



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 law and regulations. The Chief School Financial Officer is the custodian of all monies to which the Board is entitled to by law, or which may come into its possession. 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*

3.2.1 **Development** – Responsibility for preparation of the budget is delegated to the Head of School and appropriate staff members. A budget will be developed and approved by the Board 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.

3.2.2 **Amendments** – The Board shall retain control of the budget, once adopted, and all officials subject to the Board shall adhere to Board policies in the implementation of the budget. The Board authorizes the Head of School to review and analyze the budget for needed changes and amendments during the fiscal year. Line items in the budget may be changed, with Board approval, anytime during the fiscal year provided such change is consistent with existing laws and regulations of the state and federal governments. The Head of School shall keep the Board informed concerning the status of the budget, and Board action

necessitating expenditures shall be considered sufficient authority to exceed a line item if such action so requires.

- 3.2.3 **Reserve Funds** – The Head of School or the Chief School Financial Officer will inform the board, before the Board votes on a budget or budget amendment, if the approval of the budget or budget amendment will prevent the establishment or maintenance of a one-month’s operating balance. A one-month’s operating balance shall be determined by dividing the General Fund expenditures and fund transfers out by 12. In determining the General Fund expenditures and fund transfers out, the proposed budget or budget amendment shall be used.

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

3.3 **Accounting**

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- 3.3.1 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. The Chief School Financial Officer shall be responsible for verifying that monthly bank statements are reconciled to the financial records on a timely basis that ensures accurate monthly financial statements. All reports required by the State Department of Education will be completed in a timely manner with copies provided to Board members.

3.3.2 **GASB Financial Reporting -**

a. *Fund Balance in Accordance with GASB Statement No. 54 -*

The following information addresses the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions.

- i. *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.
- a. The *General Fund* is used to account for and report all financial resources not accounted for and reported in another fund.
 - b. *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.

- c. *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.
 - d. *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.
- ii. 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, deferred expenditures, long-term receivables, and outstanding encumbrances.
 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: child nutrition programs, construction programs, and restricted grants.
 3. *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.

4. *Assigned fund balances* consist of amounts that are intended to be used by the school system for specific purposes. The Board authorizes the Head of School or Chief School Finance 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.
- iii. When an 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.
 - iv. The Board of Education along with the Head of School and Chief School Finance Officer will periodically review all restricted, committed, and assigned fund balances.

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 Head of School or the Chief School Financial Officer. 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 Head of School 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 Head of School 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 Head of School 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** – The Board shall designate the depository for school funds. 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 Head of School or his designee, subject to applicable laws, policies, and Board-approved budget limitations, may expend funds for budgeted operation expenditures without advance Board approval of specific expenditures. All such expenditures shall be included in the monthly expenditure report to the Board.

[Reference: Ala. Code §16-13A-8 (1975)]

- 3.8.4 **Consultants** – The Head of School may engage professional consultants, specialists and experts, including but not limited to medical, mental health, educational, legal, financial, technical (e.g., engineering, architectural, computer) experts and specialists, provided that the expenditure is within the amount established for such purposes in the current, Board-approved budget. All such expenditures shall be reported monthly to the Board of Education in the manner prescribed by §16-13A-8 of the Code of Alabama (1975).
- 3.8.5 **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 Head of School is authorized to enter into cooperative purchasing agreements with other school systems or local governments as may be permitted by law.

[Reference: Ala. Code §41-16-50, *et seq.* (1975)]

- 3.8.6 **Authorized Signatures** – Checks drawn on the general fund or any special fund, with the exception of school accounts, require the signature of the Head of School and the Chief School Financial Officer or their alternates as designated by the Board. Checks drawn on school accounts require the signature of the principal or the Head of School. 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 Head of School.

3.9 Employee Compensation

3.9.1 Salaries and Pay Rates –

Rev. 10.2015

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 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 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.

3.9.3 Salary Deductions –

Rev. 1.2015

Mandatory salary deductions will be made in accordance with applicable law. 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 salary deductions upon written request of the individual employee as permitted by law. 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, if such deductions are allowed under state law and the organization has timely provided to the Board all certifications and expenditure reports required by law. 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 Head of School or his/her designee on or before September 15th of each school year. Deductions will remain constant during the school year, except by the authorization of the Head of School. 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 17-17-5]

3.9.4 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 as defined by the FLSA. For purposes of determining overtime, the workweek begins at 12:01 a.m. on Monday and ends at midnight on the succeeding Sunday. 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 forty (40) hours in a workweek without specific direction or authorization to do so by the Head of School, the employee's supervisor, or the supervising school principal.

3.9.5 Compensatory Time – Non-exempt employees who work more than forty (40) 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 forty (40) 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 two hundred forty (240) 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 Head of School is hereby authorized to develop procedures and forms for use in implementing this policy.

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 Head of School 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 Head of School 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 Head of School. The principal is ultimately responsible for all school funds and for ensuring that such funds are properly accounted for and secured.

Each principal shall be responsible for the proper administration of all business affairs at the local school. He/She shall be directly responsible for the conduct of local school financial activities in accordance with all pertinent laws, policies, rules regulations and procedures. All student activity funds shall be under the control of the local school principal. Such funds shall be accounted for in accordance with financial bookkeeping procedures approved for use by the system. Expenditure of such funds shall be approved by the local school principal and activity sponsor and shall be expended only through written check signed by appropriate school officials. Local school accounts shall be audited annually by a certified public accountant recommended by the Head of School and approved by the Board.

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 Head of School to execute contracts on behalf of the Board as its chief executive officer. The contract will be in writing and will be filed with the finance office in the Board's central office.

3.13.2 **Limitation on Authority to Bind the Board** – Principals and other administrators 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 or the principal. 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 *Fundraising and Crowdfunding*

It is the policy of the Board to limit fund raising activities in the name of a school or school organization. The Board especially discourages fund raising activities requiring sales or solicitations directed toward the business community and sale of any items that do not return to the buyer a reasonable value. Activities involving students may be allowed, but only on a very limited basis. Door-to-door residential fund raising activities are prohibited.

No money shall be collected or required for any reason in any schools without the approval of the principal. All requests to conduct fundraising campaigns must be submitted to the principal and will be evaluated for

compliance with administrative policy relative to fundraising activities. The organization seeking to conduct the fundraiser will be notified following a decision concerning the request. The Head of School shall have final approval on all requests. Fundraising activities will be permitted on school or Board property only if the following criteria are satisfied:

- a. 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;
- b. 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;
- c. Adequate provision has been made for the security and proper accounting of funds collected;
- d. Information regarding the nature, scope, and purpose of the activity is provided to school officials in advance; and
- e. Appropriate arrangements have been made for any special activities to be held in conjunction with the fundraising event.

Any property, money, or other resources that are obtained by a Board employee through grants, fundraising, online giving, or like means in the name of or for the benefit of the school system or its students becomes the property of the school system and are subject to board policies and procedures governing board property and resources. The Head of School is authorized to develop procedures governing the approval and administration of any outside fundraising or crowdfunding activities.

3.16 *Child Nutrition Procurements*

The Head of School 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 Principal and CNP Director will comply with applicable state and federal laws and regulations governing participation in such child nutrition program.

It is an objective of the district that all students have the opportunity to participate in the school lunch program. The Child Nutrition bookkeeper shall determine, in accordance with federal regulations, those students eligible for free or reduced meal prices. The CNP director shall conduct a second review of

all applications and give formal approval. The principal at each school shall insure that these regulations are carried out.

Charged meals are not considered an allowable expense. Therefore, all uncollected charges will be the responsibility of the school where the charge was made. All charges must be paid to the Child Nutrition Program at the end of the school year using non-public funds.

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

3.17 *Classroom Instructional Support*

The Head of School shall develop procedures by which state allotments for classroom instructional support are made available for use by classroom instructors and for the purposes authorized by statute and corresponding state regulations.

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