

III. Fiscal Management

3.1 *Chief School Financial Officer*

The Board will appoint a Chief School Financial Officer to oversee the financial operations of the Board and to perform the duties of the position that are set forth in state laws and regulations. The Chief School Financial Officer may also be referred to as the Chief School Finance Officer.

[Reference: ALA. CODE §16-13A-4 (1975); Ala. Admin. Code 290-2-5-.01, *et seq.*]

3.2 *Budget*

A budget will be developed and approved for each fiscal year, which extends from October 1st to September 30th of the following year. Preparation, presentation, submission, and approval of the budget will be undertaken and completed as provided for in state law and regulations. Budgets will be “balanced” such that the expenditures set forth in the budget for the fiscal year will not exceed revenues and any cash balances on hand.

[Reference: ALA. CODE §16-13-140, *et seq.* (1975)]

3.3 *Accounting*

Generally accepted accounting standards and procedures will be employed in the administration of all Board and school finances. All Board and school accounts will be reconciled to financial records. All reports required by the State Department of Education will be completed in a timely manner with copies provided to Board members.

3.4 *Finance Manual Authorized*

Financial transactions will be administered in accordance with a general finance manual and any local school finance manual that may be developed by the Superintendent or the Chief School Financial Officer and approved by the Board. The finance manual(s) will establish and describe specific practices and procedures that are to be followed in connection with all phases of financial administration, including, but not limited to such matters as accounting, bookkeeping, inventory maintenance, payroll, reconciliation, fund security, receipting, disbursement, purchasing, disposal of property, banking, and investments. The practices, procedures, and requirements set forth in the manual(s) will be disseminated or made available to all employees with administrative responsibilities involving the receipt, handling, or expenditure of school or school system funds, and training will be provided by the Superintendent and the Chief School Financial Officer regarding the contents of the manual(s).

[Reference: ALA. CODE §16-13A-1 (1975)]

3.5 Audits

Business and financial transactions of the Board and the records of Board financial accounts will be audited in accordance with state law and appropriate auditing and accounting standards.

[Reference: ALA. CODE §16-13A-7 (1975)]

3.6 Inventories

The Superintendent is required to establish effective procedures to account for all materials, equipment, and other Board property. These procedures will include an annual inventory and evaluation of tangible Board property (including fixed assets and supplemental property), to be completed no later than the end of each fiscal year, with appropriate reports submitted to the Superintendent and Chief School Financial Officer. Inventories will be kept on forms prescribed or approved by the Chief School Financial Officer. Inventory forms will show items on hand at the beginning of the fiscal year, items lost, items disposed of, items purchased or otherwise added during the year, and items on hand at the end of the fiscal year.

[Reference: ALA. CODE §§16-13A-1, 6 (1975)]

3.7 Purchasing

Purchases will be made in accordance with an approved purchase order system that will include such requirements and procedures as may be established in the Board Finance Manual.

3.8 Deposit and Expenditure of Funds

3.8.1 Deposits – All funds of the Board will be deposited with qualified depositories, as defined by law, in the manner prescribed by the Chief School Financial Officer or the Finance Manual.

3.8.2 Investments – The Board authorizes the investment of surplus funds in the manner prescribed by law and approved administrative guidelines.

3.8.3 Expenditures – The Superintendent or his/her designee may spend funds budgeted for operations without prior Board approval unless the expenditure involves a personal services contract over \$15,000.00 or capital outlay, or is subject to the bid law.

[Reference: ALA. CODE §16-13A-8 (1975)]

- 3.8.4 Competitive Bid Law – All purchases will be made in compliance with the competitive bid law, when applicable, and with such corresponding rules, regulations, and procedures as may be set forth in the Board’s Finance Manual. The Superintendent is authorized to enter into cooperative purchasing agreements with other school systems or local governments as may be permitted by law.

[Reference: ALA. CODE §16-13B-1 (1975)]

- 3.8.5 Authorized Signatures – Checks drawn on all funds, except for the Superintendent Expense Allowance which only requires the Superintendent’s signature, require the signature of the Superintendent and the Chief School Financial Officer or their alternates as designated by the Board. All checks used will be prenumbered. Checks drawn on Board funds may be signed and processed by electronic means, under the direction of the Chief School Financial Officer or Superintendent.

3.9 *Employee Compensation*

- 3.9.1 Salaries and Pay Rates – Except as established and governed by the terms of a special employment contract, Board employees will be compensated at rates of pay that are approved by the Board. When required, such salary or compensation rates will be included in a schedule to be developed and adopted by the Board in accordance with state law. Employees may receive supplements or other additional compensation when specifically approved by the Board. All compensation must be approved by the Board, regardless of the source of funding.

[Reference: ALA. CODE §16-13-231.1 (1975)]

- 3.9.2 Local Supplements – School-related booster or support organizations may fund local supplements for individual Board employees if the Board approves such supplemental payments. Such payments may be approved only if the following conditions are satisfied:
- a. The payment is voted on and approved by the membership of the booster or support organization that proposes to fund the supplement at a regular meeting of the organization;
 - b. Funding for the payment must be sufficient to cover benefits, expenses, and other payroll costs, contributions, and liabilities, if any;
 - c. Sufficient unobligated funds are on hand to provide the supplemental payment;
 - d. A check and letter of authorization for the payment is sent to the Board no later than the payroll cutoff date for the month in which the payment is to be made;

- e. The payments are accepted by the employee with the understanding that they do not constitute a part of any employment contract, salary schedule, or legal obligation that is enforceable against the Board, and that the Board has no continuing obligation to maintain supplemental payments to any employee that are provided, funded, or underwritten by a booster club, support organization, or similar third party; and
- f. The payments are subject to any payroll deductions that are required by law.

3.9.3 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. Salaries for full time employees will be paid over twelve months, regardless of the contract term. However, employees in the first year of employment with the Board may opt to be paid over thirteen (13) months. 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.

3.9.4 Salary Deductions – Mandatory salary 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. The Board will make voluntary deductions as a service to employees upon written request of the individual employee. Deductions for membership dues will be made for organizations with at least 20 active members, as established by membership lists provided to the Board by the organization. Such membership lists will be corrected, updated, and returned to the organization no later than November 10 of each school year. Deductions will be based on the membership lists unless an employee revokes authorization for such deductions by providing written notice to the Board on or before September 15th of each school year. Upon termination of employment, any amounts owed under the terms of an employee authorization will be deducted from the employee’s final pay. The Board will not be liable for any good faith error made in implementing a salary deduction that has been authorized by the employee.

[Reference: ALA. CODE §16-22-6 (1975)]

3.9.5 Minimum Wage and Overtime – In compliance with the Fair Labor Standards Act

(“FLSA”), the Board will pay required minimum hourly wages and overtime to all employees who are not exempt employees under the FLSA. For purposes of determining overtime, the workweek begins at 12:01 a.m. on Saturday and ends at midnight on the succeeding Friday. All non-exempt employees who work more than forty (40) hours in a work week will be paid overtime. Employees must accurately report all time worked for the Board. Non-exempt employees are not authorized to work more than thirty-five (35) hours in a workweek without specific direction or authorization to do so by the Superintendent.

3.9.6 Compensatory Time – Non-exempt employees who work more than thirty-five (35) hours in a workweek may, upon agreement between the employee and the Board, be paid overtime in the form of compensatory time. Compensatory time will be based on time worked beyond thirty-five (35) hours in a workweek, and will be recorded in minimum time units of one-quarter hour rounded to the nearest quarter of an hour. No more than thirty-five (35) hours of compensatory time may be accumulated. The Board reserves the right to require an employee to use compensatory time as its needs require and may “pay down” any compensatory time balance in its discretion. The Superintendent is hereby authorized to develop procedures and forms for use in implementing this policy. Compensatory time shall be used within 10 days of time earned, unless prior authorization is granted by the Superintendent.

3.10 *Expense Reimbursement*

Board members and employees will be reimbursed for reasonable travel and subsistence expenses incurred in connection with official Board business. Reimbursement will be in accordance with Board approved rates and such procedures and standards for submitting and documenting such expenditures as may be developed by the Chief School Financial Officer or provided in the approved Finance Manual.

3.11 *Fees, Payments, and Rentals*

3.11.1 Facility Use Fees – The Superintendent is authorized to develop a schedule of reasonable fees for use of Board facilities and property by individuals, groups, or organizations that shall be effective upon approval by the Board.

3.11.2 Copying and Other Charges – The Superintendent is authorized to establish a schedule of reasonable charges which, upon approval by the Board, will be applied uniformly in response to requests for copies of documents and records. Nothing in this policy or in any schedule of charges authorized hereunder creates or expands any entitlement to copies of records or access thereto beyond that which is established by law or specific Board policy.

3.12 *School Accounts*

Funds held in school accounts, regardless of the funding source, will be maintained and accounted for in accordance with the Board's Finance Manual, Local School Finance Manual, and such procedures, rules, and regulations as may be developed by the Chief School Financial Officer or the Superintendent. The principal is ultimately responsible for all school funds and for ensuring that such funds are properly accounted for and secured.

3.13 *Authority to Execute Contracts*

3.13.1 General Authority – The president of the Board, or, in the absence of the president, the vice-president, will have authority to execute contracts on behalf of the Board upon approval of the contract by the Board. The Board may also authorize the Superintendent to execute contracts on behalf of the Board as its chief executive officer.

3.13.2 Limitation on Authority to Bind the Board – The Superintendent will have authority to enter into agreements with third parties only when such agreements are made in accordance with Board policy, finance manual(s) created under authority of Board policy, or with the express authorization of the Board.

3.14 *Affiliated Organizations*

3.14.1 School Sponsored Organizations – School-sponsored student organizations will be subject to Board policies and procedures concerning fiscal management and will maintain organization funds in school accounts. All books, records, and official documents pertaining to the management of such organizations will be maintained at the local school and will be subject to examination and audit by the Board, the principal, or the State Examiners of Public Accounts. The use of funds collected, generated, or held by such organizations will be determined in accordance with the constitution, charter, or by-laws of the organization, with oversight by the sponsor of the organization, and subject to approval of the principal.

3.14.2 Other Affiliated Organizations – Other organizations that are affiliated with local schools are permitted to operate or raise funds on Board property or at Board sanctioned events only in conformity with Board and State Department of Education policies, procedures, and standards concerning the fiscal management of such organizations. An affiliated organization must conduct an annual audit of its financial operations and make its books and financial records available to the Board for review or audit.

3.15 *School Fundraising Activities*

Fundraising activities will be permitted on school or Board property and Board sanctioned events only if the following criteria are satisfied:

- a. All fundraising activities must be approved by the principal and submitted to the Superintendent within 5 days prior to commencement;
- b. The activity will be held at a time and in a manner that will not be disruptive to the instructional program or to any other school or school system activity or function;
- c. The activity is designed and intended to support a *bona fide* school or school system program or activity, or an activity that is consistent with the mission and purposes of the school system;
- d. The activity will be conducted in conformity with the procedures outlined in the Local School Finance Manual and any other applicable procedures of the system.

3.16 *Child Nutrition Procurements*

The Superintendent may enter into a written agreement with the Child Nutrition Program at the State Department of Education in order to procure food and other food related products and services. The Board will comply with applicable state and federal laws and regulations governing participation in such child nutrition program.

[Reference: Ala. Admin. Code 290-8-3-.01, *et seq.*]

3.17 *Classroom Instructional Support*

The Superintendent shall develop procedures by which state allotments for classroom instructional support are made available for use by classroom instructors in the Local School Finance Manual and for the purposes authorized by statute and corresponding state regulations.

[Reference: ALA. CODE §16-1-8.1(b)(7).]

3.18 Fund Balance Policy

Purpose: The following policy is necessary in order to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions.

Governmental Fund Definitions. The following definitions will be used in reporting activity in governmental funds. The Board may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The General Fund is used to account for and 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, even if it is being accumulated for future years' payments. Debt Service Funds should be used to report resources if 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:

- A. 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 in-tact. 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.
- B. 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.

- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Board before the end of the fiscal year and that require the same level of formal action to remove the constraint.
- D. 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.
- E. 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 to have been reduced 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.

[Reference: Governmental Accounting Standards Board (GASB) Statement No. 54]