funds Enhancement Program (SAFE), administered by the Alabama State Treasurer's office. At the end of each fiscal year, the bank should be required to provide a letter confirming all school funds are listed on the bank's records as SAFE Program Accounts.

ACCEPTANCE OF CHECKS

All checks issued to the school should have adequate information on the checks before being accepted in the school. This information is necessary should the check be returned. All returned checks will be forwarded to the current check processing company for recovery.

1. Name, address, and phone number of the issuer should appear on the front.
2. The check should display a current date (no post-dated checks).
3. The check should be made payable to the school.
4. A two party check should never be accepted.
5. The check must be signed.
6. The back of the check should have the proper endorsement stamp prior to being deposited.
7. The hand-written amount of the check should be used to determine the amount of the check, not the numeric written figure.
8. If a company's check is received, an owner's name will need to be noted on the check in case the check is returned.
9. The school office or lunchroom should never cash a check.
10. Non-printed checks such as startup checks or checks with handwritten account information cannot be accepted.

MASTER RECEIPT BOOK

Master receipts are issued in the school office by an individual assigned by the principal or designated by job description as responsible for collecting school funds.

A manually prepared master receipt must be from a pre-numbered duplicate receipt book or record. Master receipts should be completed and issued in numerical order at the time funds are received. Because only one master receipt book or record is to be in use at a time, all pre-numbered receipts in a receipt book or record should be issued before another master receipt book or record is put into use. Master receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable. The following procedures are recommended:

1. A master receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
2. The person presenting the funds for receipt should wait for a master receipt to be prepared and verify the information on the master receipt before leaving the office.
3. Funds collected by a teacher must be brought to the office along with the teacher receipt book. Funds should be counted and verified with the amounts in the teacher receipt book.
4. Funds collected using a report of ticket sales, cash box checkout sheet, or other receipt documents must be brought to the office to be counted, verified, and signed off by the designated persons.
5. A manually prepared master receipt should contain the following information:
 - a. the sequential numbers of the teacher receipt book or record, alternative receipt form, or report of ticket sales form
 - b. the name of the individual delivering the funds
 - c. the amount of the funds received
 - d. the school activity account to receive the funds
 - e. space permitting, other information that would be useful in identifying the funds
 - f. the date the funds are received
 - g. the original signature of the individual receiving the funds and issuing the master receipt

6. The original master receipt should be stapled to the last receipt in the teacher/sponsor receipt book.
7. Voided receipts must be retained.
8. Do not use correcting fluid or erasures for mistakes.
9. Funds received must be secured until deposited. Deposit funds daily or according to local board policy.
10. The master receipt book or record and supporting documents must be secured for audit.
11. A master receipt should also be issued for each check received by mail.
12. Interest earned on bank accounts does not constitute "money received" in the school office; therefore, a receipt is not necessary. The amount of interest earned must be entered into the school's LSA Cash Receipts Journal at the end of each month.
13. Do not cash checks with school funds. Deposit funds intact.

The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds. Establishing designated times to receive funds for the issuance of master receipts should be considered.

TEACHER RECEIPT BOOKS

Each teacher will be issued by the principal an individual receipt book to record all funds collected in his/her class. (This includes funds derived from the selling of pictures, fundraising items, tickets, etc.) A teacher is not to have more than one receipt book at a time. The receipt books must be pre-numbered. Receipt books should be secured and a log should be maintained to track the receipt books by receipt numbers to the individual responsible for issuing the receipts.

Each principal has the option of waiving the requirement to write a receipt to each student in a class. If this option is used, the teacher may write one receipt to a general subject and or period (i.e. Ms. Jane Doe's Homeroom for MDA, Mr. John Doe's 1st Period Chemistry Class Field Trip) for the entire amount collected and the teacher must attach a list of the students and the amount paid by each to the copy of the receipt in the teacher's receipt book.

Teacher receipts should be completed and issued in numerical order at the time funds are received. All pre-numbered receipts in a receipt book or record should be issued before another teacher receipt book or record is put into use. Teacher receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable. The following procedures are recommended:

1. A teacher receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
2. A manually prepared teacher receipt should contain the following information:
 - a. the name of the individual delivering the funds
 - b. the amount of the funds received
 - c. the date the funds are received
 - d. the purpose or activity for the funds received
 - e. the type of fund received (cash, check, money order)
 - f. the original signature of the individual receiving the funds and issuing the receipt
3. The original teacher receipt should be handed to the individual delivering the funds.
4. Voided receipts must be retained with the receipt book.
5. Do not use correcting fluid or erasures for mistakes.

6. The funds received must be secured.
7. Do not cash checks with the funds received.
8. No money should be left in the classroom overnight. The teacher is responsible for all monies collected until turned in to the office.
9. The teacher receipt book or record and the funds collected should be taken to the office.
10. The teacher should wait for a master receipt to be prepared and verify the information on the master receipt before leaving the office.
11. The teacher should retain the original master receipt.
12. Do not hold funds until all funds for an activity, fundraiser, or other purposes are collected. The school is required to make daily deposits according to school board policy.
13. Teachers should take money and their receipt book to the office personally. Under no circumstances should a student be allowed to take money and receipt books to the principal's office.
14. Teacher receipt books containing the receipt copies and unused receipts should be returned to the principal at the end of the school year or earlier.

THE PRINCIPAL IS RESPONSIBLE FOR ANY SHORTAGES RESULTING FROM ERRORS OR LOSSES DUE TO THE HANDLING OF SCHOOL MONIES.

All monies collected (including fundraisers) must be remitted daily to the bookkeeper for deposit. This provides for accountability of the funds and helps ensure that the funds are being properly protected.

ONLINE PAYMENT PROGRAM

An alternative option to the collection of cash and checks at the school is the online payment program. This program provides a convenient way to collect school-related dues and fees, uniform costs, etc. This program is offered at a minimum transaction fee for the parent. The online payment program is a preferred method for receiving funds to help alleviate fraud, returned checks, and trips to the bank.

REFUNDS

Receiving Refunds: The term refund as used here refers specifically to refunds from vendors and/or refunds for expenditures made or to be made on the school's books. It is imperative that a refund received by the school be handled properly to avoid inflating an expenditure or revenue.

A refund received should be credited back to the account that was expensed.

NOTE: If the refund is received for an expense that occurred in a previous fiscal period, the refund should be coded as other revenue and handled in the normal fashion.

Issuing Refunds: When issuing a check for a refund, the journal code that was used to record the revenue should be used as the journal code when issuing a check.

To meet banking regulations, refunds may be made to the parent rather than the student to whom it is due. However, proper supporting documentation should accompany the request for a refund. The check should be signed for by a parent/guardian or mailed. Checks should not be given directly to students.

Any individual refund greater than \$20, the parent/guardian should receive an individual check.

If issuing refunds to a large number of parents (i.e. a field trip was canceled) and the amount of each refund is less than \$20, the school may issue one check to the principal or school bookkeeper to receive cash from the bank. Each parent would be given a cash refund, but they must sign a log sheet indicating they received the refund and the amount they received. The log sheet should be attached to the purchase order as backup.

If the refund is paid for a revenue that occurred in a previous fiscal period, the refund should be coded as other expense and handled in the normal fashion.

CHILD NUTRITION PROGRAM DAILY REPORTS

Cashier Responsibility: At the completion of each day, the cashier and manager should count the till, and run the end of day reports. When the balance is verified AND both agree, the cashier should sign the end of day reports. The CNP manager will complete the daily deposit process.

Manager Responsibility: When all the money and end of day reports have been received from the cashier(s), the manager and assistant manager will verify totals by adding all the end of day reports to make sure they equal the bank deposit. Once this is done, the manager must fill out the bank deposit slip, verify all amounts add down and initial the slip. Each bank deposit should be initialed by two people. In most cases it will be the manager and assistant manager, but in the case that one of the two is not available an approved CNP worker may initial. Run all Day End Processing reports and verify totals. These reports should also be initialed by two people. Write a receipt for the amount of deposit and put it with paperwork being sent to the Central Office.

Either the manager or assistant manager must take the deposit to the bank daily.

Central Office paperwork should include:

- Bank deposit report
- Receipt
- Deposit slip

School paperwork:

- All end-of-day reports should be filed and kept for three years.

RETURNED CHECKS

Orange Beach City Schools will recover all return checks. In doing so, the following information must be included on every check:

- Full name
- Current street address
- Telephone number
- Driver's license, if possible

If a bank returns a check unpaid, our bank will automatically forward the returned item to our processing company for electronic re-presentment. These checks are not returned to the school. Once these checks are debited from our account we cannot accept payment for them. OBCS' check processing company will notify the person who wrote the check in order to recover the face value of the check plus a state authorized collection fee. If that person can prove the check was returned due to a bank error, documentation from his/her bank should be obtained and forwarded to our check processing company within 30 days of receipt of notification.

A journal entry should be made when notification of a returned check is received by the bank or check recovery company. The amount of the returned check should be entered into the accounting system as a debit to a receivable account and a credit to the cash account. This will remain on the books as a receivable until the check recovery company pays the school back for the returned check. When the check is received from the check recovery company, the bookkeeper should write one receipt and do a cash receipts journal crediting the receivable account and debiting the cash account. If collection has not been made by the end of the fiscal year, the amount should be debited from the revenue account that was originally credited and the receivable account should be credited. A copy of the uncollected returned check should be placed in a file until funds are recovered.

SCHOOL INCOME

STUDENT FEES

State laws and administrative rules of the Alabama Board of Education restrict the collection of fees from students:

Alabama Code 16-13-13 Fees for Courses. It is the intent of the Legislature that no fees shall be collected in the future in courses required for graduation. In courses not required for graduation, local school boards may set reasonable fees for courses requiring laboratory and shop materials and equipment, provided, however, that such fees shall be waived for students who cannot afford to pay the fee. Any funds collected in fees shall be spent on the course for which the fee was levied. This section shall not be construed to prohibit community groups or clubs from fundraising activities, provided, however, those students shall not be required to participate in such fundraising activities.

Alabama Code 16-6B-2 Core Curriculum. (a) The following words and phrases used in this section shall, in the absence of a clear implication otherwise, be given the following respective interpretations: (1) REQUIRED COURSES. Courses which are required to be taken by every student enrolled in public schools in the State of Alabama.

Alabama Code 16-10-6 Incidental Fees in Elementary Schools. No fees of any kind shall be collected from children attending any of the first six grades (K-5) during the school term supported by public taxation; provided, that any county or city board of education shall be authorized to permit any school subject to its supervision to solicit and receive from such children or their parents or guardians voluntary contributions to be used for school purposes by the school where such children are attending; provided further, that the provision of this section shall in no way affect or restrict the right or power of a school board to fix and collect tuition fees or charges from pupils attending schools under the jurisdiction of school board but who live outside the territory over which such board has jurisdiction.

AAR 290-3-1-.02 Driver Education. (a) No fee shall be charged to any child whose family is unable to pay the fee. (b) Thirty dollars (\$30) per student, per semester, is the maximum driver education fee to be charged by local boards of education

without approval from the State Superintendent of Education. (c) The State Superintendent of Education may approve a higher fee upon the request of a local Superintendent approved by the local board of education with sufficient documentation of actual costs in excess of the maximum. (d) Each board of education shall establish criteria by which the ability of families to pay the fee may be determined and submit same to the State Superintendent of Education for approval. (e) Local boards of education shall take reasonable steps to insure that students for whom no fee is required shall not be identified.

In reading the guidance above, it can be noted that academic fees during the regular school term (excluding driver education) may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected. Actions against a non-paying student, such as withholding grades, report cards, transcripts, academic recognitions, and graduation activities, are prohibited. However, state laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines (Alabama Code 16-36-69).

Parking Fees: Students will be charged a non-refundable fee for student parking. If the permit is lost, stolen, or otherwise needs to be replaced an additional fee may be charged.

Parking fees cannot be reduced or waived. Parking is a privilege and may be revoked at any time. The board is not responsible for loss, damage, or theft to student vehicles during the school day or during extra-curricular activities.

DONATIONS AND VOLUNTARY CONTRIBUTIONS

Wish Lists

The principal or Superintendent should approve requests to collect school fees, contributions, and donations. **Monetary requests are prohibited from placement on the wish lists.**

Voluntary contributions may be requested for various items purchased by the school that are used by students in academic courses and classes, including workbooks, science lab materials, supplemental instructional materials, lockers, sheet music, and other items for academic purposes. Donations may also be requested for specific school purchases, including janitorial products, cleaning supplies, paper products and other items for school purposes. The voluntary nature of the contribution must be clearly stated in the request for the contributions. Non-payment of requested contributions cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student.

Actions taken against a student for non-payment of student fees, contributions, or donations including the withholding of grades, report cards, transcripts, diplomas, honor rolls, participation in graduation events, student recognition events, membership in honors organizations, and other actions that would subject the student to embarrassment or ridicule are prohibited.

Supply Lists

Supply lists are grade level appropriate and are approved annually by the Superintendent. Monetary requests are prohibited from placement on the supply lists. Supply lists are subject to the same nondiscriminatory guidance as that of Wish Lists.

FUNDRAISERS

The Superintendent must approve each school fundraising activity conducted by students, teachers, school employees, or school-related organizations via electronic form. The local school board may exempt school-related organizations from this requirement if the activity of the organization is not under the control of the principal.

Before approving a fundraising activity, a principal should consider the safety of students involved in the activity. Standing on roadways at stop signs and other traffic signals is not permissible because it is a safety hazard for students. Also, students must not be involved in any door-to-door solicitations or sales.

Fundraisers may not involve the sale of foods of minimal nutritional value during the school day.

The potential profitability for the efforts expended on a fundraising activity should also be considered. Students will not be allowed to sell items or products during instructional time. Selling by students that is a required component of a specific class or organization and/or part of the educational process will be permitted with the approval of the principal.

Approved fundraising activities must comply with financial procedures for school funds, including:

1. All funds collected must be delivered to the administrative office for a master receipt. Do not cash checks from collections.
2. Income from fundraisers must be deposited on a timely basis. Teachers and sponsors of fundraisers should be reminded not to hold fundraiser income until the fundraising project is complete.
3. All fundraising expenses, including sales awards to students, must be presented to the principal for payment by check or purchasing card.
4. A school employee cannot receive a gift or gratuity from the fundraising vendor.

Within a reasonable time after completion of the fundraising activity, a form should be submitted to the principal that documents the result of the activity.

Any funds raised by a group associated in any way with the school should be under the control of the school principal and be an integral part of the school's accounting system with the same constraints and requirements of other accounts of the school.

CROWDFUNDING

Crowdfunding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Crowdfunding is a form of crowdsourcing and of alternative financing. Although similar concepts can also be executed through mail-order subscriptions, benefit events, and other methods, the term crowdfunding refers to Internet-mediated registries. This modern crowdfunding model is generally based on three types of factors: the project initiator who proposes the idea and/or project to be funded, individuals or groups who support the idea, and a moderating organization (the "platform") that brings the parties together to launch the idea.

Examples of crowdfunding include, but are not limited to, the following:

- GoFundMe
- DonorsChoose
- AdoptaClassroom
- Snap-Raise
- Teacher Pay Teacher
- Fundly
- JustGiving
- FanAngel
- Social Media sites

OBCS considers crowdfunding a fundraiser which should follow the school year and have set dates for the time frame of the fundraiser. A Fundraiser Request Form must be completed and approved by the school principal and Superintendent prior to any fundraiser posted on a crowdfunding website. All approved crowdfunding campaigns must comply with financial procedures for local school funds. All crowdfunding campaigns must be made in the name of the local school, not the name of an individual Orange Beach City Schools employee.

When preparing to participate in crowdfunding fundraisers all parties involved must have an understanding of the terms associated with such sites. The term “All Or Nothing” (AON) means if the amount requested is not reached, the project does not get funded. The donor then has the option to pick another project to fund or give the current teacher a credit toward their next project. The term “Keep It All” (KIA) means if any amount is reached, the school will get a check even if the goal is not reached.

Principals and administrators should also inquire if there are any fees associated with the crowdfunding website and how long the funds are held by the crowdfunding platform, as well as whether funds are sent to the school or the site purchases and delivers goods/materials on the school’s behalf. Orange Beach City Schools requires that all monetary donations should be made by check to the local school and recorded by the bookkeeper in the appropriate activity for its approved purpose. (No school banking information should ever be given out. A check should be requested and mailed to the school in the name of the school and the intent of the request needs to be followed.) Non-monetary donations (supplies, equipment, etc.) are the property of the Orange Beach City Schools and all inventory procedures apply.

ETHICS LAW FOR PUBLIC EMPLOYEES

The Alabama Ethics Law contains the rules and responsibilities that set forth the proper practices of ethical behavior for public employees and public officials in the state of Alabama. Employees of Alabama public schools are considered to be public employees of the State of Alabama. State legislative laws governing Alabama are located in *The Code of Alabama, 1975*. The Alabama Ethics Law is specifically located in *Chapter 25 of Title 36 of The Code of Alabama (1975)*.

Ethics Violation (Section 36-25-5) Use of official position or office for personal gain.

Code of Alabama (1975), Section 36-25-5 prohibits any public employee from using his employment position for personal gain. Personal gain is defined as a benefit received by the public employee, his family members, or a business with which he is associated. The illegal benefit may be monetary or non-monetary. Personal gain can result from the use of public equipment; therefore, public school employees may not use or direct their subordinates to use public equipment for a personal benefit. This section of the law also prohibits a public employee from soliciting anything of value from a subordinate or a business for which he contracts within his official capacity for the school system. School system purchasing agents may not receive gifts or rewards for purchasing from particular vendors; any free items or perks received would be the property of the school system.

Mandatory Reporting

The Alabama Ethics Law contains mandatory reporting requirements for certain types of positions held by public employees. According to the *Code of Alabama (1975), Section 36-25-17*, all governmental agency heads (Principals, Superintendent, Chief School Financial Officer) must report any matters or issues known to violate the ethics law to the Alabama Ethics Commission within ten days of discovery of the violation. While the agency head is not required to prove such violations, he is required to cooperate with commission investigations and hearings, which may be public or private in nature. As long as the report was made in good faith, no consequences are imposed on the agency head when the investigation renders no violation; however, failure to report a known possible violation can result in criminal liability for the agency head.

ANY UNAPPROVED CROWDFUNDING FUNDRAISER FOUND ON ANY PLATFORM IN THE NAME OF ORANGE BEACH CITY SCHOOLS OR SCHOOL WITHOUT PRIOR FUNDRAISER APPROVAL WILL BE IMMEDIATELY REMOVED AND THE EMPLOYEE WILL RECEIVE A NON-COMPLIANCE WRITE UP FROM THE ACCOUNTING DEPARTMENT.

Best Value for Items Purchased or Sold

Orange Beach City Schools will make use of a selection process when choosing items for purchase or sale in order to ensure the best product value to students, parents, and the public. The school principal and other board employees shall be able to support decisions made regarding items purchased or sold at individual schools.

Procedures for Fundraisers

A “Fundraiser Request Form” must be completed and approved by the principal at least 30 days prior to the activity.

A school-wide fundraiser is defined as a fundraiser that covers all grades with the proceeds benefiting general purposes and/or teacher activities.

Proceeds from school sponsored fundraisers are for school purposes only.

The following are not considered school-wide fundraisers:

- Yearbook sales
- Fall and spring pictures
- Charitable organizations (MDA, MS, Jump Rope for Heart, etc.)

Each fundraiser/sale should be organized as follows:

1. One person should be designated to be in charge of the fundraiser/sale.
2. A separate “Teacher Control Sheet” will be maintained by each individual teacher to account for the items to be sold by the students. Upon receipt of the fundraiser/sale items to be sold, the student will sign the “Student/Parent Participation Agreement” to acknowledge acceptance of the responsibility to

return either the dollar value of the items issued to him/her or any unsold merchandise.

3. As money is submitted by the students to the teacher, all receipting procedures as outlined under "Receipting Money" must be followed. These receipts must also be recorded on the teacher's control sheet, along with any unsold merchandise returned to the designee in charge of the sale. The designee must reconcile the total money collected and merchandise returned to the total number of merchandise originally issued.
4. The school should work with the vendor and request the vendor to provide the rewards for the students. The school is not allowed to give cash prizes from public or nonpublic funds. When planning the fundraiser the principal may approve additional incentives from school funds such as gift cards, electronics, limo/lunch excursions, etc. If an individual pays an entry fee/admission fee (example: golf tournament) the school may award cash prizes. The cash for these prizes may be held out of the entry/admission fees if the winner signs a document detailing the event and the dollar amount received.
5. Profits received from all fundraisers in the form of gift cards should be treated as cash and classified as public funds.
6. Athletic camps held as a fundraiser on school campuses must be classified as public funds.
7. Small Claims Court should be used for students whose money and or merchandise were not collected. A certified letter, return receipt requested, should be mailed to the verified current address. The following items are needed to present to small claims court: (a) completed "Statement of Claim" and (b) a check for the filing fee. It is very important to stay in contact with the Small Claims Court. When necessary, the Satisfaction of Judgment and the Notice of Dismissal may need to be filed.

There must be accountability for the total number of items purchased. Details for amounts not collected, spoiled, or stolen must be maintained.

COMMISSIONS AND VENDING

The local school may enter into contracts with vendors in which the vendor will issue the local school a check representing profits from a particular activity. The local school bookkeeper does not issue a purchase order or a check to the vendor, nor does the bookkeeper receipt the monies collected at the local school. For these reasons it is in the school's best interest to contract with vendors on a commission basis.

Examples of commissions are:

- School pictures
- Vending machines
- Yearbook sales
- Class rings
- Magazine sales

The check stub or copy of the check issued for commissions should be kept on file at the local school for audit purposes.

All vending machines must be full service. The vendor is responsible for extracting the money from the machines and issuing the local school a commission check.

A vending contract should require the vending company to furnish statements that identify the count of items stocked in the machine with each delivery. A school employee will verify the stocked items. The use of the statement of stocked items to calculate the expected profit from the machines will determine if the school is receiving the expected income from the vending company.

Because the vending machines are on public property using electricity paid with public funds, and with the principal (a public employee) directing the use of the vending machine proceeds, the profits are considered public funds. However, an Attorney General Opinion established conditions that would allow the vending machine proceeds to be non-public funds. The use of the non-public funds would have to be under the control of an employee organization (not under the direct control of the principal) and all expenses for the vending machines, including

vending items, electricity, and rent would have to be paid from the vending machine proceeds.

CONCESSIONS

Concessions include event concessions, school concessions, and school stores. Because all concessions involve cash, and neither cash receipts nor tickets are used to control the exchange of money, proper accounting for the sale products and income is essential. Ideally, a cash register would be used to account for the cash collected. The purchaser would receive a cash register receipt and the cash register would generate a record of sales. An inventory of items purchased, items sold by sales price, and items unsold should reconcile to the cash collected.

The following procedures are recommended:

1. Do not cash checks with concession funds. Deposit funds intact.
2. Do not make payments from cash collected or issued for use in making change. Payments must be made by check. (If emergency inventory is needed, please include a signed receipt with the cash collected.)
3. Funds should be collected on a timely basis.
4. A master receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
5. The person presenting the funds for receipt should wait for a master receipt to be prepared and verify the information on the master receipt before leaving the office. Exception for late night concessions: see internal control procedures below.

Foods of minimal nutritional value may not be sold during the school day.

Internal Control Procedures

The following procedures need to be followed when establishing a school store and/or operating concessions or vending machines at a school or any athletic event. All areas should be covered as far as putting proper controls in place for cash receipts and inventory.

1. An officer/sponsor should notify the bookkeeper a week in advance of the need for a cash box.
2. The day of the event, the cash box can be checked out to the designated person in charge. A "Cash Box Checkout Sheet" should be completed and should be given to the individual responsible for the cash sales/receipt.
3. After the sale/event, the designated person in charge, in the presence of another person, counts the cash and completes the "Cash Box Checkout Sheet". The cash box and the completed form are then given to the bookkeeper for receipting into the school's books. The receipt is made out to the person turning in the monies. The "Cash Box Checkout Sheet" should be attached to the original PO as supporting documentation.
4. Deposits should be made on a daily basis. Funds received late in the evening should be deposited the following school day. All monies should be secured until they are turned over to the school bookkeeper.
5. An initial inventory should be taken at the beginning of the season. Purchases for the period should be added to the initial inventory, and at the end of the period another inventory should be taken and subtracted to have an idea of the number of items that were sold during the period. Take projected items sold and multiply by the price (easier if one price for all items or one price for drinks and one price for all other items). Take this total to determine the amount of revenues/receipts there should be for that period. Compare to actual revenues/receipts for the period. Investigate differences if it is a material amount. Inventory should be taken at least three times (at the beginning, middle, and end of the sport season). It can be taken more often than the minimum three times per season.

OR

A separate school store or concessions activity may be set up to quickly compare expenses against revenues to determine if a profit is made.

ADMISSIONS/TICKET SALES

Tickets should be sold at all events where admission is charged. Admission events include football, basketball, baseball, softball, volleyball, soccer, wrestling, swimming, track, and other athletic events, as well as beauty pageants, dances, theatrical performances, talent shows, carnivals, festivals, and other school-related events. Proms and other events are excluded when advance admission payments are receipted on a teacher receipt sheet and no admission is collected at the door. The use of tickets for admission events, when properly managed, assures that entrants to events paid the admission fee and that all admission charges are deposited in the school's bank account. Pre-numbered tickets may be printed for a specific event or may be sold from a roll of generic tickets. If generic tickets are sold for seasonal events, such as football or basketball games, ticket colors should be alternated. Security practices, such as having a ticket collector tear tickets in half, may be necessary at some events to avoid the re-use of tickets by entrants to the event. Every attempt should be made to ensure the ticket collector is not the same as the ticket seller.

Online ticket sales are permissible provided there is a means of accountability and measures have been taken to prohibit fraudulent activity. Prior Superintendent permission is required.

When tickets for athletic events are issued, a "Ticket Sales Report" should be prepared for each seller to whom tickets are issued.

The bookkeeper should complete the top portion and the tickets issued section of the "Ticket Sales Report" form. Tickets and a copy of the form should be given to the designated person(s) after the bookkeeper signs off.

When the event is over, the tickets returned section should be completed, the money should be counted, and the "Ticket Sales Report" should be signed by the ticket seller. The unused tickets and the "Ticket Sales Report" should be turned in to the bookkeeper. All cash collected must be deposited intact. Do not use cash collected or change cash to cash any checks, including school checks issued for officiating, security, ticket sellers, or ticket collectors.

The funds should be counted by the bookkeeper and one additional verifier. Upon completion of the ticket reconciliation, the bookkeeper and the verifier should sign the "Ticket Sales Report" and then forward it to the principal for his/her signature. Football complimentary tickets may be issued to other schools outside the district. Schools may mail up to 25 complimentary tickets to the principal of the visiting school.

A OBCS employee will be admitted free of charge to any athletic event sponsored by Orange Beach City Schools (state playoffs are excluded). Under the *Alabama Ethics Law, 1st Extraordinary Session 2010, Act No. 2010-764, Acts of Alabama under Section 36-25-1 (33) (b), subsection 8*, free admission to a sporting event offered by an educational institution is allowed for faculty, staff, and administration of the institution. The Ethics Law does not include family members or guests.

The sale of season tickets should be reported on a separate "Ticket Sales Report". The face value of the ticket for each game is to be recorded as admission.

Admission to athletic events is considered public money.

Through written agreement, booster clubs/organizations may sell season passes for games and parking.

Participation fees are not allowed for athletics; however, athletic events that do not charge admissions may collect a participation fee from students to cover event expenses. Schools may charge a rental fee or equipment usage fee to cover the necessary repairs and upkeep of the equipment for safety purposes. The schools may also charge for personal items that the students will keep once the athletic event is over.

TRANSFERS

Public funds should not be transferred to non-public accounts. If this happens, all the non-public funds become public funds.

BETWEEN ACTIVITIES

Transfers made between activities at the local school should be made only with the permission of the teacher/sponsor and/or the principal's approval. A "Transfer Approval Form" should be completed and turned in to the bookkeeper for processing. Copies of the Transfer Approval Forms must be retained in the financial records of the school. The bookkeeper should check the balance in the activity that monies are being transferred from to ensure funds are available.

The utmost caution should be taken to prevent any account from ending in a deficit before the books are closed at the end of each school year (May). IT IS THE RESPONSIBILITY OF THE ACTIVITY SPONSOR TO WORK WITH THE BOOKKEEPER AND PRINCIPAL. In the event an activity ends the year with a deficit, a Transfer Approval Form must be prepared, signed by the principal authorizing transfer, and then the bookkeeper will follow the steps in the transfer program of the school's financial accounting system.

BOOKKEEPERS: WHEN POSTING A TRANSFER BETWEEN SCHOOL ACTIVITIES, USE THE TRANSFER OUT FUNCTION AND OBJECT CODE 9910-920 AND THE TRANSFER-IN WILL BE REVENUE 4-9210.

BETWEEN LOCAL SCHOOL AND ACCOUNTING OFFICE

From time to time it will be necessary for schools to transfer monies to the Accounting Office to cover payroll, transportation costs, or portions of a purchase order that is being paid with school funds but will be processed at the Accounting Office. When the Accounting Office is making the expenditure, the school will send a check made payable to Orange Beach City Board of Education. The bookkeeper will process the check as she does all other checks through the financial accounting system invoice processing system BUT will code the expense as an Operating Transfer-Out – School Sources.... USE EXPENDITURE 5-9910-923 FOR THIS EXPENSE. The Accounting Office will record the check as a transfer-in using revenue 4-9230.

Occasionally, the Accounting Office will transfer monies to local schools (on behalf of legislators, for example). In this case, the Chief Financial Officer will complete a money transfer request form and transfer the money to the school's bank account and record the expense as Operating Transfer-Out – School Source (5-9910-920). The school will need to write a receipt and enter a cash receipts journal entry as proof of receiving the funds. THE SCHOOL WILL RECORD THE TRANSFER-IN FROM THE ACCOUNTING OFFICE WITH REVENUE 4-9230.

Please utilize caution when posting transfers so that the system's books balance. All transfers in and out between activities at the school should equal. All transfers between schools and the Accounting Office should also equal. Using the appropriate codes will eliminate unnecessary hours of reconciling at the end of each month.

JOURNAL ENTRIES

Journal entries are used to correct posting entries and to post the monthly checking account interest. Journal entries may be processed at the local school using the “Journal Entry Approval Form” found on the school system’s website. Journal entries must get approval from the school principal, the Accounting Coordinator, and the Chief School Financial Officer.

If a journal entry is made between public and non-public funds, it is necessary to move the cash between the funds as well.

If you are uncertain or uncomfortable with the process, please contact the Accounting Office for assistance.

PURCHASES

REQUISITIONS AND PURCHASE ORDERS

Purchase of goods and/or services by the local school should follow these procedures:

1. A "Purchase Order Request Form" should be completed by the teacher/sponsor specifically identifying items to be purchased, the price of each item, and the vendor information from which the purchase is to be made.
2. A verification of the activity should be completed to ensure fund availability prior to the purchase order being issued.
3. A computer-generated purchase order that flows sequentially in numeric order should be completed for each purchase. All purchase orders must be signed by the principal prior to the purchase being made.
4. A purchase order is only valid for the items listed. You must get a new approved purchase order if the items you intend to purchase change from the original.
5. If the actual cost is materially greater than the amount originally estimated on the purchase order, the school principal must initial the purchase order prior to payment of the invoice verifying he/she is aware of the higher price. ("Materially greater than" is defined as when the difference is 10% or more of the original purchase order amount)
6. Once the employee signs the purchase order indicating they received the goods or services and the invoice is received by the bookkeeper, it should be matched with the related purchase order and placed in a file for payment processing.
7. A purchase order MUST be issued for all goods and services.
8. No employee should have authorization to purchase or order goods or services without proper approval from the principal in the form of a purchase order. Reimbursements should not be made to any teacher/sponsor/employee who purchases goods in the school's name without a purchase order.

Schools that make numerous purchases with a given vendor during the month will be permitted to issue the vendor a blanket purchase order at the beginning of the month, with a specified dollar limit that is to be used during the month. This arrangement is to be used on a very limited basis. Example: A school purchases

many small items at a hardware store where obtaining a purchase order would delay the work of the custodian or others. The hardware store should write a sales ticket (invoice) with all the items listed in legible form with prices included. The school employee picking up the items must sign the invoice, which must also have the purchase order number recorded on it. The principal must approve such purchases. Students should never be allowed to purchase items on such purchase orders.

It is the responsibility of the bookkeeper to check open purchase orders monthly. If a purchase order remains open after a reasonable period of time has passed, the bookkeeper should make a copy of the purchase order and give it to the person that requested the purchase order.

All purchase orders should have a printed message "PURCHASE ORDER VOID AFTER 90 DAYS".

BID LAW

The Alabama Competitive Bid Law requires that all purchases and/or contracts for labor, services, materials, equipment, and supplies for such amounts as set by the State of Alabama (currently \$15,000 or greater) shall, except as otherwise provided in the law, be let by free and open competitive bidding, or sealed bids, to the lowest responsible bidder. Competitive sealed bids shall be requested by the Accounting Department. Orange Beach City Schools is authorized to use all State of Alabama contracts when they are advantageous to the board.

The State of Alabama Bid Law does not apply to purchases made by individual schools of the county or municipal public school systems from monies other than those raised by taxation or received through appropriations from state or county sources.

Contracts, including service contracts, must have the approval of the Superintendent.

PROCUREMENT POLICY

The board will follow state laws for the procurement of property and services. The primary state procurement laws for Alabama school boards are:

- *Alabama Competitive Bid Laws* (Chapter 13B of Title 16, Code of Alabama 1975);
- *Joint Information Technology Purchasing Agreement* (Chapter 13B of Title 16, Code of Alabama 1975); and,
- *Public Works Law* (Title 39, Code of Alabama 1975)

To the extent allowed by state laws, the board will utilize state, local, regional, and national purchasing agreements where appropriate for the procurement or use of goods and services. All procurement transactions are subject to the board's Conflict of Interest Policy and the procurement decisions of the board will:

- Avoid acquisition of unnecessary or duplicative goods and services;
- Use the most economical and efficient approach for acquisitions;
- Award acquisition contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;
- Consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources prior to awarding procurement contracts;
- Maintain records sufficient to document the history of the procurement; and,
- Conduct procurement transactions in a manner that provides full and open competition.

Procurement transactions that are not subject to the state procurement laws, but exceed the aggregate amount of the federal micro-purchase threshold, will be obtained by utilizing price or rate quotes from two or more qualified sources. State procurement laws include requirements that comply with the Uniform Administrative Requirements for procurement of property and services.

EXPENDITURES

CHECK PROCEDURES

All obligations of the school are to be paid by a computer generated check. (Off-line checks are prohibited unless it absolutely cannot wait until the next scheduled check run.) Only authorized school expenses are to be paid in this manner. Checks should be properly safeguarded when not in use (stored and locked in a secure place). All checks written, including voided checks, should be kept on file in numerical order. A check should never be destroyed when an error is made; the check should be marked "Void" and the signature portion of the check should be cut out. All checks should require two signatures, that of the principal and the bookkeeper. The Chief School Financial Officer is also on the checking account for situations in which the principal or bookkeeper is unavailable to sign. The proper handling of the school bank account is the primary responsibility of the principal. No signature stamp may be used in place of the principal's signature on the check. The following procedures are recommended:

1. Do not write checks to "Cash".
2. Do not sign checks that do not contain the check recipient's name and amount of check.
3. Do not pay for items in advance of receipt of materials, supplies or equipment.
4. Invoices and supporting documents should be provided with the check to be signed.
5. Invoices should be canceled (marked "Paid") when the check is signed.
6. Vendors should be paid on a timely basis. Late charges, penalties and interest should be avoided by making payments by the due date.
7. Checks should be used in numerical order.
8. Checks must be secured at all times.
9. Voided checks must be retained for audit purposes.
10. Sales tax should not be paid on purchases from in-state vendors unless the items do not qualify for the sales tax exemption (school pictures, class rings, etc.).
11. School employees may not use the school's sales tax exemption for personal purchases.
12. Checks outstanding more than 60 days should be investigated.

CHECKS ISSUED TO ACCOUNTING OFFICE

When payment is made to the Accounting Office, the proper documentation needs to be included on the stub of the check. The stub should note exactly what expense the payment will cover.

INVOICES

An invoice must be obtained for each purchase order before payment is made. An original, faxed or emailed invoice must be secured to serve as a basis for issuing any check; statements are insufficient documentation from which to pay an invoice. (Payments are not to be made from a statement in order to prevent duplicate payment and to ensure accurate accounting records.) The invoice must include the name and address of the vendor, a full description of the items purchased, an itemized listing of prices, and the total amount to be paid. The person for whom the purchase is intended must sign off on the invoice before payment is to be made. The school should not allow partial orders of merchandise nor should back orders be allowed. Payment of an invoice should never be made BEFORE all of the merchandise is received. The invoice should be matched with the applicable purchase order before payment is made.

An IRS Form W-9 should be completed and maintained on file for each individual or vendor for IRS Form 1099 reporting.

Please be advised school boards are exempt from the payment of Alabama Sales Tax. However, the local school may pay rental tax if it is written in the contract.

The principal must approve all invoices before payment is made. Cash expenditures are prohibited. The principal must initial all invoices for non purchase order items or invoices exceeding the purchase order amount by 10% or more of the original purchase order.

The corresponding supporting documentation and the invoice must be stamped "paid". It is suggested a rubber stamp be used to document payment.

If for any reason a check is outstanding for sixty (60) days, efforts must be made to ascertain that the check reached the proper party. The Accounting Office should

contact the vendor to verify the status of the check before the check is voided and reissued.

FREE ITEMS FROM VENDOR

Gifts, prizes, or other merchandise obtained from the purchase of school items are the property of the school and the OBCS. School employees are prohibited from purchasing personal items through the school. School personnel will neither solicit nor accept funds or gifts from vendors. Any gifts or free items received from a vendor because of an order placed for goods or services should be given to the club/group/students/etc. who made the purchase. The club/group/students/etc. can choose to give the item to the school to use.

SALES TAX

All schools are exempt from paying sales tax for items purchased in the state of Alabama or shipped to Alabama. Sales tax exemption does not apply to travel related expenses like hotels and food establishments while an employee is traveling for business purposes. If vendors do not honor the sales tax exemption, please find another company who will comply with this exemption.

Officers/sponsors may not use the school's sales tax exemption for personal purchases. Sales tax is NOT a reimbursable cost to the officer/sponsor.

USE OF MERCHANT CREDIT CARD

A separate sign out sheet will be maintained for each store credit card. If an officer/sponsor wishes to use the school's credit card, a properly completed purchase order or purchasing order approval form is required prior to signing out the card. The sign out sheet is completed with the date, the officer/sponsor's name, and the purchase order number. After the purchase is made, the officer/sponsor returns the card with the signed receipt for the items purchased. The log is then completed with the date the card was returned and the officer/sponsor then initials it.

When the credit card statement is received, the bookkeeper matches the receipts to the statement and purchase orders. All are then attached to the completed purchase order as support documentation.

DEFICITS

Under NO circumstances is the activity of a school-related organization EVER to be in a deficit position without approval from the Chief School Financial Officer or his/her designee.

PAYMENT TO INDIVIDUALS FOR SERVICES RENDERED

To school personnel:

No school is authorized to make supplemental payments to personnel for any services rendered in connection with the normal and customary duties associated with the employee's job description. Any supplemental payment for extra work "above and beyond" the normal duties of a specific job must be submitted to the Superintendent for approval prior to such payment. Upon approval, remit supplemental payments for any "extra" services rendered to the Payroll Department. Such payments will be made on the regular monthly payroll to ensure all deductions are properly handled and reported on the employee's Form W-2 at the end of each year.

To non-school personnel:

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-school personnel for services rendered. Records must be maintained to account for any payments for any services rendered by any individual or organization that is not an employee of the Board, and a Form 1099-MISC must be filed in accordance with Internal Revenue Service guidelines. Examples of individuals who fall into this category include but are not limited to:

- speakers
- judges
- visiting authors
- lawn care services
- cleaning services
- catering services
- individuals selling apparel
- disc jockeys or bands
- choreographers
- officials
- security

- videotaping services
- consultants

A Form W-9 should be completed by the individual/company representative PRIOR to them receiving their first payment. Completing this form ensures the necessary information is available for the proper filing of Form 1099-MISC for this individual.

Even though a service might be performed by someone with a company name (i.e. Party Productions or Diva Dance), it does NOT mean they are operating with a business license or have a separate tax identification number. Both individuals and companies are required to complete the Form W-9.

PURCHASING CARD PROGRAM

GENERAL GUIDELINES AND PROCEDURES FOR CARD USAGE

The following information is provided to Orange Beach City Schools (OBCS) employees who are authorized to make purchases through the Purchasing Card Program. The Purchasing Card is a convenient and efficient method to purchase items or services on behalf of OBOE. The card can also be used for approved travel expenditures.

Contact Information

- OBCS Accounting Department
- Card Services: Phone number listed on back of each purchasing card
- A designated individual in the Accounting Office will serve as the OBCS card administrator.

Guidelines for Card Usage

1. Each card should be kept with the same security protection as cash.
2. Each card will have a credit limit that will be established when the card is issued.
3. Each card may be restricted from making purchases from certain merchants.
4. Each user will ensure that items purchased are received before payment is made. (For ordered items, there must be a merchant agreement with the financial institute that prohibits billing prior to the ship date.)
5. Each user will be responsible for obtaining itemized receipts.
6. Each user will be responsible for receiving tax exemption where applicable. (Items purchased in Alabama or delivered to Alabama are tax exempt. Out of state merchants having locations within Alabama may choose to offer tax exemption, but are not legally obligated.)

Restrictions on Card Usage

The purchasing card is prohibited for the following uses:

1. Cash
2. Purchase of items for which an annual contract or master agreement has been established
3. Purchase of a non work-related nature
4. Purchase of gasoline for a personal vehicle

The department head is responsible for carrying out disciplinary actions for any violations committed by employees.

Using the Card for Travel

The card may be used for certain travel expenses such as conference or meeting registration, hotel, restaurants, airline, car rental, and other transportation modes as approved. OBCS's rules and regulations for travel expenditures are applicable when using the purchasing card. Notifying the Accounting Office of specific travel plans in advance could diminish the possibility of purchases being blocked.

Reasons the Card May Be Refused

If an attempt to make a purchase is declined at the point of sale, the following may have occurred:

1. The card has been blocked by the purchasing card issuer due to suspicious activity.
2. The card has exceeded the credit limit.
3. The vendor/merchant is blocked.

To find out why the card was declined, notify the purchasing card issuer.

Disputed Charges

A charge should be disputed when the following occurs: 1) a transaction not made by a OBCS employee posts to the account, or 2) when the amount of the transaction does not match the amount on the sales receipt or invoice.

Steps to follow:

1. Contact the supplier to resolve the issue and request a copy of the sales receipt or invoice.
2. If the card was overcharged, request a credit transaction from the supplier.
3. If the charge could not be resolved, notify the Accounting Office.
4. The disputed amount should be added to the receipt log. Enter the description as "Disputed Transaction". When the issue is cleared, you will receive a credit.

Cash Refund

Cash refunds are not allowed. All refunds must be issued as a credit to the purchasing card.

Lost or Stolen Cards

In the event a purchasing card is lost or stolen, immediately call the purchasing card issuer at the number listed on the back of your purchasing card. Contact the OBCS Accounting Office during regular business hours to report the incident.

Sales and Use Tax

The OBCS purchasing card indicates that Orange Beach City Schools is tax exempt. It is the responsibility of the user to remind the merchant of tax exemption. If tax is charged where it is legally exempt, it is the responsibility of the user to have a credit issued. If a credit is not received, the user must pay Orange Beach City Schools the amount of the tax charged.

Procedures for Using School Purchasing Cards

1. The school bookkeeper will serve as the school level designee for handling the school cards.
2. A Purchase Approval Form must be completed for each purchase. All purchases must be approved prior to the transaction by the school principal. Purchases with federal funds must also be approved by the federal funds coordinator prior to the transaction.
3. Each employee using the purchasing card must sign a Purchasing Card Agreement before taking possession of the card for his/her initial use. The original signed agreement must be kept on file and a copy given to the employee.
4. The bookkeeper should have the employee sign the purchasing card sign in/out form upon receipt and return of the card.
5. Receipts and any supporting documentation must be turned in to the bookkeeper daily.
6. A receipt log must be kept for each card. All receipts and credit receipts should be entered on the receipt log. The receipt log serves as documentation that items have been received, and as the means to verify the monthly statements.
7. The bookkeeper is responsible for reconciliation as outlined under "Record Keeping and Reconciliation, Schools".

Procedures for Using ESC or Board Member Cards

1. The Accounting Office card administrator will serve as the designee for the handling of ESC purchasing cards.
2. The Superintendent's administrative assistant will serve as the designee for the handling of Board Member purchasing cards.
3. Each individual using the ESC or Board Member purchasing card must sign a Purchasing Card Agreement before taking possession of the card for his/her initial use. The original signed agreement must be kept on file and a copy given to the individual.
4. The card user should sign the purchasing card sign in/out form upon receipt and return of the card. The card user is responsible for adhering to the guidelines for card usage.
5. A receipt log must be kept for each card. All receipts and credit receipts should be entered on the receipt log. The receipt log serves as documentation that items have been received, and as the means to verify the monthly statements.
6. The designee is responsible for reconciliation as outlined under "Record Keeping and Reconciliation, Individual Cardholders".

Procedures for Using Purchasing Cards Issued to Individuals

1. Each employee using the purchasing card must sign a Purchasing Card Agreement before taking possession of the card. The original signed agreement must be kept on file in the Accounting Office and a copy given to the employee.
2. A receipt log must be kept by the cardholder. All receipts and credit receipts should be entered on the receipt log. The receipt log serves as documentation that items have been received, and as the means to verify the monthly statements.
3. The cardholder is responsible for reconciliation as outlined under "Record Keeping and Reconciliation, Individual Cardholders".

RECORD KEEPING AND RECONCILIATION

The billing cycle for OBCS purchasing cards closes on the 5th day of each month. Statements should be available online within one to two days following the closing date.

Schools

1. Check transactions on the receipt log against transactions on the statement. (For transactions that have not posted, copy for the next cycle and mark through on the current receipt log.)
2. Total the transaction amount column on the receipt log and write in the total amount at the bottom of the column. This should match the balance due on the statement. The receipt log and statement must match before any further steps are taken.
3. The principal must review and sign the receipt log.
4. For local school funds, issue a purchase order for the amount to be paid to Orange Beach City Schools. Send the original paperwork to the Accounting Office and make a copy to submit to keep with your files.
5. The reconciliation paperwork should be submitted in one packet to the Accounting Office, usually due the second Thursday of each month when other school payments are due. (The local school portion may be included in the check with the school's other payments, but there must be a separate purchase order for the purchasing card.)
6. The reconciliation packet should contain the following in order: copy of purchase order, with statement attached and receipt log with original receipts for each card.

Individual Cardholders

1. Check transactions on the receipt log against transactions on the statement. (For transactions that have not posted, copy for the next cycle and mark through on the current receipt log.)
2. Total the transaction amount column on the receipt log and write in the total amount at the bottom of the column. This should match the balance due on the statement. The receipt log and statement must match before any further steps are taken.
3. Sign the receipt log. Attach the statement and original receipts for transactions listed.

4. The department head must review and sign the receipt log. For individuals serving as department heads, the Superintendent must review and sign.
5. Submit the receipt log to the Accounting Office by the deadline given via email.

MONTH END CLOSE

All deposits, journal entries, and offline checks must be entered into the accounting system by the last day of the month. If the last day of the month falls on the weekend, then it will be due by 10:00 a.m. on the following Monday.

Monthly reports are due to the Accounting Office by the 3rd day of the month. If the 3rd day of the month falls on a weekend, then the reports will be due by 10:00 a.m. on the following Monday. Upon receipt of the bank statement (or a printout), the bookkeeper should reconcile the book balance to the bank balance. After balancing, monthly reports should be run for each school.

The following reports and documentation will be due in the Accounting Office on the 3rd of each month via G-Suite, and should be submitted with the LSA Monthly Checklist and Monthly Financial Statement:

1. Invoices by vendor report
2. Copy of bank statement
3. Copy of check register
4. A/P bank reconciliation report
5. Copy of returned check spreadsheet
6. Verification report
7. Trial balance by class
8. Balance sheet report
9. Principal's report
10. Verification of Allocation Check
11. Verification of Monthly Reports to Staff
12. Fixed Asset Report
13. PO's as of Date Report

The financial records of the local school are public records and should be made available to any person(s) upon request.

Monthly activity reports should be distributed to all teachers/sponsors who oversee the activities.

Once all the bank statements have been reconciled and all month end reports have been run, the Chief School Financial Officer's designee will interface all local school accounting data into the central office accounting software. The Chief School Financial Officer will review all the revenues and expenditures and then print the monthly financial statements. After review and signature of the Superintendent, these financial statements, the listing of certificates of deposit, and the accounts payable check registers will be placed on the board agenda for the next scheduled board meeting to be approved by the board.

YEAR END CLOSE

CALENDAR YEAR END

In order to begin the calendar year end process, all December check runs (including off-line) and invoices must be completed. The Accounting Office will print and verify the Missing/Invalid TIN Report for 1099 vendors. Once this has been verified, the Accounting Office will complete the 1099 process as follows:

1. Rebuild vendor amounts
2. Print vendor dollar amount
3. Export vendor data to the Accounting Office

FISCAL YEAR END

Orange Beach City Schools' fiscal year runs from October 1st – September 30th. September's monthly reports are due to the Accounting Office no later than October 3rd. The following list must be completed before the books can be exported:

1. All invoices through September 30th must be paid.
2. All money collected on or before September 30th must be turned in, receipted, and deposited in September.
3. Internal transfer in/out must balance.
4. All outstanding/old purchase orders should be closed or voided.
5. All outstanding checks over 60 days must be voided or arrangements must be made for them to be deposited.

Unpaid items of any nature on September 30th of each year should be recorded in the school's LSA system. An Accounts Payable Register should be attached to the September monthly financial reports and submitted to the Accounting Office.

No activity should end the fiscal year with a negative balance. The principal must transfer funds to the appropriate account to cover the amount the activity is short. Non-public activities cannot end the year with a negative balance.

FIXED ASSETS

OBJECTIVES OF THE FIXED ASSET POLICY

The Asset Accounting Policy will assist management personnel to:

1. Safeguard and account for assets purchased with public funds and to establish responsibility for custody and use
2. Effectively locate and utilize property
3. Adequately document assets for insurance coverage
4. Coordinate budgeting with maintenance cost and equipment replacement

DEFINITIONS

Capital Asset (Fixed Asset) is defined as an item with a unit price of \$5,000.00 or greater, and:

- Is tangible in nature
- Has a useful life of greater than one year
- Must be tracked for state or regulatory purposes

Inventory Asset (Non-capitalized Asset) is defined as an item with a unit cost of \$500.00 to \$4,999.00, and:

- Is tangible in nature
- Has a useful life of greater than one year
- Must be tracked for state or regulatory purposes

High Risk Asset is defined as an item with a unit cost greater than \$200.00 with a tendency to be easily misplaced. Examples: chromebooks, calculators, cameras, iPads, laptop computers, radios, and tools.

Supply Item is defined as an item or material which meets the following criteria:

- Is consumed in use
- Loses its identity through incorporation into a different or more complex unit or substance

- Is expendable (If the item is damaged or some of its parts are lost or worn out, it is more feasible to replace it rather than repair it.)

PROCEDURES

Verification and Accountability

The Chief School Financial Officer

1. Plans, organizes, directs, monitors, and evaluates the financial and accounting work of employees who may perform tasks in budgeting for fixed assets
2. Establishes asset accounting and financial procedures that conform to GAAP (Generally Accepted Accounting Principles) and the GASB (Governmental Accounting Standards Board)
3. Coordinates the development and dissemination of fixed assets and supplemental policies and procedures and facilitates all of the necessary activities to establish asset accountability

The Fixed Asset Bookkeeper

The Fixed Asset Bookkeeper is responsible for keeping the capital asset records current and in proper form. A physical inventory is required to be completed every year. It will be due at the end of the fiscal year, currently September 30th.

School Principals and Worksite Supervisors

School principals and worksite supervisors are responsible for keeping inventory asset records current and in proper form. An inventory report will be due at the end of the school year or May 31st. The principal may assign a designee to perform these duties; however, the principal is to sign any inventory documentation.

A physical inventory is required to be completed for each school and worksite every year. A copy of the inventory will be kept at the school/worksite and a copy will be sent to the Fixed Asset Bookkeeper.

A check-in/out system is required for high risk assets.

Included Property

1. All movable (not built-in) non-consumable items such as motor vehicles, appliances, furniture, computers, monitors, printers, iPads, business machines, musical instruments, machinery, portable buildings, etc.
2. All items manufactured by and for the school district with a unit value of at least \$500.00
3. All donated items with a value of at least \$500.00
4. All leased equipment

Excluded Property

1. Built-in units that are designed to be part of the building such as student lockers, sinks, light fixtures, carpeting, central heating and air conditioning units, boilers, etc.
2. Land, non-portable buildings, towers, walks, ramps, etc.
3. Spare parts and materials
4. Property that falls into the category of supplies
5. Physical education equipment such as balls, bats, helmets, etc.
6. Kitchen pots, pans, small utensils, etc.
7. Waste and garbage cans
8. Curtains and drapes

Differentiation Between Unit Control and Group Control

To assist in the administration and accounting for a multitude of equipment, it will be permissible to list the equipment under two types of controls.

Unit Control Equipment

Unit control items have a separate identity from similar items. They generally are assigned an individual manufacturer serial number or identification number. Items in this class must be entered individually. Examples are:

- Computers
- Printers
- Calculators
- iPads
- Laptop computers

- Drills
- Ovens
- Furniture (office, lobby, teacher desks, etc.)

Group Control Equipment

Group control items are the same in respect to size, shape, material and function and are grouped together rather than carried as separate units. They generally do not carry an individual manufacturer's serial or identification number. Examples are:

- Student desks
- Chairs
- Stools
- Tables (cafeteria style or utility type)

(As an illustration of group control: 100 student desks would be recorded as a single line on a computer spreadsheet. It would be recorded as 100 desks @ \$34.00 each, total = \$3,400.00.)

Information to be Included on Report

The information on each item is necessary to reconcile reports. Please enter as much information as possible. Use the form created for asset additions. The following information needs to be included on the report:

1. Item description (laptop computer, printer, projector, etc.)
2. Make (Dell, HP, NEC, etc.)
3. Model (745, Pro400, M260X, etc.)
4. Serial number
5. Vendor (Dell Computer Corp, Global Computer Supplies, Global Government Ed, etc.)
6. Barcode (info to include fiscal year, funding source, and purchase order number)
7. Purchase order number and date
8. Unit cost
9. Funding code
10. Delivery date
11. Location (room#, office name, etc.)

Inventory Procedures for Federal Funds

Inventory Assets and High Risk Assets purchased with federal funds for public school or private school purposes will be accounted for by the grant administrator until disposition takes place. Items will be tagged with an identification number upon receipt and will be added to the inventory list by the grant administrator. Records maintained will include a description of the property, identification number, source of funding, acquisition date, cost, location, condition of property, and disposition date. The grant administrator will perform a physical inventory check and reconcile inventory records at a minimum of once a year. Records will be kept on file at the Central Office. When inventory with federal funds is disposed of, the date of disposal will be noted on the inventory list and the item will remain on the list for five years from the date of disposal.

Disposition of Fixed Assets

Orange Beach City Schools may at times have property that is obsolete and no longer used or needed. Before the property is disposed of as surplus, the Orange Beach City Board of Education and the Superintendent should determine whether it may be utilized by another school or department. No fixed assets of the school system may be disposed of without board approval. Personal property (equipment) is disposed of by submitting a written request that includes the following:

1. Reason for removing item from fixed assets
2. Description of item
3. Decal number
4. Serial number

Acceptable reasons for removing items from fixed assets:

1. When any fixed asset reaches a point where it is no longer usable or when it is broken beyond repair, the principal may ask permission to “scrap” the item.
2. When any fixed asset is stolen, the theft must be reported to the Central Office. Unless there is evidence of forced entry (visible signs of a break-in) a fixed asset cannot be classified as being disposed of by theft. Any break-in should be reported to the local law enforcement agency and a copy of their report sent to the Central Office. State property insurance requires a copy of the investigation report.

Procedures for Surplus Designation

When a school or department determines that property is no longer usable, procedures should be followed to have the property designated as surplus or obsolete, removed from the property records, and disposed of according to policy.

1. Send information detailing the property to receive the surplus designation to the Chief School Financial Officer.
2. The Chief School Financial Officer shall prepare a report of all requests for disposals and submit the report to the Board of Education during the following month's Board of Education meeting.
3. If the Board of Education votes to approve the designation, the property shall be scheduled for pickup and disposed of in a manner that is in the best interest of Orange Beach City Schools.
4. The pickup of designated property shall be scheduled and coordinated with the fixed asset bookkeeper. It is the school principal's responsibility to have all property designated for pickup assembled together and placed in an easily accessible location before the scheduled pickup time. Personnel will pick up only that property that has been properly designated as surplus/obsolete. All tags, district insignia, and data need to be removed from the property before disposal.

Method of Disposal

The Accounting Office shall be responsible for the sale of surplus and obsolete property. Sales may take place in one of the following manners:

1. Sealed bids
2. Public auction
3. Sale to another local unit of government for a fair market price
4. Gov Deals

Criteria for determining the manner of disposal shall include location of the property, quantity, quality, availability of clientele, and time limit in which the property must be moved.

Orange Beach City Schools has the right to reject any or all bids for school surplus or obsolete property, subject to the following:

1. Fair market value
2. Retention cost

3. Dynamics of the marketplace

MISUSE OF SCHOOL PROPERTY

Misuse of school property should be reported to the Superintendent immediately. SCHOOL EQUIPMENT AND OTHER PROPERTY MUST NOT BE USED FOR PERSONAL GAIN. Officers/sponsors should not take school-owned capital fixed assets home. Property taken home is not insured by the State of Alabama Property Insurance and any loss would become the responsibility of that individual. Exceptions must come from the Superintendent in writing.

PAYROLL

Payroll checks are issued on the last working day of each month or as otherwise noted on the Schedule of Payroll Activities prepared by the Payroll Office and approved by the Superintendent each school term/year. Employee contracts are paid over a 12-month period. New employees who begin the school year in August may choose 12 or 13 payments for the first year. Employees hired mid-year will be paid on a pro-rata basis according to the number of days to be worked and the number of months remaining in the contract year.

EMPLOYEE COMPENSATION

Board employees will be compensated at rates of pay in accordance with the board's most current salary schedules, or under such special employment or compensation arrangements as may be approved by the Superintendent and/or the board in accordance with applicable law. Supplemental contracts may be issued for any personnel providing additional services such as athletics, school club sponsorships, etc. Supplement contracts will be considered on a year-by-year basis and must be renewed annually.

COMPENSATION FOR NON TRANSPORTATION EMPLOYEES DRIVING BUS

Non transportation board employees who drive bus routes will be compensated as follows:

- Certified employees will be paid their hourly rate
- Non-certified employees will be paid their hourly/overtime rate
- Administrative employees will be paid \$40 for an AM bus route and/or \$40 for a PM bus route

Coaches driving out of town athletic events will be compensated as follows:

- Zone 1 - within 50 miles of Orange Beach City - \$50.00
- Zone 2 - 50-99 miles from Orange Beach City - \$100.00
- Zone 3 - 100-199 miles from Orange Beach City - \$150.00
- Zone 4 - 200 or more from Orange Beach City - \$200.00

SALARY ADMINISTRATION

Employees are expected to fulfill the work requirements of the position held for the full term of their appointment. Compensation will be prorated to reflect the number of days actually worked, subject to appropriate adjustments, credits, and allowances for available leave. Personnel will be paid in accordance with customary payroll procedures, which may be modified from time to time as the needs of the system require. No employee is entitled to compensation except for work performed by the employee in accordance with an approved contract or the applicable terms of appointment. Compensation may be withheld pending the employee's timely, accurate, and complete submission of all required records, data, and reports.

MINIMUM WAGE AND OVERTIME

The board will pay required minimum hourly wages and overtime to all employees who are classified as "non-exempt" in compliance with the Fair Labor Standards Act. For purposes of determining overtime, the work week begins at 12:01 a.m. on Saturday and ends at 12 midnight on the following Friday. All non-exempt employees who work more than forty (40) hours in a week may be compensated for overtime either by compensatory time off or by payment, both calculated at one and one-half times the regular rate. Employees are not authorized to work more than 40 hours per week without specific direction or authorization to do so by their supervisor and all overtime must be approved by the Superintendent.

LEAVES AND ABSENCES

Provisions for leave types and accrual days are based on the length of an employee's contract. Sick leave and personal leave days are offered to all full-time employees whereas vacation days are only offered to twelve month employees. Specific details concerning each leave type and how they apply to board employees can be found in board policies numbered 6.70 through 6.71 and applicable state law as contained in *Title 16, Code of Alabama*.

Leave Without Pay Absences

Leave may be with or without pay as provided by law, regulations of the State Board of Education, and Orange Beach City School Board policy. For any absence

that is without pay, the deduction for each day of absence shall be determined by dividing the annual salary by the number of days/hours for the employment period.

A leave of absence is permission granted by Orange Beach City Schools Policy No. 6.70.1, or allowed under its adopted policies for an employee to be absent from duty for a specified period of time with the right to return to employment upon the expiration of leave. Any absence of a member of the staff from duty shall be covered by leave duly authorized and granted. Leave shall be officially granted in advance and shall be used for the purposes set forth in the leave application.

Orange Beach City Schools' employees have a contractual obligation to the system and leave without pay may serve as a means of progressive discipline and considered job abandonment. Advanced Superintendent approval is required for leave without pay.

SALARY DEDUCTIONS

Mandatory Salary Deductions

Mandatory deductions will be made in accordance with applicable law, and employees are required to complete and submit all forms and provide such information as may be required or reasonably required for such purpose.

Voluntary Salary Deductions

The board will make voluntary deductions to specified insurance and annuity plans as a service to its employees. Any payroll deduction for insurance which is considered "tax sheltered" and which falls under the criteria of the board's Section 125 Cafeteria Plan or any other tax-sheltered plan offered by the board will be made in accordance with the specific guidelines of the individual plan. Deductions for insurance and annuity plans will not be made without initial authorization, in writing, by each employee. Continuing payroll deductions will remain in effect until canceled in writing by the employee. Enrollment and revocation of such deductions must be made in accordance with the plan year for each individual plan.

Professional Membership Dues

Deductions for membership dues will be made for organizations upon approval of the Superintendent or his/her designee. Said deductions will not be made without initial authorization, in writing, by each employee. Continuing payroll deductions will remain in effect until canceled in writing by the employee. Upon termination of

employment, any amounts owed under the terms of the employee authorization will be deducted from the employee's final pay.

New Deductions

Other separate types of deductions and/or similar types of deductions that are not mandated by law may be approved by the board and made in accordance with the Administrative Rules and Regulations established by the board. Vendors are required to have at least 25% employee participation to be eligible for payroll deductions.

Liability of the Board

The board will not be liable for any good faith error made in implementing a salary deduction that has been authorized by the employee.

Employee's Responsibility

The employee is responsible for submitting, on time and in writing, correct information to the Payroll Department for all authorization, continuing, changing and/or stopping payroll deductions. The written notification must be submitted by the 15th of the month for the action to take effect that month. All notifications received after the 15th of the month will become effective the next month.

SUBSTITUTE LIST

All approved active substitutes will be listed in the Absence Management software which is maintained by the Personnel Department.

PAYROLL PROCEDURES

It is the responsibility of the principal and bookkeeper to submit accurate payroll information to the Payroll Office in a timely manner according to the following established payroll procedures:

1. Employee absences are maintained daily by the school bookkeeper in the Absence Management software along with the substitute's name and type of absence (sick leave, personal leave, annual leave, detached duty, jury duty, military leave, on-the-job-injury, leave without pay, or other).

2. Substitutes should sign-in/sign-out in the Substitute Teacher Log located in the school office area. (They may also sign-in on the Ident-A-Kid computer if available to get a name tag, but subs are paid from the Substitute Teacher Log.)
3. An Absentee Report from the Time and Attendance software must be submitted at the end of the pay period. Extra substitutes should be entered in the Time and Attendance software and on a paper payroll sheet. If the absent employee is an hourly paid employee such as custodian or CNP worker, then the actual number of hours worked by the substitute should be listed on the report as well.
4. All employees must approve and submit their time in Time and Attendance at the end of the monthly pay period. If the employee is absent on the date the payroll is due, their supervisor can approve and submit the employee's time for them.
5. Supervisors must approve their employee's time in Time and Attendance.
6. Extra pay/overtime must be entered correctly in Time and Attendance and approved prior to performing the work. This would include pay for the after-school program or extra hours/overtime hours worked.
7. To insure accuracy at the end of each pay period, Absence Management reports should be cross-checked against the Substitute Teacher's Log. Once the bookkeeper has completed the payroll, the principal will sign the "Monthly Payroll Transmittal Form" which is then placed in the payroll package. This package of payroll information is then delivered to the Payroll Office in a timely manner.
8. After the payroll has been processed by the Payroll Office for the pay period, the payroll documentation is scanned into a permanent school file and the original payroll documentation is returned to each school and placed in the employee's individual payroll folder at the school. Other documentation including Substitute Teacher Logs, copies of Ident-A-Kid printouts (if applicable), calendars, and any other documentation used to process monthly payrolls are kept in a folder for each pay period.
9. Monthly Payroll Reports for "Extra Subs/Help" are kept in a folder marked "Extra Subs".
10. All payroll records should be retained for a period of at least five (5) years.

MISCELLANEOUS ITEMS

AFTER SCHOOL PROGRAMS

After school programs are provided by the local schools. These programs are additional ways to generate revenue for the school. Emphasis and attention are directed towards providing a safe and educational environment for the children.

Any school interested in providing an afterschool program must submit a written request to the Superintendent for approval each year.

A staff including a director is responsible for the daily operations of the after school program. The responsibility of the director is to supervise the employees, coordinate the activities for the children, purchase supplies and materials needed for the program, and provide the necessary information to the appropriate parties. It is the responsibility of the director to make sure the after school program employees clock in and out and all time is accurate.

The principal is responsible and accountable for all funds received and expensed regarding the after school program. All funds in the after school program are public funds and fall under the guidelines and restrictions for public usage.

Orange Beach City Schools are authorized to operate after school programs according to the following provisions:

- Each principal will assign a designee in charge of the program's operation.
- Students in the programs must be enrolled in Orange Beach City Schools.
- Applicants will apply directly with the principal. Workers will be selected by the principal, employed by the Board upon the recommendation of the Superintendent, and supervised by the principal and administrator in charge of the program. Current OBCS employees will not be resubmitted for additional Board approval to work after school.
- Workers 18 years and older will undergo a criminal background check. Workers under age 18 years of age (ages 16-17) will not work alone with students.
- All parents/guardians will be provided a statement of after school payments made each calendar year no later than January 31st following the calendar year.

Payment Receipts

A pre-numbered duplicate receipt book is to be used for collected funds. Receipt books should be secured and a log should be maintained to track the receipt books by receipt numbers to the individual responsible for issuing the receipts.

Receipts are to be completed and issued in numerical order at the time funds are received. All pre-numbered receipts in a receipt book should be issued before another receipt book is put to use. Do not pre-sign receipts. An original signature is required. Signature stamps are not acceptable.

The following procedures are recommended for receipting money:

1. A receipt should be issued after counting or verifying the amount on the receipt at the time the funds are actually received.
2. The manually prepared receipt should contain the following information:
 - a. name of the individual delivering funds
 - b. amount of the funds
 - c. purpose for the funds received
 - d. date funds are received
 - e. indication of whether cash or check (indicate check number on receipt)
 - f. original signature of individual receipting the funds
3. Give the original receipt to the person submitting funds.
4. Voided receipts must be retained with the receipt book.
5. Do NOT use correcting fluids or erasures for mistakes.
6. Funds received MUST be secured.
7. Do not cash checks with funds received.
8. No money should be left in an unsecured area overnight. The person collecting the money is responsible for all funds until turned in to the office.
9. The receipt book MUST be turned in with all funds collected.
10. The Master Receipt must be stapled to the receipt book daily.
11. Funds are to be turned in daily. Do not hold funds.
12. Receipt books containing the receipt copies and unused receipts are to be returned to the principal at the end of the school year or program.

Payments Made to Teachers/Front Office

1. Payments made to teachers and/or the school office are to be placed in a locked drop box located in the front office.
2. These payments are to be receipted by the person responsible for receipting funds for this program.
3. Receipts are to be given to the individual submitting the funds. In the event the receipt is not given to the individual, it should be maintained with the program's financial records.

Posting Payments

Payments are to be posted daily to the individual accounts. Posting should include:

1. Date payment made
2. Receipt number
3. Check or cash indication
4. If check, check number posted next to receipt number

End of Day

1. Balance receipt book to cash and checks received. Run adding machine tape to verify it is balanced.
2. Balance receipt book, cash, and checks to Deposit Report.
3. All deposits are to be submitted to the bookkeeper as follows:
 - a. currency by denomination, from largest to smallest
 - b. change in coin envelopes
 - c. checks in order from least amount to greatest; student name should be written on the memo line (Checks MUST have full name, current address (no P.O. boxes), telephone numbers, and driver's license number if you can obtain it. No counter checks should be taken.)
4. Place the report, monies, adding machine tape, and receipt book in the school safe. Money MUST be secured in the school safe daily.
5. Again, no money should be left in an unsecured area overnight. The person collecting the money is responsible for all funds until turned in to the office.

Online payment program

Each school is strongly encouraged to utilize the online payment program. In the event your school is not enrolled in the online payment program, contact the

Accounting Department for assistance in utilizing this program. The online payment program simplifies the accounting procedures for the school while enabling parents to make payments on-line.

FIELD TRIPS/ACTIVITY RUNS

Teachers often request approval to take students off campus during the school day as enhancement of academic content in fulfilling the course curriculum. Voluntary contributions may be requested to pay the costs of transportation, meals or admission charges. The voluntary nature of the contribution must be clearly stated in the request for the field trip costs. Non-payment of requested contributions cannot be used against a student, and the student must be provided the same participation as if payment was made on behalf of the student.

Field trips during the school day cannot generate a profit but may establish a per student amount that exceeds the individual student costs to provide the funds for the non-paying students, if the costs for the non-paying students are not paid by private sources or non-public school funds. Additional costs should be considered in establishing the per student field trip amount to accommodate for special needs students.

Documents providing information about the field trip to parents and guardians should include information on the disposition of excess field trip funds paid for the students including:

1. The cancellation or postponement of the field trip
2. A student's inability to participate in the field trip due to absence, illness, or disciplinary action
3. Requirement to receive a refund for the field trip payment

The local school board office can provide guidance on student meals, transportation, and approval procedures. School board policies may place limitations and restrictions on school field trips.

Student trips that extend overnight, are held outside of school hours, or are held on a day that school is not in session are considered extra-curricular activities. Generally, extra-curricular activities are not subject to the requirement to provide participation for non-paying students.

- Field Trip - during the school day
- Extra Curricular Activity - After school hours at night or on weekends

A Field Trip Transportation Request Form should be completed and forwarded to the Superintendent for approval prior to the date of the activity. Transportation requests should be completed and approved by the Transportation Department ten working days prior to the date of the activity.

A monthly invoice will be issued to the school for reimbursement on the activity trips that are to be paid by the local school.

ACADEMIC INCENTIVES FOR STUDENTS

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence by students. Students may receive food items (but not foods of minimal nutritional value), school supplies, admissions, t-shirts publicizing school academic accomplishments, and other tangible incentives for attendance, honor rolls, test scores, and other academic achievements. Academic excellence may also be recognized with plaques, trophies, and award banquets. Academic incentives with a significant monetary value may be provided to a group of students or by selecting individual recipients. (Scholarships and tuition for programs outside of the school's academic program are not permitted unless non-public funds are used.)

Academic incentives, whether purchased with school funds or donated by other entities or private sources, should be secured until provided to the incentive recipients. The student receiving the incentive should sign a form documenting the student's receipt of the academic incentive, excluding those items of insignificant value. The school official that is giving the incentive to the student, along with a witness, should also sign and date the form.

GUIDELINES FOR SCHOOL RELATED ORGANIZATIONS

Student Organizations

Student clubs and classes are recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although

the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions and parking fees, will be determined by agreement with the entity in control of the event location.

Parent Organizations (PTA/PTO)

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Many parent organizations join a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

1. Both parties mutually assent to the fiduciary control of the principal
2. A school employee leads the fundraising or maintains the accounting records for the organization

If the PTA/PTO becomes a school activity, the activity must be assigned a sponsor. The sponsor should be a parent, teacher, or employee of the school. The PTA/PTO officers and sponsor operate the organization while the school principal acts in a

fiduciary capacity over the organization's funds. Income from the PTA/PTO is recorded by receipts and deposited into the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Specific Requirements

Parent organizations (PTA/PTO) that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls. Accountability for the funds these organizations control includes an agreement between the school and the organization that:

1. The organization has obtained an employer identification number from the IRS.
2. The organization provides a report of the annual audit of the organization to the school.
3. The organization makes its financial records available to the school's auditors and authorized school employees upon request.
4. The organization provides required financial reports.
5. The organization provides proof of a fidelity bond for the treasurer.
6. The organization will not provide any payment or benefit to a school employee (or a family member of a school employee) in violation of the State Ethics Law.

Booster Organizations

All school sponsored extracurricular activities must be under control of the school; however, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extracurricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Generally, the activities for booster organizations are considered non-public funds. However, these organizations will become public school funds if:

1. A school employee serves/holds a leadership position in the organization.
2. A school employee is involved with fundraising or maintains the accounting records for the organization.

If the booster organization becomes a school activity, the activity must be assigned a sponsor. The sponsor should be a parent, teacher, or employee of the school. The booster officers and sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. Income from the booster organization is recorded by receipts and deposited into the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

LOANS

Bank Loans

1. The school board is not liable for unauthorized loans negotiated by a school principal. Only the board can approve and borrow money for a school.
2. School loans will be considered for approval by the board on a case by case basis. The Superintendent will consider projects/facility needs and funding sources for each request before a recommendation is made to the board.
3. Amendment No. 558 of Section 94 of the Constitution of Alabama prohibits county, city, or other subdivisions of the state to lend credit or grant public money to any individual, association, or corporation. Therefore, loans for Booster clubs and other school affiliated organizations cannot be authorized by the principal and submitted to the board for approval.
4. These organizations may obtain a bank loan to be paid from non-public school activity funding sources.

Employee Loans

Schools are expressly prohibited from making loans to employees.

DISPOSITION OF RECORDS

All records of the school must be filed and retained in compliance with the requirements of the most recent edition of the State Records Commission, Local Government Records Commission, Functional Analysis and Records Disposition Authority. Additionally, all financial transactions of the school system should be retained upon the release of three audit reports and settlement of any claims due before being destroyed.

The following must be maintained permanently:

1. General ledger/trial balance
2. Inventory record

The Accounting Department is responsible for filing the proper paperwork to get preapproval from the State Records Commission before disposition of records can occur. Please do not dispose of any documents until the approval is received.

INVESTMENT POLICY

This investment policy applies to all financial assets of Orange Beach City Schools. These funds are accounted for in the district's Comprehensive Annual Financial Report. In addition, any new fund titles created by the board, unless specifically exempted, will be covered by this policy. This local policy pertains to the funds and investment instruments permitted by the law of Alabama as relates to local boards of education. In the State of Alabama, boards of education generally follow the guidance found in the *Code of Alabama 1975, Section 19-3-120 and 19-3-120.1*.

Objectives

The objectives of the district's investment policy are as follows:

1. Safety of principal is the foremost objective of the investment policy of Orange Beach City Schools. Each investment transaction shall seek to first ensure that principal losses are avoided.
2. The district's investment portfolio shall remain sufficiently liquid to enable the district to meet all operating requirements which might be reasonably anticipated.
3. The investment program shall seek to augment returns while being consistent with risk limitations of the district, the state law restrictions, the cash flow characteristics of the district, and prudent investment principles.
4. The district's investment portfolio shall be diversified with respect to maturity, security types, and/or financial institutions to avoid incurring unreasonable or avoidable risk to principal or liquidity of the investments.

Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Chief School Financial Officer. In the event of the extended absence or replacement of the investment official, the Superintendent or his designee shall conduct the district's investment operations. A system of internal controls shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees of the district.

Permissible Investments/Depository Instruments

Investment instruments authorized for purchase by the district are limited to:

1. Certain obligations of the United States or its agencies
 - a. treasury bills with maturities of twelve months or less
 - b. treasury notes with maturities of eighteen months or less for investment funds from debt service and capital improvement accounts, and with maturities of twelve months or less for all other investments
 - c. bonds or other interest-bearing obligations of the United States of America, or payment of which the United States of America has guaranteed as to both principal AND interest
 - d. bonds issued by the Federal Land Bank
 - e. bonds or other interest-bearing obligations of any state of the United States of America
2. General obligation bonds of any county of the State of Alabama
3. Interest-bearing general obligation bonds/warrants of any board of education of any county or municipality of the State of Alabama secured by pledge of the three-mill school tax
4. Promissory notes, bonds, or other indebtedness secured directly or collaterally by mortgage or trust deed which is a first lien
5. Insured or collateralized certificates of deposit with maturities of twenty four months or less
6. Overnight repurchase agreements with approved master repurchase agreement
7. Fully collateralized interest bearing sweep accounts
8. Common trust fund or other collective investment fund agreements maintained by any national or state chartered bank, trust company, or savings and loan association

Diversification

It is the policy of the district to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

Competitive Selection of Investment Instruments

All investments of Orange Beach City Schools will be on a competitive basis. Competitive quotes for various investments will be obtained from qualified financial institutions. Orange Beach City Schools will then choose what best fits its portfolio based on the maturity required, liquidity requirements, the current makeup of the portfolio and the offered rate.

Collateralization

All deposits of Orange Beach City Schools must be secured by pledged collateral in an amount greater than the highest balance during any month, or deposited with a Qualified Public Depository of the Security for Alabama Funds Enhancement (SAFE) Program, according to Sections 41-14A-2 through 41-14A-6, 41-14A-8, and 41-14A-9, Code of Alabama 1975, as amended.

Acceptable collateral would be:

United States

- Any direct obligation
- Any agency or instrumentality of the United States (this includes Commodity Credit Corporation Certificates)

Other States

- Any general obligation bonds or securities issued by any state of the Continental United States
- Any instrumentality of any state in the Continental United States having a rating of "A" or better by Moody's (this does not include political subdivisions such as counties, cities, etc.)

State of Alabama

- Any general obligation bonds
- Any agency or authority of the State of Alabama

Alabama County

- Any general obligation issue
- Gas tax warrants
- County board of education warrants
- Obligations secured by pledge of the special road, bridge, and public building tax

Alabama Municipality

- Any general obligation issue
- Electric, natural gas, water, and sewer revenue bonds issued by the city or any board created by the city
- Board of education warrants

LIVE WORK

Live Work Projects for Students

Live work projects consist of work done by career tech students as part of their training program. Work can be done either in school or on a job location and includes service, repair, or production jobs of all types, excluding work done by cooperative education students. Live work will be conducted when, in the opinion of the instructor and school administrator, the training program requires the work for acquisition of occupational skills leading to employment. The instructor, as part of the student's training program, will assign live work to individual students or groups of students. Administration and control of live work in accordance with local school board policies are the responsibilities of the school administrator. All live work performed must be approved by the administrator who shall be responsible for the determination and collection of all charges and maintenance of appropriate records.

Live work can only be performed when tasks are directly related to the knowledge acquired and skills currently being taught in the program as part of the course of study or to reinforce acquired knowledge and skills previously taught. Live work will

be performed in specific projects for specific individuals and organizations. The scope and extent of each project will be well defined and documented before acceptance. Live work projects can be conducted for:

1. Students
2. Public employees
3. Tax supported programs and institutions
4. Charitable organizations that are supported by donations
5. Other individuals and organizations if:
 - a. The live work project is not in competition with private enterprise.
 - b. The circumstances involved are unusual and justify the acceptance of the live work project.
 - c. The instructor and the school administrator do not have a family or business relationship with the client.
 - d. The instructor justifies in writing why the live work is necessary for the training program and files a signed copy with the school administrator.

Liability Waivers

The person, program, institution, or organization for which live work is done shall:

1. Assume responsibility for the results of the work being done by students.
2. Accept responsibility for the total costs of materials and parts involved.
3. Pay a service charge according to the schedule established by the administrator of the school to cover indirect expenses.
4. Sign a form agreeing to the above conditions and specifically stipulating the work to be performed.

Service Charge for Live Work Projects

The total charges (cost plus a service charge) for live work will be as follows:

1. Actual cost of parts and materials, plus at least 20% for the service charge.
2. Live work projects that do not include parts and materials provided by the school will be assessed a reasonable service charge according to a schedule or pricing sheet approved by the administrator.
3. A training program leading to a license, such as cosmetology or barbering, may charge for services under a pricing schedule approved by the administrator.

Because state laws do not allow a school to extend credit, all charges must be collected at the conclusion of a live work project. Deposits and advance payments should be considered, if appropriate.

In exceptional cases, such as the construction of a public building, a reduced charge for the live work project may be used provided the administrator and local school Superintendent concur in writing and the school recovers all costs expended on the project. However, all construction projects must be approved by the local school Superintendent and other public agencies when applicable.

Work Orders

All live work projects must be documented with a signed liability waiver, authorization for work, and schedule of estimated costs for each customer. The liability waiver must be signed by the customer (the individual for whom the work is performed or an authorized representative of the program or organization for which the work is done) before the work begins. Customer approval of significant increases in estimated costs must be documented. At the conclusion of the work, the customer must be provided an itemized statement of charges. A receipt must be provided to the customer when payment is received. The required documents may be separate forms or combined in the form of a work order. A work order should contain the following information:

1. Work order number
2. Supervising instructor's name
3. Customer name and contact information
4. Liability waiver
5. Customer's signature and date signed
6. Student(s) assigned to the work project
7. Instructions for the work to be performed
8. Date work begins
9. Date work completed
10. Detailed description of materials and parts purchased for the work
11. Detailed calculation of amount due from customer
12. Receipt number

Proceeds from Live Work Projects

Live work project proceeds are school funds subject to the same financial requirements as other school funds, including receipts, daily deposits, purchase orders, and invoices. Live work projects must be included in the school budget and are recorded in the school's accounting records with a separate account for each instructor. (An instructor may have additional separate accounts as needed to account for individual classes.) The income from live work projects and the expenditures from live work accounts are public funds and cannot be commingled with club and class funds. The administrator must approve all expenditures from live work funds. Funds from live work accounts may be transferred to other public fund accounts upon approval of the administrator. The local school Superintendent may require the transfer of funds from live work accounts to reimburse the school board for expenditures related to the live work projects.

FUND BALANCE REPORTING AND GASB STATEMENT NO. 54

Purpose

The following policy is necessary to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer classifications and consistency among governmental agencies.

Governmental Fund Definitions

The following definitions will be used in reporting activity in governmental funds. Based on actual circumstances and activity, the board may or may not report all fund types in any given reporting period.

The General Fund is used to account for the general operations of the board and to report all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, both current year and the carryover or accumulation for future years' payments. Debt Service Funds are used to report resources that are legally mandated.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund balances will be reported in governmental funds under the following five categories using the definitions provided by GASB Statement No. 54:

1. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include inventories, prepaid items, and long-term receivables.
2. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or through constitutional provisions or enabling legislation. Examples of restricted fund balances include restricted grants and bond indebtedness.
3. Committed fund balances consist of amounts that are subject to a purpose or constraint imposed by formal action of the board before the end of the fiscal year and require the same level of formal action to remove the constraint.
4. Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The board authorizes the Superintendent or Chief School Financial Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
5. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the board to consider restricted amounts first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

The board of education along with the Superintendent and Chief School Financial Officer will periodically review all restricted, committed, and assigned fund balances. The Chief School Financial Officer will prepare and submit an annual report of all restricted, committed and assigned funds for the board of education.

TRAVEL EXPENSE REIMBURSEMENT

Orange Beach City Schools may authorize certain personnel to receive reimbursement for travel expenses in Orange Beach City. No reimbursement shall be authorized for travel between the employee's residence and usual workplace. Limits may be placed on the amount of authorized travel reimbursement. Personnel will be reimbursed at the established federal rate.

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by board employees who are in travel status on official business of the board. The board's travel policy provides for reimbursement and payments for travel costs of employees paid from federal funds that is consistent with the travel costs for board employees paid for state or local funds.

The board of education may authorize certain personnel to receive reimbursement for travel outside the city while on official business. Travel must be approved before leaving on a trip. Reimbursement for employees will be in accordance with the following policies and procedures:

Mileage: Personnel will be reimbursed at the established federal rate. If your travel destination is listed on the state mileage chart, reimbursement will be made based on the mileage listed. For all locations not listed on the state mileage chart, submit documentation showing mileage calculation (i.e. mapquest, google maps, etc.). Limits may be placed on the mileage reimbursement for various reasons (ie. funds

remaining in budget, more than one person traveling to the same location for training, availability of board vehicle, etc.).

Hotel/Motel Accommodations: Personnel should make every effort to obtain the best rate to include: asking for the conference rate, booking in advance, and asking for any other discounts that may be available. Personnel will be responsible for the difference in room rates when upgrading the room to accommodate family and friends. Personnel will be responsible for room hotel/motel charges when travel is canceled and the room is not canceled. Itemized receipts must be presented for reimbursement. Parking and taxes may be reimbursed. If you use the hotel/motel restaurant and/or room service*, we need an itemized receipt for these meals as well. No reimbursement will be made for movies or internet fees unless the internet fees are required as part of the training or for work. (*Please attempt to limit the use of room service as additional charges are typically added to the bill for this convenience.) Personnel may be asked to share a hotel/motel room for various reasons (ie. funds remaining in budget, more than one person traveling to the same location for training, etc.).

Meals: Personnel will be reimbursed for meals while traveling on official business if purchasing card is unavailable at time of travel. The cost of meals should not be excessive.

Approved amounts are as follows:

- Breakfast - \$20
- Lunch - \$25
- Dinner - \$40
 - The allowable amounts may not be combined (i.e., Not eating breakfast and lunch does not increase the dinner total to \$85).
 - Any amount above the allowable amounts must be paid by the employee.
 - Personnel may be given limits for breakfast, lunch, and dinner at amounts less than the above amounts for various reasons (i.e. funds remaining in budget, to accommodate sending more attendees to the training, etc.).
 - Gratuity should be no more than 18% of the total bill and is not included in the allowable limits.

Other meal guidance is listed below.

- If an event provides a meal, no additional cost should be incurred by the school system for that meal.
- The [Athletic College Field Trip](#) allotment for food is an exception to the aforementioned meal amounts.
- Itemized receipts must be presented for reimbursement, and tips and taxes may be reimbursed.
- Snacks are not reimbursed unless the snack is in place of a meal. Receipts for such snacks must be submitted also.
- No reimbursement will be made for cocktails/alcoholic beverages.

Fuel: Personnel may be reimbursed for fuel purchased only if traveling on official business in a board vehicle and the purchasing card was unavailable at the time of travel.

Personnel may not be reimbursed for fuel placed in private vehicles.

Multiple Personnel/Students: If more than one board employee or student's expenses are on a receipt, each person's name should be included on the receipt.

Personnel should make arrangements to check out a purchasing card for travel expenses whenever possible. If not utilizing a purchasing card, payment must be on a reimbursement basis and any travel reimbursement must be requested on the Request for Reimbursement of Expenses form. All travel reimbursement must be based on a statement from the employee that includes the date of the travel, points of travel, miles traveled, and the purpose of the travel. Receipts for registration charges for attending conferences, etc., must be submitted. These claims must be supported by paid itemized receipts. Entertainment expenses, to include alcoholic beverages, will not be reimbursed.

REPORTING FRAUD

According to the School Fiscal Accountability Act No. 2006-196, the Chief School Financial Officer has a responsibility to "personally notify, in writing, each board member and the local Superintendent of Education of any financial transaction of the local board of education which the chief school financial officer deems to be non-routine, unusual, without legal authorization, or not in compliance with the fiscal

management policies of the board. The notification shall be recorded in the minutes of the board by the president of the local board of education.”

It is the responsibility of the principal and/or bookkeeper of each school to notify the Chief School Financial Officer of any questionable financial transaction at the local school level.

NON-COMPLIANCE

Strong controls over finances allow for accountability to students, parents, employees, taxpayers, bondholders, vendors, and regulatory bodies. An “Acknowledgment of Procedural Non-Compliance” form will be completed by the principal or bookkeeper when a policy or procedure has not been properly followed.

The “Acknowledgment of Procedural Non-Compliance” form is to be attached to the originating document. The form should be scanned and sent to 1) the employee’s principal or supervisor and 2) the Chief School Financial Officer.

Examples of non-compliance:

1. An officer/sponsor submits an invoice for payment at the same time a purchase order is requested for the expense. The policy violated should read, “Prior approval not received for the purchase of goods or services.”
2. An officer/sponsor submits monies for receipting after having them in his/her possession for several days. The policy violated should read, “Money was not turned in for safekeeping and timely deposit.”

Reminder: If an organization does not adhere to the policies and procedures set forth in the Orange Beach City Board of Education’s Accounting Policies and Procedures manual, all receipts will become public funds under the control of the principal.

PROCEDURES FOR EXPENDITURES OF STATE INSTRUCTIONAL SUPPORT FUNDS

Budgeting Requirements

Classroom instructional support may be defined as library enhancement, classroom materials and supplies, professional development, technology, and other classroom instructional support approved by the State Board of Education.

Budget Committee

1. The committee shall be composed of five members and consisting of four teachers and principal (or principal's designee).
2. Teachers on the committee shall be elected annually by secret ballot by majority vote of the teachers voting at each school.
3. The committee must elect a chairperson and secretary.
4. Minutes must be kept of the meetings.
5. The budget committee shall propose the budget for classroom instructional support.
6. The budget for technology and professional development shall be consistent with the latest plan developed at the local school level and submitted by the local board to the State Superintendent of Education.
7. Media specialists must be consulted in budgeting library enhancement funds.

Budget

1. The budget must outline common purchases and must specify the common items which may be purchased.
2. The budget must specify the amount to be allocated for each teacher.
3. A "Proposed Budget" must be submitted to teachers at an annual meeting.
4. The majority must approve the budget by secret ballot.
5. There must be at least two work days to review the proposed budget before a vote.
6. Any budget not approved by majority must return to the budget committee for revision.

Reports

1. A report on the approved proposed budget must be submitted to the local Superintendent.
2. The local Superintendent shall submit a notarized affidavit to the State Superintendent of Education.
3. Schools are required to maintain copies of all budget committee minutes, proposed budgets, revised proposed budgets, and secret ballots.

Note: Classroom instructional support items and monies are to be expended on students at a specific school and are not transportable if the teacher is transferred to another school.

(Please refer to Section 16-1-8.1 Code of Alabama and HB215 found in section XII Attorney General Opinions.)

GIFTS

Gifts of money or school property to any individual or organization are prohibited. This includes floral arrangements. A flower fund may be operated by the school provided complete and accurate records are kept to verify that all such purchases are paid for by contributions from employees and/or students. The school will not be permitted to contribute to this fund. An exception to this regulation will be made when a class, organization, or the school purchases floral arrangements for such events as proms, beauty contests, graduation exercises, etc.

It shall be permissible for a student club, organization, or class to expend non-public funds collected from fundraising activities and membership dues for such things as:

1. Sending flowers to a funeral or hospital for a student, teacher, or someone else
2. Food or clothing for a needy family or individual
3. Contributing to the state or national student organization foundation
4. To pay state and national dues for such organizations

FUNDS COLLECTED FOR LOST OR DAMAGED SCHOOL PROPERTIES

Textbooks - Funds collected from students for lost or damaged textbooks that are property of the Orange Beach City Board of Education must be receipted and accounted for in the local school and remitted by the school to the board of education at the end of each school year. The funds will be used by the board to purchase textbooks.

Chromebooks - Base prices are determined by the original cost of the electronic device. In the event the device is lost, stolen, or damaged beyond use, the student or parent/guardian will be required to make full restitution based on the device's original cost. A 10% depreciation after each year of use may be applicable.

- One year of use - 90% remittance
- Two years of use - 80% remittance
- Three years of use - 70% remittance
- Four years of use - 60% remittance

- Five years of use - 50% remittance

No device shall receive less than 50% remittance regardless of years of use.

In accordance with Orange Beach City Schools' "Acceptable Use Policy," students who use a system device will be charged \$25 as an insurance premium prior to receiving an electronic device. Additional charges of \$25 per the first repair and a \$50 charge for the second repair are applicable. Students may forfeit device privileges and remit full restitution per the third repair.

Library Books, Equipment, and Materials – Funds collected from students for lost or damaged library books, equipment, and/or materials must be receipted and accounted for in the local school and expended for library items. These funds may not be expended for any other purpose.

Other Books, Equipment, and Materials – Funds collected from students for lost or damaged books, equipment, and/or materials purchased with funds collected by a specific class, club, or other "activity" must be expended to purchase books, equipment, and/or materials for that specific "activity".

USE OF BUILDINGS AND PROPERTIES

Use of Building Fees – Funds collected for use of building must be receipted and accounted for in the local school books and remitted by the school to the Board of Education at the end of each school year.

All non-Orange Beach City Schools (OBCS) entities, including employees for personal use, must comply with the following procedures for use of OBCS' facilities. Exceptions may be considered and approved by the Superintendent or his/her designee (i.e. City of Orange Beach City, alumni groups, booster clubs, County Extension, and Boys/Girls Scouts).

The following apply to all non-exceptions:

- All leasers must complete and submit a "Facility Use Form".
 - Organizations leasing school facilities shall provide proof of liability insurance indemnifying the Board and its members.

- Security must be provided and preapproved by the Principal, Director of Operations, and the Superintendent.
- Additional fees to be considered are, but not limited to the following:
 - OBCS personnel required to open and close the facilities,
 - Custodians, and
 - Personnel needed for stage lighting and sound equipment.
 - Non OBCS persons are not permitted to operate OBCS' sound systems and stage lights.
 - All OBCS employees will be remitted at the employee's hourly rate plus associated benefits, which are subject to overtime rates.
- An additional charge will be included for the relocation of furniture and use of tablecloths.
- Utilization of cafeteria cooking equipment is not authorized under any circumstances.
- All payments should be made directly to the Chief School Financial Officer at the Orange Beach City Board of Education.
- Fees are doubled for events or practices over 4 hours.

<u>Facility</u>	<u>4-Hour Rates</u>
Classroom/Conference Room	\$100 per room
Cafeteria	\$500
Gymnasium	\$1,000
Auditorium	\$1,000
Indoor Facility	\$1,500

Use of Board-owned playing fields/track fees – Funds collected for use of playing fields must be receipted and accounted for in the local school books and remitted by the school to the Board of Education at the end of each school year.

Exceptions may be considered and approved by the Superintendent or his/her designee.

Fees are doubled for events or practices over 4 hours.

DETERMINATION OF ALLOWABLE COSTS

Before instituting a financial transaction that will require the expenditure of federal funds, the Federal Program Director and the Chief School Financial Officer or designee will determine that the proposed transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with procedures for financial transactions of the board including:
 - Purchase order approval procedures;
 - Contract review and approval procedures;
 - Applicable competitive purchasing procedures and;
 - Documentation supports the allowability of the transaction.

Before payments are made from federal funds, the Federal Program Director and the Chief School Financial Officer or designee will determine that the federal program expenditure complies with generally accepted accounting principles and complies with state, local, and federal laws, rules, and regulations. Any cost reduction or cash refund (rebates, discounts, etc.) related to the transaction will be credited to the federal program.

CASH MANAGEMENT FOR FEDERAL FUNDS

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of the federal funds. Federal funds will only be requested to meet immediate cash needs as follows:

- Reimbursement not covered by prior receipts and;
- Anticipated disbursements that are generally fixed, such as monthly program salaries and benefits; or,
- Disbursements will be made within fifteen business days after receipt of funds.
- The Chief School Financial Officer will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund.
- Cash balances for each federal program fund and for the aggregate of all federal program funds will be monitored by the Chief School Financial Officer or designee.

Board procedures to minimize the cash balances in Federal Program funds are expected to prevent the aggregate cash balances of Federal Program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The Federal Program funds, with the exception of Child Nutrition Program funds, will not be maintained in an interest-bearing bank account if the Chief School Financial Officer determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal Program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits under the SAFE program.

CONFLICT OF INTEREST POLICY

Generally, a conflict of interest exists when a board member, board employee, or agent of the board participates in a matter that is likely to have a direct effect on his or her personal and financial interests. A financial interest may include, but is not limited to, stock ownership, partnership, trustee relationship, employment, potential employment, or a business relationship with an applicant, vendor, or entity. A board member, board employee, or agent of the board may not participate in his or her official capacity in a matter that is likely to have direct and predictable effects on his or her financial interests.

A board member, board employee, or agent of the board will abide by the Federal and State laws and regulations that address conflict of interest standards. In general, the Federal rules provide that:

No employee, officer, or agent of the board shall participate in selection, or in the award or administration of a contract supported by Federal funds if he or she has a real or apparent conflict of interest. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs, or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from the firm considered for a contract. The board's officers, employees, or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts.

The board's conflict of interest policies include adherence to the Alabama Ethics Law, which defines conflict of interest as:

A conflict on the part of a public official or public employee between his or her private interests and the official responsibilities inherent in an office of public trust. A conflict of interest involves any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family members or any business with which the person is associated in a manner different from the manner it affects the other members of the class to which he or she belongs.

A board member, board employee, or agent of the board may not review applications, proposals, or participate in the evaluation or selection process where his or her participation in the review process would create the appearance that he or she is: (a) giving preferential treatment; (b) losing independence and impartiality; (c) making decisions outside official and appropriate channels; or (d) harming the public's confidence in the integrity of the board.

Situations and circumstances presenting an actual conflict or the appearance of a conflict should be brought to the immediate attention of the Superintendent. A board employee, board member, or agent of the board who has knowledge of a possible conflict of interest should identify the conflict and notify the Superintendent. The Superintendent will document his or her actions related to the reported conflict of interest. Resolution can consist of disqualification, recusal, waiver, or other appropriate measures. Appropriate measures may include reporting a conflict of interest to the State Ethics Commission, the Alabama State Board of Education, or the appropriate federal agency.

PRINCIPAL/BOOKKEEPER AGREEMENT

I have read the accounting regulations as contained in the Accounting Policies and Procedures Manual for Orange Beach City Schools. I will follow these regulations and policies, and will explain them to all other board of education employees at my school. I will monitor their actions to assure compliance with the regulations and policies of the Orange Beach City Schools..

SCHOOL

PRINCIPAL'S SIGNATURE/DATE

BOOKKEEPER'S SIGNATURE/DATE

PLEASE SIGN AND RETURN TO THE ACCOUNTING OFFICE.
KEEP A COPY FOR YOUR FILE.

CHILD NUTRITION MEAL PRICES

The Child Nutrition Program is operated in accordance with the regulations of the National School Lunch Act and regulations of the Alabama State Department of Education and the Orange Beach City Board of Education. The mission of the Orange Beach City Schools CNP is to be a part of the education process of Orange Beach City Schools by providing students with nutritious meals and nutrition education experiences that promote healthy children who are ready to learn. Our Child Nutrition Program has three goals: To provide attractive, nutritious, well-balanced meals to every child and staff member in the Orange Beach City Public Schools, to work toward providing a nutritional analysis of each meal served, and to positively promote the CNP to school and community.

- Breakfast Student: \$1.75
- Breakfast Student Reduced: \$0.30
- Breakfast Second Tray: \$3.00
- Breakfast Employee: \$2.25
- Breakfast Adult/Visitor: \$2.50
- Lunch Student: \$3.50
- Lunch Student Reduced: \$0.40
- Lunch Second Tray: \$4.00
- Lunch Employee: \$4.25
- Lunch Adult/Visitor: \$4.25

DUAL POSITION EMPLOYEES

Dual position employees are persons who are employed by the Orange Beach City Board of Education in two different capacities (i.e., teacher and bus driver). Dual position employees shall sign a contract denoting their primary and secondary responsibilities (i.e., Primary - teacher, Secondary - bus driver). Dual position employees shall earn sick and personal leave at the rate of each position (i.e., A dual position employee who teaches and drives a bus shall earn a sick day per month of employment for each position and two days of personal leave for each position annually. Annually, this person would acquire nine sick days as a teacher and nine sick days per year as a bus driver AND two personal days as a teacher and two personal days as a bus driver).

All employment pay is subject to taxes, retirements and the costs of other applicable benefits.

Dual position employees shall be compensated per each salary matrix as assigned (i.e., A dual position teacher/bus driver will be paid teacher rate for teacher duties and bus driver rate for bus driver responsibilities).

The Orange Beach City Board of Education may offer incentive or supplemental pay to entice employment.

TIME AND EFFORT PROCEDURE

In accordance with Appendix B of 2 CFR Part 225, employees whose salaries and wages are supported, in whole or in part, with federal funds are required to document their time spent working on Federal Programs. The submitted documentation is used to ensure that charges to Federal Programs accurately reflect each employee's time and effort devoted to Federal Programs.

For employees working solely on a single Federal award or cost objective, a semi-annual signed certification is required. For employees working on multiple activities or cost objectives, a signed monthly time and effort distribution report is required. For employees receiving stipends or supplement payments (such as for professional development), a blanket certification may be used and must be signed by a supervising administrator having firsthand knowledge of the work performed.