

Key Financial Policies for School Districts

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Three Principles of Sound Financial Management

1. Understand financial condition of school district.
2. Oversee the financial operations to protect the resources of school district and hold administrative staff accountable for financial management.
3. Ensure that the necessary financial policies are in place to prevent fraud, waste and misappropriation.

Hierarchy

- ▶ Procedures cannot supersede Local Policies
- ▶ Local policies cannot supersede State Law
- ▶ State Law cannot supersede Federal Law

MS Public School Accountability Standards, Office of the State Auditor, and other regulations

MSBA Policy Service

- ▶ Most Financial Policies can be found in Sections -

D - Fiscal Management

E - Business Management

G - Personnel

Legal and cross references are listed

Policy #

ANNUAL OPERATING BUDGET PREPARATION PROCEDURES

- ▶ **Deadlines & Schedules**
 - Develop Calendar
 - Work Session with Board
- ▶ **Public Hearing**
 - Rules and Procedures
 - At Least 1 week Before Adoption
- ▶ **Required Advertisements**
 - Notice of Proposed Tax Effort or Notice of Hearing

ANNUAL OPERATING BUDGET PREPARATION PROCEDURES

- ▶ Budget Adoption
 - Become Part of the Minute
- ▶ Required Publications
 - Budget in Newspaper
- ▶ Required Format

PERIODIC BUDGET RECONCILIATION & LINE ITEM TRANSFER

- ▶ Budget to limit the expenditures of school funds to resources available
 - 37-61-19 - Personally responsible
- ▶ Policy may delegate amendments at the object level within major functions without immediate school board approval
- ▶ Incorporate revisions in the minutes
- ▶ Year end financials statement format & deadline

BORROWINGS

- ▶ General Obligation Bond 37-59-1 to 37-59-35
- ▶ Refunding Bond 31-15-1 to 31-15-27
- ▶ Twenty Year - Three Mill Note 37-59-101 to 37-59-115
- ▶ Transportation Loan 37-41-89 to 37-41-99
- ▶ Tax/Revenue Anticipation Note 37-59-37
- ▶ Shortfall Note 37-57-108 and 27-39-333
- ▶ Sixteenth Section Principal Loan 29-3-113
- ▶ Emergency School Leasing 37-7-351 to 37-7-359

Authority to issue and spending limitations

**DFE, DFEA,
DFEAB & DFEC**

INVESTMENT EARNINGS & DEPOSITORY OF FUNDS

- ▶ Legal investments
- ▶ 16th Section Principal funds must be invested
- ▶ Selection of depository or depositories
- ▶ Advertise for one, two or three years
- ▶ Board approval of depositories and accounts
- ▶ Board approval of authorized signatures on all accounts

DFL, DG
& DJAA

Fund Balance - GASB 54

- ▶ Maintenance of a Fund Balance is essential to the preservation of the financial integrity of the district.

- ▶ Minimum unassigned fund balance -

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than _____% of _____ revenues [or expenditures].

BONDED EMPLOYEES

- ▶ Sufficient surety should be payable, conditioned, and approved by state law as follows:

School board members - \$50,000

Superintendent - \$100,000

School principals - \$50,000

Purchasing agents - \$50,000 (must be separate from any of the above bonds)

The school board may execute a blanket surety bond for each school district official and employee (including school business managers and any other employee who receipts and/or disburses school district funds) in the penalty of at least \$25,000.

- ▶ Filed and recorded with county chancery clerk

Accounting and Reporting & Financial Reports and Statements

- ▶ Superintendent shall furnish to the school board a financial statement of receipts and disbursements on or before the last working day of the following month covering the prior period.
- ▶ Listed as agenda item, discussed, approved and become part of the minutes
- ▶ Required statements, claims docket and disposal of fixed assets

Minimum Required Financial Statements

- ▶ Reconciled bank statements
- ▶ Statement of revenues and expenditures - monthly for each fund
- ▶ Current budget status
- ▶ Cash flow statement by month - district maintenance fund
- ▶ Combined balance sheet -or- current fund equity balances - at a minimum general and special revenue funds

Contract Approval

- ▶ The board can set a dollar amount of construction contracts that shall be reviewed by the board attorney with final approval reserved to the board.
- ▶ For all other contracts, the superintendent, business manager, board attorney, and any other person involved with the contract shall decide the nature and extent of review needed.
- ▶ All contracts must be in writing.

Purchasing Authority

- ▶ Purchasing agent shall be the superintendent and any other employee(s) designated by policy
- ▶ Purchasing agents negotiate for and purchase commodities and services for their specific areas of responsibility within the limits of budget and purchasing law
- ▶ Must be individually bonded

Acceptance of Gifts From Vendors or Suppliers

- ▶ All employees should maintain integrity
- ▶ Modest entertainment such as a meal or refreshments in connection with attendance at conferences, training events, professional meetings and events sponsored by professional or educational associations is not considered a gift.
- ▶ **Prohibition:** No board member or employee shall solicit any personal favor, gift, gratuity, or offer of entertainment directly or indirectly from a supplier, vendor, or service providers who is doing or seeking to do business with the school district. Board members or school employees shall never accept gifts during the bidding process, in the waiting period for renewal of a contract or agreement, or at a time when negotiations with vendors, suppliers, or service providers are ongoing.

Bill Payment Authorization: Capital Equipment, Goods and Services

- ▶ The board must set the dollar limits of what they delegate to the superintendent regarding claims approval to be ratified by the board at the next regularly scheduled meeting after payment is made.
- ▶ Can also ratify travel related expenses, field trip related expenses, utility related expenses, debt related expenses insurance payment related expenses, etc.

Student Activities Fund Management

- ▶ Activity funds may only be expended for any necessary expenses or travel costs designed by state law and the school board deems beneficial to the official or extracurricular programs of the district.
- ▶ The school board is authorized to conduct, or may authorize others to conduct, on behalf of the school district, fund-raising activities deemed by the board, in its discretion, to be appropriate or beneficial to the official or extracurricular programs of the district.

Fixed Asset Policy & School Properties Disposal Procedure

- ▶ Tagging requirements in accordance with the Office of the State Auditor -
Cost over \$1,000 and highly walkable designated by the Office of the State Auditor and the school board
- ▶ Physical inventory (at least annually)
- ▶ Disposal in accordance with state law after board approval
- ▶ Accountability requirements

School Facility Rental & Use of School Property

- ▶ The first priority in the use of its school property is the education of children in the district. However, district can allow the public use of indoor or outdoor school property during non-school hours for purposes of recreation or sport, to support active living, reduce obesity, reduce health care costs associated with obesity, increase community safety, maximize community resources, and promote community support for schools.
- ▶ Local citizens can also use the property for other reasonable general public use including religious, political, literary, community, cultural, scientific, mechanical, agricultural, or parental involvement purposes.
- ▶ The board shall exercise its authority to fix and collect rentals, rates, and charges for the occupancy or use of school property in such amounts and in such manner as may be determined.

School Facility Rental & Use of School Property

- ▶ A public liability insurance policy which insures this school district against loss due to bodily injury or property damage in the amount of \$(set amount) and \$(set amount) respectively shall be in effect during the full term of use by you of any facility.
- ▶ Securing the required insurance coverage shall be the responsibility of the individual renting the facility at his sole cost and expense.
- ▶ School facility users shall not allow smoking and shall not serve food and/or drink except in those areas that may be designated by the school administrator having responsibility for a facility.
- ▶ School facility users are responsible for any damage or theft to the facility and/or equipment due to user's occupancy regardless of cost. The superintendent may require a refundable cash deposit to be used in case of damage or theft.

School Facility Rental & Use of School Property

- ▶ Required Application Form should include -
 - Rental Amount for rehearsal/event/outdoor venues
 - Rates for school related/government/public service/commercial
 - Rental amount for A/C or outside lighting
 - Amount for supervision/security
 - Times
 - Amount for time overages
 - Proof of required Insurance
 - Accept responsibility for theft/loss
 - Approval/Signatures

Donated Leave

- ▶ Any employee may donate a portion of his or her unused accumulated personal leave or sick leave to another employee of the same district who is suffering from a catastrophic injury or illness or who has a member of his or her immediate family suffering from a catastrophic injury or illness.
- ▶ Before an employee may receive donated leave, he or she must provide the school district with a physician's statement that states that the illness meets the catastrophic criteria, the beginning date of the catastrophic injury or illness, a description of the injury or illness, a prognosis for recovery and the anticipated date that the recipient employee will be able to return to work.
- ▶ Before an employee may receive donated leave, the superintendent of education of the school district shall appoint a review committee to approve or disapprove the said donations of leave, including the determination that the illness is catastrophic within the meaning of this section.

Donated Leave

- ▶ "Catastrophic injury or illness" means a life-threatening injury or illness of an employee or a member of an employee's immediate family that totally incapacitates the employee from work, as verified by a licensed physician, and forces the employee to exhaust all leave time earned by that employee, resulting in the loss of compensation from the local school district for the employee.
- ▶ Conditions that are short-term in nature, including, but not limited to, common illnesses such as influenza and the measles, and common injuries, are not catastrophic. Chronic illnesses or injuries, such as cancer or major surgery, that result in intermittent absences from work and that are long-term in nature and require long recuperation periods may be considered catastrophic.
- ▶ "Immediate family" means spouse, parent, stepparent, sibling, child or stepchild, grandparent, stepbrother, or stepsister.

Professional Personnel Expenses

- ▶ Professional personnel who have first been authorized by the superintendent to travel in the performance of their duties shall be advanced/reimbursed as indicated below:
- ▶ For each mile actually and necessarily traveled in the employee's automobile or other private motor vehicle _____ cents per mile.
- ▶ When such travel is done by means of a public carrier or other means not involving a private motor vehicle, the employee shall receive as travel expense the actual fare or other expenses incurred in such travel;
- ▶ Employees shall be reimbursed for other actual expenses such as meals, lodging, registration and other necessary expenses incurred in the course of such travel, subject to limitations placed on meals for official travel by the State Department of Finance and Administration and rules and regulations adopted by the State Department of Audit.

Fair Labor Standards Policy

- ▶ Certain employees are exempt from coverage of the FLSA and are not subject to compensation for overtime work. Exempt employees include executive, administrative and professional employees. Examples include certified professional employees such as teachers, counselors, supervisors and administrators. Certain non-certified administrators are also exempt and include business managers, transportation directors, maintenance directors and other similar administrative and supervisory positions.
- ▶ Employees in the job classifications listed below are generally considered to be non-exempt and are covered by the FLSA unless a specific exception exists. Examples include secretaries, bookkeepers, clerks, mechanics, janitors, cafeteria employees, assistant teachers, substitute teachers, bus drivers, maintenance employees, security.

Fair Labor Standards Policy

- ▶ Each employee subject to the FLSA shall be paid for all hours worked. Compensable time includes all time that an employee is required to be on duty. Coffee breaks, waiting time and meal periods, which are frequently interrupted by calls to duty, are hours worked and are compensable.
- ▶ Hours worked shall be accurately recorded by each employee on the monthly or weekly time sheet in the form which is provided by the District. Employees using time sheets shall furnish all information requested and shall record the exact time of arrival and departure from work. Employees are expected to arrive and depart at the time specified by his/her supervisor unless requested to work overtime by his/her immediate supervisor. All overtime shall be recorded by each employee on the time sheet.
- ▶ No overtime shall be worked without prior written permission by the employee's immediate supervisor. In the event of emergencies requiring work in excess of 40 hours in a work week, the employee shall inform his/her supervisor as soon as practicable regarding the overtime worked.

Fair Labor Standards Policy

- ▶ Overtime -
The employee shall be paid not less than 1½ times his/her regular rate of pay for all hours worked over 40 hours in a work week. Overtime pay due an employee shall be computed on the basis of hours worked in each work week.
- ▶ Policy sets work week.
- ▶ Minimum Wage -
All employees subject to the FLSA shall be paid not less than the current minimum wage.

School Board Oversight Checklist

Task	Annually	As Needed	Each Mtg.
Approve: Bank Account Changes, Fiscal Policies & Procedures, Vendor Contracts		✔	
Review Student Enrollment & ADA	✔		
Review Financial Statement Package			✔
Review Assessed Values & Ad Valorem	✔		
Government Revenue Update		✔	
Approve Budget	✔	✔	
Staff Salary Schedule for Employees	✔	✔	
Annual Audit	✔		
Review Federal SPED Funding		✔	
Review Federal Title Funding		✔	

School Board Oversight Checklist

Task	Annually	As Needed	Each Mtg.
Review Bank Accounts: Opening/Closure/Signatory		✔	
Review & Recommend Operational Contracts and Agreements		✔	
Hold School Management Team Accountable for Fiscal Operations		✔	✔
Review Financial Statements and Cash Flow Forecast			✔
Review Adherence to your Fund Balance Policy	✔		
Understand School's Revenue Sources			✔
Review and Discuss Unfunded Mandates by the State or Federal Funding Sources	✔		
Review and Update Fiscal Policies & Procedures	✔		

Questions

