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FINANCIAL MANAGEMENT
SECTION D

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ANNUAL OPERATING BUDGET

The Board shall provide for the preparation and adoption of the annual budget for the School District. The Board shall delegate the responsibility for preparation of the budget to the **Superintendent** and members of the administrative staff as needed by the Superintendent. The budget shall be prepared on forms required by the State of Alabama and otherwise in accordance with such rules and regulations as may be prescribed by statutes and by the State Board of Education. The budget shall be presented to the Board for **purposes** of review, modification and approval.

When approved, said budget shall be transmitted to the State Superintendent of Education on or before October first for review and shall become official upon his approval.

The Board shall not encumber funds in excess of anticipated revenues and reserves.

Ref: Ala. Code 16-13-140, 16-13-142, 16-13-143, 16-13-144, 16-13-145.

FISCAL YEAR

The fiscal year for the School District shall be October first through September thirtieth.

Ref: Ala. Code 16-1-1.

BUDGET PREPARATION PROCEDURES

The annual budget of the Board shall be prepared and submitted to the State Department of Education according to the classifications and items specified on forms approved by the State Superintendent of Education.

No budget shall be submitted to the State Department of Education that includes expenditures in excess of estimated revenues plus any balances on hand.

The Board, in order to prepare the budget for the coming school year, must **receive** by September 1, from the state or county charged with the responsibility of estimating local government revenues for the coming year, written certification of the estimated amount of revenue which will be available for schools in the county or city. Such certification shall be forwarded to the Board through the Superintendent.

An exception to the deficit spending limitation may be granted by issuance of school warrants.

Ref: Ala. Code 16-13-140, 16-13-141, 16-13-142.

BUDGET
PRELIMINARY ADOPTION PROCEDURES

After the budget has been **proposed**, the President shall call a meeting for adoption of the budget. The public shall be informed that the purpose of the meeting is the adoption of the budget for the coming fiscal year.

Any taxpayers of the School District may be present and participate in the meeting.

The Board may pay a financial reward from general operating funds to an employee who contributes a significant suggestion that results in economic savings to the Board.

Ref: Ala. Code 16-1-21.

**BUDGET
FINAL ADOPTION PROCEDURES**

The Board authorizes the Superintendent to prepare the annual budget. Upon approval by the Board a copy shall be filed with the State Superintendent of Education. The annual budget must be filed with the State Superintendent on or before October 1 , of each year. Once approved by the State Superintendent, the budget shall become official.

Ref: Ala. Code 16-13-143.

APPEALS PROCEDURE

The Board recognizes that selected actions and orders of the Board and Superintendent are subject to review by the State Superintendent of Education. The State Superintendent shall determine from the facts that the just and proper disposition of the matter which will be binding upon all parties.

Ref: Ala. Coda 16-3-27, 16-4-8.

ENCUMBRANCES

The Board shall not encumber funds in excess of anticipated revenues as provided by Alabama Code 16-13-145. In calculating legally valid encumbered amounts, the Board shall deduct from its total estimate of current revenue (provided by the State Superintendent) for that fiscal year the sum of the current revenue already received and the principal and interest due but unpaid on school warrants during said fiscal year. The differences shall represent the total (maximum) amount of current loans the Board can have outstanding in anticipation of current revenue at any given time.

Ref: Ala. Code 16-13-145; See also Ala. Code 16-13-140 through 16-13-144;
Snett v. Mattingly, 236 Ala. 254, 182 So. 2d, 24 (1938).

AMENDMENT OF BUDGET

The Superintendent of Education with approval of the Board of Education shall have authority during the fiscal year to make such changes within the budget as are deemed desirable; provided that schools are operated for the State minimum term according to rules and regulations of the State Board of Education; and provided that a deficit is not incurred by such change or changes. Amendments of the budget, once adopted by the Board of Education, are to be submitted to the State Superintendent.

Amendments to the budget by the Board of Education will only be made when recommended by the Superintendent of Education.

Ref: Ala. Code **16-13-143**; Armstrong v Board of Education, 430 F. Supp. **595 (N.D. Ala. 1977)**.

LINE ITEM TRANSFER AUTHORITY

The Board shall retain control of the budget, once adopted, and all officials subject to the Board in the implementation of the budget shall adhere to Board policies.

Line items in the budget may be changed, with Board approval, at anytime during the fiscal year provided such change is consistent with existing laws and regulations of the state and federal government.

The Superintendent 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.

REF: Ala. Code 16-13-143, 16-13-144.

DEBT LIMITATION Rnn

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The Board shall not incur any bonded indebtedness that shall require annual payments on the principal and interest in excess of eight (8%) percent of the anticipated revenue of the ad-valorem tax to retire such bonds.

Current Indebtedness

Tax proceeds which are not pledged to retire bonded indebtedness shall be used for current expenses. All funds borrowed for current expenses shall be repaid before the end of the fiscal year in which such funds are borrowed.

The Board shall not spend or obligate to spend more money in any fiscal year than the income received during that year plus the balance on hand at the beginning of said fiscal year.

Ref: Ala. Code 16-13-70, 16-13-144, 16-13-145, 16-13-146, 16-13-140(c).

FEES, PAYMENTS AND RENTALS

The Board shall not collect fees of any kind from children attending public kindergarten or any of the first six grades of the School District.

Pb fees shall be collected i n secondary schools for courses required for graduation. The Board shall be authorized to set **reasonable** fees in non-required courses, (e.g., reasonable fees for laboratory and shop materials and equipment). Such fees shall be waived for students who cannot afford to pay them.

Ref: Ala. Code 16-10-6, 16-13-39.

TUITION INCOME

The Board may assess atuition fee for those students residing outside the territory over which the Board has jurisdiction.

Ref: Ala. Code 16-10-6.

EQUIPMENT AND SUPPLIES SALES

The Board authorizes the Superintendent to grant permission for the operation of stores selling merchandise that is needed by the pupils to facilitate classroom instruction. School stores shall operate as a convenience to the students, and shall not in any way interfere with the educational process or cause any student to be in class less than the minimum number of hours in the Board approved school day.

Separate records shall be kept for school stores, subject to audit, and profits derived from sales shall be used for general items supporting the school as a whole.

PROPERTY SALES

The Board is authorized to sell real property no longer used for school sites for an adequate consideration where such action is in the best interest of the School District. These sales are to be in **accordance** with State law.

The Board may also sell surplus personal property for an adequate consideration when such action is in the best interest of the School District.

Sales of personal property need not be by competitive bidding.

Ref: Ala. Code 16-8-40, Att'y Gen. Opinion, V.91 at 49 (1949), V. 142 at 18 through 21 (1971).

DEPOSITORY OF FUNDS

The Board requires that all funds of the Board, whether federal, state, or local, be deposited in the banks approved as depositories by the Board, and to the account only of the Board. The Superintendent has the authority to transfer funds among depositories approved by the Board of Education and has the discretion to invest surplus funds for period of time as he/she deems appropriate.

Ref: Ala. Code 11-1-7.

BONDED EMPLOYEES

COUNTY BOARD OF EDUCATION

The Board recognizes that the Superintendent and the designated Custodian of School Funds shall be bonded in an amount fixed by the Board, such amount to be not less than \$3,000.00. A certified copy of such bond shall be placed on file with the State Department of Education.

Ref: Ala. Code 16-8-33, 16-13-38, 16-9-3, 16-13-8, 16-13-9, 16-13-38(b).

ACCOUNTING AND REPORTING

The Board shall, following recommendations by the Superintendent, prescribe regulations for the keeping of accounts and fiscal records and the making of reports by all under the Board's jurisdiction who are charged with such responsibility. Prescribed regulations shall be consonant with those of the State Board of Education, the Division of Administration and Finance of the State Department of Education and with the directives of the State Examiners of Public Accounts.

Said accounts and fiscal records shall be available during normal business hours for inspection by the public. They shall be preserved for a five-year period of time or for such period as specified by the State Department of Education or the State Examiners of Public Accounts.

The Superintendent shall develop specific procedures to assure that accounting practices throughout the District are consistent with generally accepted accounting procedures.

Annual Financial Report

The Board shall publish annually in a public newspaper a complete statement of receipts and disbursements as well as a statement of outstanding funded and unfunded indebtedness of the School District for the twelve-month period ending the preceding September 30. This report shall be published during the month of October. Such statements shall be drafted on the forms as required by the State Superintendent of Education.

Within thirty (30) calendar days after receipt of each annual report/financial statement, the Board shall place for public inspection said annual report in its entirety in the office of the Superintendent and Board.

Within thirty (30) calendar days after receipt of each annual report/financial statement, the Board shall provide written notice of the availability of said annual report to the local news media.

Annual Status Report

Each Board shall provide information to the State Department of Education necessary for said Department to publish an annual status report.

Within thirty (30) calendar days after receipt from the State Department of each Annual Status Report on the condition of education in each board of education, the Board shall place for public inspection said annual report in its entirety in the office of the Superintendent and Board.

Within thirty (30) calendar days after receipt of the annual status report, the Board shall provide written notice of the arrival and availability of the Annual Status Report to the local news media.

Inventories

The Board requires that all fixed assets of the School District be inventoried and a **perpetual** inventory record be maintained in the Central Business Office. An inventory audit shall be made annually and shall be comprehensive to assure that all fixed assets are properly accounted.

Audits.

The financial transactions of the Board shall be audited as early as possible after July 1 each year.

Annually, as required by the State Board of Education, local school funds and accounts for which the principal at each school has responsibility shall be audited. Lunchroom accounts handled by Central Office personnel shall not be included in the local school audits.

The Board must forward a copy to the Department of Examiners of Public Accounts of every audit report issued to the Board.

Accountability Reports

The Board shall **prepare** an annual accountability report for each of its schools. This report shall include but not be limited to the following:

1. A Funding and Expenditure Report which shall include annual budgets and financial statements and any other document which may be necessary to **assess** the financial stability of the Board;

2. A Student **Achievement** Report which shall include a comparison of the immediately previous school year with the previous five years regarding student performance on testing required by the State Board of Education, dropout rates, attendance rates, graduation rates, college attendance and any other data deemed necessary by the Board or State Board of Education to inform the public about student **achievement** in each school and

3. A School Safety and Discipline Report which shall include statistical information relating to student safety and discipline in each school and any other data deemed necessary by the Board or the State Board of Education to inform the public about safety and discipline in each school.

These reports shall be released to the media, presented to parent organizations, members of the Legislature who **represent** the area in which a particular school is located and the State Superintendent of Education.

Ref: Ala. Code 16-4-7, 16-8-37, 16-8-38, 16-8-39, 16-9-27, 16-9-28, 16-13-31, 16-13-32, 41-5-14, 41-5-23. State Board of Education Organization and Rules of Procedure, a-1 290-010-030. 0-1 290-010-031-.02. Act 95-313, Act 95-314.

EXPENDITURE OF FUNDS

Any and all funds of the School District whether received from federal, state, local or other sources, shall be disbursed only on the written order of the Superintendent or his/her designee.

Ref: Ala. Code 16-13-32.

CHECKING ACCOUNTS

The Board requires that all drafts and checks drawn against any bank account of the Board be signed by the **Superintendent** and the Custodian of School Funds. All expenditures are subject to subsequent approval of the Board of Education as witnessed by signature of the President of the Board of Education.

Ref: Ala. Code 16-8-33.

PAYROLL PROCEDURES

The Board delegates payroll preparation for the payment of employee salaries to the Superintendent or his/her designee. The payroll shall be in accordance with the salary guidelines approved by the Board and any rules or regulations promulgated by the State Superintendent of Education.

The Superintendent shall certify, in writing, to the Board that the payroll is correct and that all amounts shown were owing and **appropriately** paid.

Pay Day Schedule

The Board authorizes the payment of all employee salaries of the School District by the last day of each month.

Personnel who **permanently leave** the employment of the School District may be paid accrued salary earned on the payday following termination of employment if they so desire.

Expenditures for teacher's salaries for services rendered for the scholastic year July 1 to June 30, inclusive, for any year, shall be paid from receipts for that fiscal year, October 1 to **September 30**, inclusive which begins October 1, after the beginning of the scholastic year, or from cash on hand.

Salary Deductions

The Board will make salary deductions which are considered statutory, including federal income tax, state income tax, retirement, etc., in accordance with applicable laws and regulations.

The Board will make salary deductions when employees or groups of employees request such deductions and the Board deems it appropriate and practical. the deductions shall be made from salaries earned in at least nine different pay periods and shall be remitted to the appropriate recipient as specified by the employees within ten (10) days following each deduction.

Deductions made for employee organizations shall be made based upon membership lists and forms provided by the respective organizations. These lists shall be corrected, updated and returned to the respective organizations not later than November 10, of each school year. Deductions shall be made from the membership lists unless an employee revokes authorization for such deductions by providing a thirty (30) day written notice of revocation.

New authorization for payroll deductions may be added twice per year.

Upon termination, amounts owed under the authorization of an employee shall be deducted from an employee's final pay due.

When amounts have been correctly deducted and remitted by the Board, the Board shall bear no further responsibility or liability for further transactions. The Board shall not be liable for any error while acting in good faith to make the subject deductions.

Ref: Ala. Code 16-22-5, 16-22-6, 36-1-4.

EXPENSE REIMBURSEMENTS

The Board requires that the Superintendent or his/her designee develop procedures which conform to sound principles of financial accounting and to state regulations for reimbursement of expenses of school personnel traveling on official school business.

Ref: Ala. Code 16-8-7, 16-8-8, 16-8-9.

PURCHASING AUTHORITY

The Board recognizes that purchases made by the Board involving expenditures in excess of seven thousand five hundred dollars (\$7,500) must be submitted for free and competitive bidding prior to making any contractual agreement, with limited exception as noted in the law.

Ref: Ala. Code 41-16-50. 41-16-51.

QUALITY CONTROL

The quality standards for goods and services shall be established by the Superintendent upon the advice of supervisors, principals and teachers within the appropriate areas. The basic criteria in determining quality shall include the intended use of the material or equipment, the results to be obtained and the required characteristics. Additional factors that shall be considered include availability, standardization of product, manufacturing practices, service availability and standardization of packaging for desired material. All of these criteria shall be taken into consideration when making decisions relative to the purchase of goods and services.

BIDS AND QUOTATIONS

The Board recognizes that expenditures of public school monies in excess of seven thousand five hundred dollars (\$7,500) made by the Board for labor, services, work, the purchase or **lease** of materials, equipment, supplies or any other personal property, with limited exception, shall be contracted by free and open competitive bidding with sealed bids and shall be awarded to the lowest **responsible** bidder meeting specifications.

Ref: Ala. Code 41-16-50, 41-16-51.

LOCAL PURCHASING

The Board will purchase locally, provided products of equal quality are readily available from local suppliers at prices equal to other non-local vendors. Pursuant to state law the Board, when purchasing personal property or contractual services, shall give preference to commodities produced in Alabama or sold by Alabama persons, firms or corporations.

The board shall not be limited to making purchases within the local community or the state of Alabama when such local purchases do not meet the quality or competitive price of goods or services available from vendors outside the local community or state of Alabama.

Preference can be given a local vendor having a place of business in the county for the purchase of personal property, when a bid submitted by such a resident bidder is no more than three percent (3%) greater than the lowest responsible bidder.

Ref: Ala. Code 41-16-57. Tin Man Running Company Inc v Birmingham Board of Education, 536 So. 2d 138: (1989)

REQUISITIONS

In accordance with sound principles of financial accounting, requisitions shall be prepared for all items or services to be purchased in the name of the Board and shall be submitted to and approved by the Superintendent or his/her designee prior to issuance of a purchase order and submission of same to respective vendors.

Provided items or services to be purchased are requested by local schools, each requisition shall note the name of the person requesting items or services and shall be signed by the local school principal prior to submission to the Superintendent.

All requisitions in the name of the Board shall note that items and services shall be delivered to the Board.

All requisition forms shall be fully completed to show quantity, description, unit price and extended price.

This policy shall apply to all local school purchases as well as those made by Central Office personnel. Local school purchase orders shall be kept in an easily accessible file within the local school and shall be properly and accurately classified. One copy of each purchase order is to be kept for the Central Office file. One copy is to be given to the vendor. One copy is to be kept by the principal.

Local school principals shall notify all vendors that only invoices which denote the issued purchase order shall be chargeable to the local school or school Board.

CHANGE ORDERS

The procedure to increase or decrease the amount of a contract after bids have been officially accepted by the Board will be by change order. A change order will be submitted by the contractor to the project architect and upon his recommendation, such change order will be submitted to the Superintendent for his/her recommendation of action to be taken by the Board.

If **approved** by the Board, the Superintendent in consultation with the architect will put the change order into effect and will make it a part of the official contract price.

VENDOR RELATIONS

The Board prohibits any Board member or employee from accepting gifts from any person, agency or company doing, or desiring to do, business with the School District. All business-related gratuities are prohibited except nominal-value advertising items which are widely distributed.

Ref: Ala. Code 16-8-9, 16-8-7, 36-25-2(a), (b), (d); 36-25-5 (a), 36-25-6, 36-25-7.

PAYMENT PROCEDURES

All invoices will be submitted to the Custodian of Funds for payment. The normal date for payment of invoices will be by the tenth (10th) of each month.

Every effort will be made to attach to the invoice a signed copy of a receiving report before it is paid.

STUDENT ACTIVITIES FUND MANAGEMENT

In accordance with the policy of the Board, and as required by law, the monies of all school-sponsored student organizations shall be deposited with the school's accounts in the principal's office. The treasurer of the organization shall be issued a receipt for each deposit, and he shall keep a record of the organization's account, including all deposits and disbursements.

The system of accounting for school monies shall be in conformity with the system of accounting recommended by the State Department of Education, the State Board of Education and accrediting agencies.

Officers of the affected school-sponsored organization, the sponsor of that organization, and the principal shall jointly determine use of such funds.

Ref: See Ala. Code 16-8-7 to-10, 16-8-38, 16-13-32.

CASH IN SCHOOL BUILDINGS

The Board requires that any school funds collected be deposited with an approved financial institution on the day collected. No more than one hundred (\$100) dollars should be maintained within any school facility overnight.

AWARDS AND RECOGNITIONS

The Marshall County Board of Education may expend public funds for the purpose of recognizing students, teachers, staff and other personnel for academic achievements and service.