

**TITLE 126
LEGISLATIVE RULE
WEST VIRGINIA BOARD OF EDUCATION**

**SERIES 200
PUBLIC SCHOOL FINANCE (8100)**

§126-200-1. General.

1.1. Scope. -- This legislative rule establishes the guidelines for a uniform system of school district budgeting. It is intended as a ready reference for treasurers, business managers, superintendents, and others involved in school finance.

1.2. Authority. -- §18-9B-5.

1.3. Filing Date. -- June 1, 1990.

1.4. Effective Date. -- July 16, 1990.

§126-200-2. Incorporation by Reference.

2.1. Copies of procedures and policies are attached. Copies may be obtained in the office of Secretary of State and in the West Virginia Department of Education, Bureau of Finance and Services.

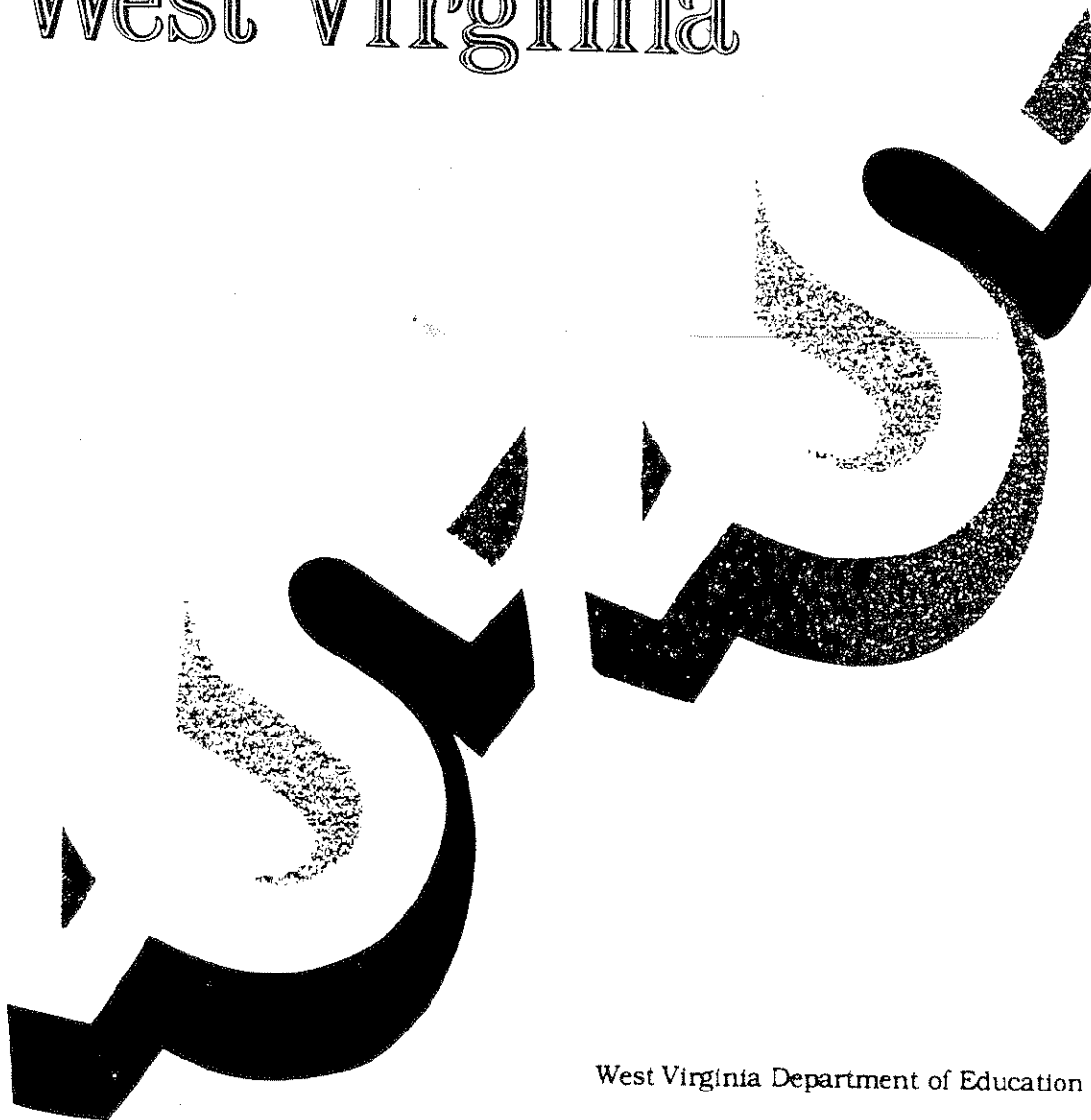
2.2. Summary of procedures and policies below .

SUMMARY OF RULES AND REGULATIONS

Regulations contain basic information covering revenue, budget, expenditures, fiscal management, and auditing. Sample forms and other useful information are in the appendix.

ED. NOTE: A COMPLETE COPY OF THE HANDBOOK FOR SCHOOL FINANCE IN WEST VIRGINIA IS AVAILABLE THROUGH THE BOARD OF EDUCATION OR THE OFFICE OF THE SECRETARY OF STATE.

Handbook
for
School Finance
in
West Virginia



West Virginia Department of Education

**HANDBOOK
FOR
SCHOOL FINANCE
IN
WEST VIRGINIA**

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West Virginia Department of Education
1990

FOREWORD

In an effort to consolidate regulations and avoid duplication, the Handbook for School Board Treasurers, Policy 8352, and the Purchasing Procedures Manual, Policy 8353, were incorporated into the Handbook for School Finance. Policy 8100, School Finance, replaces policies 8352 and 8353.

The handbook divides school finance into five categories: revenue, budget, expenditures, fiscal management, and auditing. The authors have attempted to focus on areas of general concern and common problems. Where possible, step by step procedures for completing financial tasks are given. These steps, if followed, will substantially reduce mistakes and oversights in conducting the public's education business, while providing some degree of standardization in school finance procedures.

References and restatements of state laws, court opinions, attorney general's opinions and state superintendent's interpretations are included in the text of this volume and in the appendix. Readers are cautioned that these are guides to help find the law and not substitutes for the law itself. The citations included should always be consulted.

This handbook is the result of the combined effort of members of the West Virginia Association of School Business Officials Accounting Procedures Committee, chaired by James Welton, Treasurer, Mineral County, and including these individuals as members: Leslie Carpenter, West Virginia Department of Tax and Revenue; Betty Crawford, Consultant/Director of Finance, Harrison County; Randy Cutright, Treasurer, Cabell County; Nancy Davis, Secretary/Auditor, Taylor County; William Duncan, Treasurer, Putnam County; Tom McCray, Consultant; Carole Menefee, Finance Director, Wirt County; Willis Moore, Consultant; Mark Obermann, Business Manager, Ohio County; Claude Smith, Treasurer, Wayne County; Carroll Staats, Superintendent, Jackson County; James Tuel, Business Manager, Marshall County; Charles Chapman, Coordinator of School Finance, West Virginia Department of Education; and Hazel Kroesser, Assistant Bureau Chief, West Virginia Department of Education. Appreciation for their efforts is hereby acknowledged.

As pages and chapters of this handbook will be revised as necessary, it should be kept in looseleaf fashion.

Henry Marockie
State Superintendent of Schools

Public School Finance

An effective finance system is a significant management tool for planning and for accountability. Such a system insures that the resources will be safeguarded and used for the benefit of the children in each of the school districts. Financial records must be systematically developed and maintained to provide reliable financial information which forms a basis for program evaluation, compliance with legal provisions and developing public confidence in the school system.

The county board of education's budget translates educational needs into a financial plan. This plan should reflect the educational priorities set at the local and state levels. The budget should balance revenues and expenditures, and sound fiscal management should protect its integrity. Periodic audits provide assurance that financial statements are presented fairly and applicable laws and regulations are followed.

West Virginia Code §18-9B-5 and §18-9B-9 charges the West Virginia Board of Education with formulating and prescribing a uniform system of school district budgeting and accounting for the use of all county districts. The regulations governing school district budgeting are contained in the Handbook for School Finance in West Virginia.

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CHAPTER 1

REVENUE

Funding for public schools is provided by the county, the state and the federal government. Each considers school needs and appropriates money for various programs and activities. The effectiveness of this arrangement depends upon the assignment of responsibilities to the three participating levels of government so that the special strengths of each participant are utilized.

A. LOCAL REVENUE

The county's responsibility for funding the operation of public elementary and secondary schools rests with the local school district. The county district relies on taxation from regular and excess levies, interest on investments, tuition and other local resources to finance its share of the cost of education.

Taxation

The school district is the final authority, within legal limits, in determining the amount of revenue to be raised from local sources for school purposes.

Local taxes are levied on the assessed values of real and personal properties and public utility properties. The county assessor establishes the value of all non-public utility properties and the Department of Tax and Revenue establishes the assessed value of public utility properties. The state constitution permits the county board to impose, up to specified limits, an ad valorem tax on real and personal property including public utility property within the county.

Classification of Property

For ad valorem tax purposes, property is classified as follows:

Class I - all tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.

Class II - all property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture, and grazing, occupied and cultivated by their owners or bona fide tenants.

Class III - all real and personal property situated outside of municipalities, exclusive of Classes I and II.

Class IV - all real and personal property situated inside of municipalities, exclusive of Classes I and II.

Total levy rates by class vary among counties but the rate of Class II property is two times that of Class I and the rates of Classes III and IV property are four times that of Class I. See appendix-IV for examples of LGR 12:22, Assessed Valuations-Proposed levy rates computation sheet and Assessor's worksheet.

The total assessed valuation in each of the four classes of property shall not be less than sixty percent nor more than one hundred percent of the appraised value of each class of property. If a county assessor or county commission fails to comply with this requirement the state tax commissioner shall direct them to comply. If they continue to fail to comply with the requirement, the county commission is required to allocate a portion of the taxes from their levy to the board of education to provide a sum of money equal to what the board would have received by applying their regular levy rates to the correct assessment amount.

The state tax commissioner provides a letter to the assessor and county commission in July informing them of the minimum amount of non-public utility property that must be assessed. A letter is sent in May by the tax commissioner informing the officials if they have complied with the requirement or not. Copies of these letters are sent to the superintendent and business manager of the board of education. Assessments should be checked by the school board officials in March to see if this requirement has been met.

Excess Levies

A school district may provide for an election to increase the property tax levies by entering on its record of proceedings an order setting forth:

- a. the purpose for which additional funds are needed;
- b. the amount for each purpose;
- c. the total amount;
- d. the separate and aggregate assessed valuation of each class of taxable property within its jurisdiction;
- e. the proposed additional rate of levy in cents on each class of property;
- f. the proposed number of years, not to exceed five, and
- g. the fact that the local levying body will or will not issue bonds, upon approval of the proposed increased levy, obligating the proceeds of the levy.

The question of the additional levy is submitted to the voters within the county at a primary, general or special election. If a majority of the voters casts their ballots in favor, the additional levy may be imposed. This levy cannot exceed one hundred percent of the regular levy rates authorized by law.

Investment Revenue

West Virginia Code §18-9-6 authorizes investments by the treasurer of the county board of education with the Municipal Bond Commission, State Consolidated Investment Fund, or in guaranteed certificates of deposit issues by the depository or bank, or other guaranteed investments such as treasury bills, treasury notes or certificates of deposit issued by either the United States government or a banking institution in which federal or state guarantees are applicable.

Interest earned from investments is to be credited to the fund from which the money was originally available.

Tuition

County boards of education may charge tuition to students, their parents, welfare agencies or other agencies for education provided by the county in certain instances.

Summer school that is separate and apart from the full school term may be offered and tuition that will not exceed the cost of operation of the summer school may be charged. If in the judgement of the board a pupil's parents cannot pay the tuition, the pupil may attend at a reduced cost or no cost. All funds accruing from such tuition shall be credited to and expended from the county's general current expense fund.

Adult education classes may be offered and the board may charge tuition, not to exceed the cost of operation of such classes. Any funds accruing from such tuition shall be credited to adult education in the general current expense fund of the county board of education.

Tuition may be charged for students enrolled in a county who are not residents of that county. Tuition for such students cannot exceed the difference between the state aid per pupil received in the county from which the student transferred and the state aid per pupil received in the county to which the student is transferred.

Tuition costs for out of state students should be based upon the county's per capita cost per student. A county board may deduct any cost not directly related to the education of any such out-of-state students. See appendix for examples of computation of cost per pupil.

Other Local Revenue

Other local revenues are: rent from school facilities, gifts and bequests, miscellaneous revenue, federal indirect costs transfers, refunds and adjustments, sale of property, sale of equipment and insurance recovery.

Bonds

A bond is a written promise to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate.

For educational purposes, bonds can only be issued for the purpose of acquiring, constructing and erecting, enlarging, extending, reconstructing or improving any building, work, utility or undertaking; or for furnishing, equipping and acquiring or procuring the necessary apparatus for any building, work or improvement; or for establishing and maintaining a building or structure. No bonds can be issued for the purpose of providing funds for the current expenses of the school system.

County boards of education may not become indebted to an amount, in the aggregate, exceeding five percent on the assessed value of taxable property within the county. No debt can be contracted or bonds issued unless the question is first submitted to a vote of the qualified electors of the county and receives a majority favorable vote.

General obligation bonds are paid by the county board of education with the levying of additional ad valorem taxes on the assessed values of properties within the county. The municipal bond commission provides a notice of debt service requirements in order for the county board to include the tax rate in the "Proposed Budget and Levy Estimate" adopted in March of each year. See appendix for examples of Notice of Debt Service Requirements and Tax Rate Worksheet.

A check list and calendar for special elections are in Chapter 4 of this handbook.

Arbitrage Bonds

Arbitrage, in this instance, is the profits made on investments of tax exempt bond proceeds. A municipal bond will be treated as an arbitrage bond if it is part of an issue of which any portion of the proceeds are reasonably expected to be used directly or indirectly;

- a) to acquire higher yielding investments, or
- b) to replace funds which were used to directly acquire higher yielding investments. Interest paid on such bonds will not be exempt from income tax. However, Section 148 of the Internal Revenue Code contains exceptions to the arbitrage provisions as follows:
 - 1) Bond proceeds may be invested for a "reasonable" temporary period until needed to pay for the project.
 - 2) Temporary depends on the use and type of bond issue.
 - 3) Allows for a repair/replacement reserve to be invested at a higher rate.
 - 4) Allows up to \$100,000 or five percent to be invested at a higher rate.

The Tax Reform Act of 1986 imposed a mandatory rebate of profits from investments earnings of municipal bond proceeds to the United States Treasurer.

However, if all proceeds are expended within six months for the purpose for which the bonds were issued, then profits need not be rebated or if the amount unspent after six months is the lessor of \$100,000 or five percent of the proceeds. This amount must be expended within one year.

In addition, profits do not have to be rebated if debt service fund earnings do not exceed \$100,000 in any one year or if no more than five million in bonds are issued in any year.

Failure to follow the statutory provisions as briefly outlined above can result in a penalty equal to 50 percent of the profit not rebated plus interest or the bonds could become taxable.

For further guidance, refer to your Legal Counsel, Bond Counsel and/or Internal Revenue Service.

B. STATE REVENUE

The legislature is required by the state constitution to establish and maintain a system of free public schools. This requirement has resulted in the creation of county boards of education but has not removed this obligation from the legislature. The state retains the fundamental constitutional responsibility for public education and its financial support.

State Aid Formula

The major effort of state funding for public education is through the state aid formula or foundation program. Annual appropriations are made to the state department of education to be distributed to the counties as prescribed by that formula.

Chapter 18, Article 9A of the West Virginia Code is the basic source reference for the formula. Generally, the formula program is the sum of the computed costs for the counties in aggregate, as determined, for the following:

1. Allowance for professional educators,
2. Allowance for service personnel,
3. Allowance for fixed charges,
4. Allowance for transportation cost,
5. Allowance for administrative cost,
6. Allowance for other current expense and substitute employees, and
7. Allowance to improve instructional programs.

The county's entitlement is the sum of these costs, minus the "local share," as determined by Code §18-9A-11. See appendix for example of local share computation. When appropriated, additional foundation allowances are available to eligible counties for increased enrollment and incentive for staffing improvement. State aid formula allowances are determined by reports submitted by the counties on staff, pupils, attendance, and pupil transportation.

Documents entitled "Preliminary Computations" and "Final Computations" are annually sent to county boards by the State Department of Education. These documents provide dollar allocations, county by county, for each step of the state aid formula.

Appendix includes an Executive Summary of the Public School Support Program which is usually revised annually due to legislative changes.

Vocational Aid (state)

Chapter 18, article 2B of the West Virginia Code authorizes the state board of education to provide vocational training or retraining on an organized basis designed to prepare individuals for useful employment. An appropriation for this purpose is made outside the basic foundation program. The program is made available to residents of the state in areas designated and approved by the state board. Authorization is then transferred to local education agencies for the establishment, operation and maintenance of these programs.

Secondary Block Grant Formula - Formula funds for secondary regular, secondary occupational orientation, administration and supervision, and placement will be allocated by a block grant based upon the number of contact hours generated as a result of student participation in occupational orientation and technical Education I, II and III programs, as applicable. Since the funds are generated on student contact hours from the previous year, the expenditure of these funds, except for equipment replacement and travel is unrestricted.

Adult Block Grant - Funds appropriated to local educational agencies may be used for payment of salaries and fixed costs of full-time and part-time instructional and supervisory or administrative personnel involved in the delivery of instruction for preparing students to enter an occupation, to reenter the labor force and/or to upgrade skills for advancement.

The state Board of Education, provided funds are available, will allocate funds using the following calculation: LEA dollar amount requested divided by the state total of dollars available equals the decimal share for the LEA. Additional funds expended in the two previous years for program operation and the performance of these programs will be considered in determining individual LEA allocations. Funds not expended in the program year for which allocated will be charged against subsequent year's allocation. Tuition may be charged to provide program costs above funding provided.

Federal funding for vocational education is discussed later in this chapter.

Special Education (state)

Chapter 18, Article 20 of the West Virginia Code requires that county boards of education establish and maintain special education programs and services for all exceptional children, ages five to twenty-three. The term "exceptional children" includes both handicapped and gifted individuals. Chapter 18, Article 20, section 1a, further requires county boards of education to establish and maintain special education programs and related services for preschool severely handicapped children three through five years of age.

The second source of revenue is the appropriation by the legislature, termed "Special Education: Aid to Counties." Several line items are included. A line item termed "County Grant Awards" provides a basic grant to counties. The stipulations of the grant are included in the budget bill and restrict the use of these funds to expenditures such as special education personnel, transportation for exceptional children and special education aides. Employing personnel for more than one year is prohibited with grant state funds. County school districts have been given the discretion to determine amounts budgeted for school-age exceptional students and for preschool severely handicapped children under the Aid for Exceptional Children account.

Other allocations under the "Aid for Exceptional Children" account include funds for out-of-state placement for exceptional children and other special projects, such as continuing education for the teachers of exceptional children.

Federal funding for special education is discussed later in this chapter.

School Building Authority

In 1989, the legislature authorized a School Building Authority to issue revenue bonds, to make funding determinations and provide state funds for construction and maintenance of school facilities.

School building authority revenue is distributed as follows: 3% is distributed directly to state projects and 97% to county projects, half of this 97%, is distributed based upon net enrollment and half is distributed based upon need as determined by the School Building Authority.

Other State Projects

Other state projects include: Food service, orphanage aid, competitive grants, and other miscellaneous grants funded by the State. Valid project codes for these projects are made available annually by the State Department of Education.

C. FEDERAL REVENUE

Approximately 7 percent of the monies for public education in West Virginia is provided by the federal government. Most federal monies come from categorical grants which are targeted for special populations or for specific purposes. Valid project codes for these projects are made available annually by the State Department of Education.

The U. S. Department of Education issues general regulations to apply to direct grant and state administered programs. "Education Division General Administration Regulations," known as EDGAR, provides general rules on how to apply for grants and subgrants, how grants and subgrants are made, the general conditions that apply to grantees and subgrantees, the administrative responsibilities of grantees and subgrantees and the compliance procedures used. Copies of EDGAR are available from the State Department of Education.

Compensatory Education

Chapter I of the Elementary and Secondary School Improvement Act provides federal funds to supplement and extend the services already being provided by the local school system. This program is designed to provide supplementary instructional services to educationally disadvantaged children who reside in school attendance areas having a high incidence of poverty. Chapter I programs also provide supplementary educational activities in state institutions housing handicapped and neglected or delinquent children.

The U.S. Department of Education allocates funds for the various Chapter I programs to each county or state agency. The county boards of education annually assess educational needs of the student populations, determine eligible school attendance areas, select those educationally deprived children who have the greatest need for assistance, identify the instructional areas on which the Chapter I program will focus and apply for the allotted amounts. Application is made to the State Department of Education, Bureau of Finance and Services.

County boards of education and eligible state agencies may receive and expend Chapter I funds only according to an approved application describing the programs and projects to be conducted with Chapter I assistance. The applicant county boards are permitted to carry unobligated funds forward to the succeeding fiscal year.

Under Chapter I, funds may be used for acquisition of equipment and instructional materials, employment of special instructional, counseling and guidance personnel, employment and training of teachers and teacher aides and other expenditures as authorized under Chapter I ESSIA. All expenditures must be directly connected to the Chapter I effort. Counties are responsible for expending funds according to their approved plans and maintaining records necessary for state and federal audits.

Chapter II Funds

Chapter II of Title I of the Hawkins-Stafford Elementary and Secondary School Improvement Act of 1988 reauthorizes the activities of the ECIA Chapter II program with funds refocused into six targeted assistance areas. The funds may be utilized for programs in the following areas: 1) Programs for at-risk and high-cost students; 2) Programs for the acquisition and use of instructional materials, including library books, reference materials, computer software and hardware for instructional use; 3) Innovative programs designed to carry-out schoolwide improvements including the effective school program; 4) Programs of training and professional development; 5) Programs designed to enhance personal excellence of students and student achievement; and 6) Innovative projects which would enhance the educational program and climate of the school including programs for gifted and talented students, technology educational programs, early childhood educational programs, community education and programs for youth suicide prevention.

Eighty percent of the money received by the state in the block grant for these programs is distributed by formula to the local educational systems. To obtain these funds, a county must submit a prescribed application to the state department of education. The application, when approved, can serve for up to three years with annual amendments, if necessary. A county has discretion within the provisions of the legislation as to how it will use its annual allocation.

Child Nutrition

Six child nutrition programs are administered by the state department of education. The programs are: National School Lunch Program, School Breakfast Program, Child Care Food Program, Summer Food Service for Children, Special Milk Program and Nutrition Education and Training. A school breakfast program is also mandated by state law as long as federal subsidies are available.

When a county participates in a child nutrition program, both the county board and the individual schools have responsibilities. The county board is responsible for:

- a. Annually updating contracts with participating schools;

- b. Developing and submitting the "Sponsor's Agreement and Policy Statement" for provision of free and reduced price meals and free milk, free textbooks, free workbooks and instructional supplies and providing copies of the approved policy statement to all participating schools;
- c. Distributing copies of application for free and reduced price meals and free milk and free textbooks, workbooks and instructional materials together with copies of the state administrative guidance materials to all participating schools;
- d. Implementing appropriate hearing procedures and a standard verification procedure to be used in the approval of these applications;
- e. Verifying and consolidating schools' monthly reports of participation and claims for reimbursement, promptly submitting the sponsor's consolidated claim for reimbursement, editing each schools' daily meal counts for accuracy, verifying the sponsor's monthly reimbursement payments and allocating payments to individual schools;
- f. Consolidating schools' financial reports each month, preparing and submitting an annual sponsor's report of accrued income and per meal costs, documenting reported income and expenditures and retaining documentation for three years in addition to the current operating year;
- g. Annually reviewing operating balances at the school level;
- h. Reviewing and approving major food service equipment purchases, developing, implementing and maintaining an inventory control system for food service equipment (retention for 10 years);
- i. Establishing and implementing purchasing procedures in compliance with state and federal regulations;
- j. Developing and implementing a financial management system which meets state and federal requirements;
- k. Monitoring and visiting schools to ensure program compliance and accuracy of meal counts by category; and
- l. Notifying school administrators and school food service personnel concerning rules, regulations and policies governing school food service programs.

At the school level, each principal is responsible for:

- a. Unless carried out at the county level, distributing applications at the beginning of each school year to each student enrolled in the program from the prior year in the school, verifying (random sample) with the applying parent, information entered on the applications, and reviewing and acting upon each application;
- b. Maintaining a current and accurate master list of students eligible for free or reduced price meals;
- c. Filing or updating annual applications with the county boards;
- d. Providing copies of applications for free and reduced price meal benefits when an eligible student transfers to another school;
- e. Informing school employees of federal, state and county requirements for provision of free and reduced price meals;
- f. Developing and implementing standard procedures to ensure that no student is overtly identified;
- g. Establishing a procedure for obtaining accurate meal counts at the serving line so that accurate reports of daily student participation by category are entered on reporting forms;

- h. Maintaining all records pertaining to child nutrition programs for 10 years in addition to the current school year;
- i. Establishing a system for payment and reporting of all food service invoices in compliance with county and state requirements for financial management;
- j. Submitting reports of food service revenue, expenditures and participation to the county office;
- k. Maintaining inventories of purchased and government-donated foods, supplies and equipment;
- l. Ensuring meals production records are properly kept; and,
- m. Checking menus prior to and during service to ensure that all nutritional requirements are met.

Special Education (federal)

Public Law 94-142, (EHA VIB) the "Education for All Handicapped Children's Act of 1975," requires that all handicapped children receive a free, appropriate public education designed to meet their unique needs. This federal act mandates: (1) an extensive search effort for unidentified handicapped individuals from birth through 21 years of age; (2) policies and procedures to protect the rights of handicapped children and their parents; (3) the development and implementation of an individualized education program (called an IEP) for each handicapped child; and (4) parent participation in the education of handicapped children.

Most federal revenue for county school systems to implement Public Law 94-142 (EHA VIB) is provided by statutory formula. The funding process follows this sequence: (1) county school systems file with the state department of education a child count report on the number of handicapped children receiving special education on December 1 of each year; (2) a notification of entitlement is provided to counties each year based upon the preceding year's child count; (3) counties submit project applications to the state department of education for the entitled amount, (4) the excess cost computation report must accompany the application and (5) upon project approval, a notification of grant award is issued to the county. The amount of funds allocated to the counties is dependent upon the state's grant award from the Office of Special Education Programs (OSEP).

Chapter I, ESSIA Handicapped Program (formerly PL 89-313) provides federal funds to supplement and extend special education programs and services provided by the county school districts and participating agencies for those individuals, birth to 21, inclusive, who are eligible for services under the Chapter I, ESSIA Handicapped Program.

As a result of the Hawkins-Stafford Elementary and Secondary School Improvement Amendments, P. L. 100-297, the counties and/or participating agencies must file with the state Department of Education a child head count report on the number of handicapped children receiving special education services under the Chapter I, ESSIA Handicapped Program on December 1 of each year. The procedure for submission and subsequent approval of project applications is the same as the funding process for EHA, Part B grants.

Vocational Education (federal)

The Carl D. Perkins Vocational Education Act (P.L. 98-524) provides for the distribution of federal funds for vocational education. An annual plan for vocational education and applications for funds must be submitted to the department of education, bureau of vocational, technical and adult education, in order to receive federal monies. Upon approval of continuing and new program applications, counties will receive a vocational education allocation schedule. Funds usually are advanced quarterly. Detailed information on program funding policies and procedures is contained in Section 3000, Policy and Procedures Manual - Local Educational Agencies.

Major grants for vocational programs include:

Secondary - Allocations to county boards are determined by utilizing the formula in the current state plan for vocational education to allot monies for secondary programs. Funds provided through the vocational aid formula must be used by local educational agencies to pay the additional costs for operating and maintaining secondary vocational programs. Additional cost usually include extended employment, position salary supplements and supplemental supplies. Funds are to supplement and not supplant local funds for vocational education.

Disadvantaged - A percentage of additional costs of a special disadvantaged vocational program will be paid. Funds will be transmitted on total allocation by project budget code and by instructional level, not by individual applications, and should be accounted for in this manner.

Funds allocated under this program can be spent only for persons unable to succeed in regular vocational programs who have academic or economic disadvantages. Equipment purchased under this section must be used only for those students eligible under this program. These funds must be matched by the local agency with non-federal dollars.

Handicapped - Same as disadvantaged, but for persons with handicaps.

Construction - Upon approval of an application for construction funds in accordance with the Handbook of Planning School Facilities, Vocational Education Supplement, a county may receive funds for needed construction of vocational facilities. Upon approval of the request for initial equipment, 95 percent of the approved funds is advanced. Upon submission of a financial report, (VEA-9), the balance of the approved amount is reimbursed. A semi-annual financial status report is required for all construction projects.

Contracted Instruction - The state Board may use the portion of its allotment available for this part in any fiscal year for provision of educational training through arrangements with private institutions, and employers whenever such institutions or employer can make a significant contribution to obtaining the objectives of the state plan and can provide substantially equivalent training at a lesser cost, or can provide equipment or services not available in public institutions.

All the above programs, to the extent practicable, include work-site programs, such as cooperative vocational education, work-study, and apprenticeship programs.

Local Administration - Funds must be used to provide administration and supervision of vocational education programs. Administrative and supervisory personnel must meet certification requirements and devote at least 50 percent of their time to vocational education. (State Board Policy 3042.4)

Personnel Training - Projects may be funded to provide for the training needs of vocational or supportive personnel.

Overcoming Sex Bias - Projects may be funded to assist county boards in eliminating and overcoming sex bias and stereotyping.

Evaluation - Grants may be made to provide funds for the evaluation of vocational program.

Adult Consumer and Homemaking - Funds may be used for adult classes designed to help individuals and families improve home environments and the quality of personal and family life, including instruction in food and nutrition, child development, clothing, family life, housing, family relations and management of resources. Requests for funds are submitted as part of the county's plan for vocational education.

Ancillary - Projects may be funded to provide research, innovative programs, curriculum development or personnel development.

Single Parents and Homemaking - The state board may only use the portion of its allotment available for this part to:

- a. Provide, subsidize, reimburse or pay for vocational education and training activities, including basic literacy instruction and necessary educational materials, that will furnish single parents and homemakers with marketable skills;
- b. Make grants to community-based organization for the provisions of vocational education services to single parents and homemakers, if the state board determines that the community-based organization has demonstrated effectiveness in providing comparable or related services to single parents and homemakers, taking into account the demonstrated performance of such an organization in terms of cost, the quality of training and the characteristics of the participants.

Community-Based Organization - Funds provided under this section may be used for the outreach programs to facilitate the entrance of youth into a program of transitional services and subsequent entrance into vocational education, employment or other education and training.

Each community-based organization which desires to receive assistance under this part shall prepare jointly with the appropriate eligible recipient and submit an application as a part of its local educational agency plan for vocational education to the State Board of Education.

Adult Basic Education - An annual application for funds is required for adult basic education. Adjustments may be made in the quarterly allocations according to need, as established by the area supervisor. An annual fiscal report is required to certify the expenditure of funds. Any cash balance remaining at the end of the year must be returned or carried into the following fiscal year for use in adult basic education programs.

Job Training Partnership Act - Total costs of the program are paid with no matching funds required. Most ongoing projects are advance funded when funds are available. Funds are transmitted by project budget code, and by project, and should be accounted for in this manner.

New and Expanding Industry Training - This program provides vocational training or retraining of individuals for useful employment in recognized occupations for new or expanding industries. Advanced funding up to 95 percent is allowable.

Adult English Literacy

Funds are provided to local educational agencies to provide special assistance to persons with limited or no English proficiency to enable them to progress effectively through adult education programs. Special instruction will be provided to raise the level of English proficiency so that persons can function in the English speaking society at least 80 percent of the time.

Applications will be submitted by the LEA in response to an announcement that funds are available under this program. Funds will be advanced quarterly based upon the need for funds. An annual financial report will be required. Unencumbered program budget balances expire at the end of the fiscal year.

Extended Day

This program provides for before and after school activities for school age children who are without supervision before and after school. The program will be for school age children grades one through six. Program activities will include tutoring, personal safety, personal development, and recreational activities and will be available during the hours of 7:00 a.m.- 8:00 a.m. and 2:30 p.m. - 6:00 p.m. on each school day. Funding for this program will be for one year only per site. LEAs are expected to continue the project through charges to clients or assistance from local sources. The program should be totally self-supporting after three years. During the first year, the county and state will provide 16% of total budgeted by in-kind match, through salaries of Community Education Coordinators and fiscal agent, rent, utilities and transportation.

Job Opportunity and Basic Skills (Jobs)

The Welfare Reform law called the Family Support Program provides funds for welfare recipients with educational programs renamed the Job Opportunities and Basic Skills (JOBS). The JOBS program merges five separate programs into one training program. The program will consist of educational activities, including high school or equivalent education combined with training as needed, basic and remedial education to achieve a

basic literacy level, and education for individuals with limited English proficiency. Funds can be used for teachers' salaries, purchases of equipment, to develop curriculum materials, or for almost any kind of expense except construction.

Other Federal Projects

Other Federal projects include: ESSIA title II, National Forest, and other miscellaneous grants funded by the Federal government. Valid project codes for these projects are made available annually by the state Department of Education.

D. CASH RECEIPT PROCEDURES

Writing of Receipts

The preparation and issuance of a written receipt is a fundamental requirement of every transaction involving the receipt of any check, currency, or wire transfer of funds.

Receipt forms are to be consecutively numbered and in duplicate. The original copy of the receipt is to be issued immediately to the person or firm who is paying the obligation. The second copy shall be preserved to use for classifying and recording to Receipt Registers and Revenue Journals.

The style of the printed receipt form must contain at least the following: (1) The word "Receipt" or the caption "Received of _____," (2) Date space, (3) Amount space for recording in dollars and cents the amount received, (4) A space captioned "For _____," which serves to record the county board of education's invoice number, reference number or an itemization of goods or services for which the payment is received, (5) Space for indication of whether the payment is currency or check, the latter additionally requiring a notation of the payor's check number, (6) space for designation of the particular fund of the county board of education, (7) Signature line of the person authorized to write the receipt; and, (8) A space for the fund's revenue classification code.

The treasurer is responsible for the issuance of written receipts, but may delegate authority for the actual writing and signing of the receipts.

The treasurer is charged with all receipts on the day received. Periodic accountings and reconciliations will indicate deposits in transit as a reconciliation function of cash flow ledgers to receipt registers.

The receipts must be posted to the general ledger and to the cash control and investment ledgers on the day that they are written.

Deposit Procedures

Deposits must be made as frequently as possible. Deposit slips are to be prepared in such a manner that a deposit can be traced to a certain receipt or a group of receipts. Preparation of deposit slips must include a process that provides a duplicate copy of the deposit slip to be retained in the treasurer's records with a consecutive deposit slip numbering system for determination of the deposit slip file's completeness. Either the duplicate copy of the deposit slip or the bank's

deposit receipt form must be validated by the bank. If a bank deposit form is used, it must be securely fastened to the duplicate deposit slip. The bank's receipt for deposit must indicate the date and the amount of the deposit.

All checks and currency received must be deposited as received. Checks must be deposited only to a depository and may not be endorsed as payable to any other party. (Cash may be disbursed only by an order properly drawn and approved according to each county board of education's payment procedure or policy.) Currency received as receipts may not be used to cash checks of non-debtors. Receipt of checks from debtors greater than the amount of a debt is not permitted. Receipt of checks from a debtor that are delivered by another party should be adequately noted on the receipt form, but in no case may it be greater than the debt.

Endorsement of a check received will depend on the selected depository. All receipts of checks and currency are to be initially deposited in an identified depository. The endorsement of a receipted check, however, must be in the corporate name of the county board of education by the treasurer, e.g., (1) "Payable to any bank for credit to the account of The Board of Education of the County of _____, Joe Smart, Treasurer," (2) Payable to the Nth Street Bank of West Virginia for credit to the account of General Current Expense Fund of the Board of Education of the County of _____, Joe Smart, Treasurer." (The treasurer's name must be included in the check endorsement.)

Returned Check Procedures

Checks which are returned by the bank because of insufficient funds or for other reasons should be charged back immediately to the debtor from whom received, or, if it is found that the reasons for non-payment have been eliminated, the returned check must be redeposited without delay.

A redeposit of a returned check, or another check that takes place of the original check, or currency that takes the place of the original check, must be handled separately from other deposits. The deposit slip and all ledger entries are to be clearly marked as "Redeposit."

As long as a returned check is not resolved or made otherwise good, it remains a charge to the treasurer until such time that the county board of education declares it as a bad debt upon petition by the treasurer, who must show that every reasonable effort has been made to collect on the returned check. The treasurer should not resort to legal process unless specifically authorized by the county board of education to do so.

CHAPTER 2

BUDGET

A. INTRODUCTION

No administrative function of a public school system can exceed the importance of careful and prudent budgeting. The school system's budget translates educational needs into a financial plan which reflects the kind of educational program desired by the community. The budget is both an instrument of educational planning and an instrument of control. The budget can be conceptualized as an equilateral triangle with the educational program as its base and expenditures and revenues as the two sides. If any one side is shortened, the other two also must be shortened. Only when the three sides coincide is there a workable budget document.

This chapter addresses the following significant aspects of developing the budget document:

- a. Planning the budget
- b. Preparing the budget
- c. Public involvement
- d. Adopting the budget - budget calendar

B. PLANNING THE BUDGET

Planning is the continuing process by which the county board adapts its budget effectively to the society of which it is a part. As new information emerges a more accurate picture of reality is available for consideration by decision makers. Planning is oriented to the creation, modification or elimination of programs to achieve the long-range goals of the school district.

Budget planning is a deliberate action and not a casual activity. It should provide a perspective on what has been done, what is now being done and what should be done in relationship to available resources. This perspective provides a base from which to assess alternate ways to accomplish goals.

Continuous Budget Planning

The budgeting process is continuous and should be long range, not year to year. Completion of the budget document does not terminate the planning process; rather, the process can continue to be the means of providing an overall picture of consequences to decision makers.

Each county board of education will develop its own particular style for budget planning, recognizing that each school within the county will have a unique set of needs. The budget planning process can neither ignore the community involved nor the requests, recommendations and plans of persons and organizations within the school district.

As part of the budget planning process, information needs to be collected, reviewed and considered before and during the budget-making process. The sophistication of this process will vary with the size of the school district; however, all data collected should be on a multi-year basis. Projections often are needed for periods beyond the current and subsequent school years. Following are data that need to be compiled.

Information needed

- a. Goals
 - (1) Overall goals established by the county board
 - (2) Implementation procedures of the board's goals as established by the superintendent
 - (3) Evaluation of goals and status of implementation
- b. Pupils
 - (1) Enrollment data by subject taught, by classroom, school and special need
 - (2) Student test results
 - (3) Dropout rate
 - (4) Return to school rate
 - (5) College entry rate
 - (6) Job entry rate
- c. Programs
 - (1) Goals
 - (2) Objectives
 - (3) Evaluation criteria
 - (4) Program memoranda pertaining to each individual program in the county. This data should be collected, recorded and stored for every program operating in the county. This is true for the classroom programs and special programs as well as ancillary services.
- d. Personnel
 - (1) Assignment of personnel
 - By grade level, subject taught, classroom and school
 - By job classification and administrative unit
 - By salary schedule (regular and supplementals)
 - By program and budget line item
 - (2) Staffing requirements
 - Requests for additional personnel
 - Work Schedules and Employment Terms
 - Study of present and proposed staffing for compliance with state law, local, state and federal regulations
 - Study of present and proposed staffing for compliance with state law on funding with pupil/teacher ratio, pupil/administrator ratio and pupil/service employee ratio
 - (3) Salary information
 - History of salary increases (regular and supplementals)
 - Requests for changes in job description
 - Requests for changes in job classification
 - Requested and proposed salary increases
 - (4) Fringe benefits
 - Benefits given and cost of each
 - History of benefits including history of cost
 - Required changes
 - Requested

e. Facilities

- (1) Requested construction projects
- (2) Requested maintenance projects
- (3) Utility costs by facility (by utility, by square foot, by pupil)
- (4) Requested equipment purchases and repairs
- (5) Equipment inventory by facility

f. Finance

- (1) Total assessed and appraised valuations of taxable property by class
- (2) Year-to-year changes in assessed and appraised valuations of taxable property by class
- (3) Total estimated tax receipts by class (special levy receipts may need to be separate)
- (4) Actual tax receipts by class, including percent of estimate collected (special levy receipts may need to be separate)
- (5) Estimated and actual receipts of state aid by program and restricted grant, indicating year-to-year changes
- (6) Estimated and actual receipts of federal aid by program and restricted grant, indicating year-to-year changes
- (7) Estimated and actual receipts of other revenue sources, indicating year-to-year changes
- (8) Estimated and actual beginning balance as used in the March budget and the August budget revision, comparing the unencumbered balances
- (9) Comparison of budget line items using at least last year's expenditures, March budget, current budget, expenditures and encumbrances to date for this year and for the proposed new budget

C. PREPARING THE BUDGET

Having gathered the information contained in the prior section of this chapter, it becomes the responsibility of the superintendent and his or her staff to meet and prepare a draft of the recommended budget.

Preparation of the budget draft begins before all receipts are known. Salaries and fringe benefits make up more than seventy percent of the budget. Other costs over which there is little discretion, such as utilities, textbooks and supplies, make up at least another twenty percent. Budget requests for new programs and expenditures should be listed in order of priority.

Whether the budget draft is prepared by taking each page and line item in succession, or by internal departments, or by categories (such as salaries, supplies, utilities and travel) is of no consequence as long as the preparer feels confident with the method used and the document is as complete and accurate as possible. The document must be cross-checked to insure accuracy. For example, if the budget line item for teachers' salaries is determined only from lists by school, a cross-check is needed to assure that a school is not omitted. In preparing a budget, funds should be reserved to allow for contingencies as emergencies may occur that will require immediate disposition. County boards should not allow for contingencies by inflating one or more budget line items. Instead of indirectly allowing for contingencies, the county board should use a contingency item in the proposed budget, entitled "Reserve for

Contingencies," function dimension 96321, object 842, amounting to not more than three percent of the approved level of basic state aid and regular levy amounts. The contingency item is not an expenditure account but a reserve account from which funds can be transferred to appropriate expenditure accounts. Unused amounts in the contingency account expire at the fiscal year's end. It is strongly recommended that county board of education budgets, and budgets for all agencies for which they are fiscal agent, shall be prepared using the five digit program function codes and the three digit object codes. The budget submitted to the state Board of Education will continue to be in the three digit program/function, two digit object code format.

Balancing and completing the budget

After the receipts and expenditures have been determined, the budget draft will usually need to be balanced by reducing the expenditures in the first draft to equal the receipts. Budget changes should be documented and concerned staff members should be notified of changes in their programs.

After the budget draft has been completed and balanced, it is time to finish the preparation process by converting the draft document into a preliminary operating budget for approval by the county board.

Before completing the budget, the instructions from the Department of Education and the Department of Tax and Revenue should be read again.

D. PUBLIC INVOLVEMENT

The relationship between the public and the budget has at least two dimensions: access to public information and the involvement of the public.

It is essential that a clear and concise explanation of the budget be made to the public. Community support of the school system will be enhanced in direct proportion to the level of understanding the public has relative to the school system's budget. The function of providing public information must be a continuous process. Every citizen of the county should have access to budget information in a manner which is understandable.

Equally important is the opportunity for public involvement in the budgeting process. The West Virginia Code requires the county board of education to conduct a public hearing on the preliminary operating budget for the next fiscal year not less than ten days after such budget has received tentative approval by the state board. At this hearing, reasonable time must be granted to any person or persons who wish to speak regarding the budget.

It is important for the school system to operate in a manner which assures the opportunity for public input relative to the budget throughout the fiscal year. The budget expresses to the citizens of a community the dollar value of the educational program provided them. Only through access to public information and public involvement will the community be willing to support the budget and its educational objectives.

E. ADOPTING THE BUDGET - BUDGET CALENDAR

After completion of the proposed budget, the superintendent should inform county board members of its content. The county board will adopt a budget for submission to the state board. In addition, Code §18-5-4 requires a public hearing on the budget, with prior notice by legal advertisement. A suggested schedule for adoption follows:

January	Collection of budget data completed.
February	Draft of preliminary operating budget.
March 7 to March 28	Per Code §11-8-12, each county board of education must meet for the purpose of approving the levy estimate. (When March 7 and March 28 fall on Saturday or Sunday, Code §2-2-2 indicates that the following Monday is the date intended.)
March 7	Latest date to receive certified assessed values for taxing purposes from the county assessor.
Between March 7 and 28	Meeting of county board of education to approve the levy estimate to be submitted to the state Board of Education and the Department of Tax and Revenue. The county board of education then adjourns until the third Tuesday in April. The secretary of the board shall forward immediately two certified copies of the levy estimate (original and one copy) to the state board of education and one certified copy to the state tax commissioner. These documents should be postmarked no later than midnight, March 28. The levy estimate must be published "forthwith" using Form LGR 12:27 for two successive weeks in two county newspapers of general circulation and opposite politics, per Code §11-8-12, 32. (For exceptions where only one newspaper is available, refer to Code §59-3-2.)

April
(third Tuesday)

The county board of education re-convenes on the third Tuesday in April for the purposes as prescribed in Code §11-8-12a and follows the procedures outlined in Code §11-8-10a. Then, if the county board of education has received approval of the levy estimate by the state tax commissioner, it enters the levies. (Form LGR 12:23)

April

Within three days after the third Tuesday in April, per Code §11-8-13, the secretary of the board shall forward certified copies of the Levy Order (Form LGR 12:23) to the state tax commissioner and state auditor. Two copies of the notice of approved rates (Form LGR 12:34) are forwarded to the state tax commissioner, who will forward an approved copy to the county assessor.

April

Once the legislature passes the state budget and the governor approves the budget, the West Virginia Department of Education will transmit to counties the final computations of basic state aid. The county board of education will submit its budget to the state board for approval the tenth day following the transmittal of the final state aid computations. In any year in which the state budget is not adopted on or before the first day in May, the state board may require the county board to adopt a preliminary budget and to submit it to the state board no later than the thirteenth of May.

April or May

Public Hearing, Per Code 18-5-4 (rev. '89) the public hearing shall be held not less than ten days after the operating budget has received approval by the West Virginia Board of Education. At this hearing, reasonable time shall be granted to any person or persons who wish to speak regarding parts or all of such budget. Notice of such hearing shall be published one time as a Class I legal advertisement per Code 59-3. Changes in the budget must be made through the supplement and transfer process.

F. BUDGET SUPPLEMENTS AND TRANSFERS

The approved budget and expenditure schedule may not be exceeded by county boards of education. An expenditure schedule is defined as the budget at the program level as defined in the Handbook II RR chart of accounts. For control purposes, however, any negative balance that occurs at the first three digits of the program-function dimension and the first two digits of the object dimension should be corrected within sixty days of the month-end report where the negative balance occurred. Negative balances that occur in May or June must be corrected by the date specified by the Department of Education. Overdrafts that occur in categorically funded projects of a RESA, Child Development Center, or Multi-County Vocational Center shall be the responsibility of the respective board(s) not the fiscal agent county. As additional funds accrue from local, state, federal, or other sources, a budget supplement request should be submitted to the state board. If the estimate of additional revenue is reasonable and accurate and the proposed budget covers the actual requirements of the operation, the state superintendent will approve the supplement. Similarly, amounts previously approved for some particular purpose which is determined to be in excess of actual need can be made available for some other purpose which is determined to have an inadequate amount budgeted. In this case, a budget transfer request would be submitted in a manner similar to that of a budget supplement request (Code 11-8-26, 18-9B-10,11)

All budget supplement requests must be based upon a notice of grant award or an explanation of the ability to increase a previously approved budget level of revenue. Likewise, budget transfer requests involving certain specially funded projects need to be based upon a notice of approval by the granting agency, if applicable.

On budget supplement and budget transfer requests that are submitted to the state board of education, the county superintendent of schools must certify that county board approval actually has taken place.

Procedures

All budget supplement requests and budget transfer requests will be returned to the county superintendent of schools by the state superintendent of schools with his/her approval as soon as possible provided the request is in proper form. Emergency budget supplement requests and budget transfer requests, if so indicated, will be addressed on a day-to-day basis.

All budget supplement requests and budget transfer requests received on or before the last day of any month except June and which can be approved by that time, will be posted to that month's financial report. Any requests received after the last day of any month will be posted to the next month's financial report system. The date of the state superintendent's approval will prevail for the purpose of prior written approval regardless of whether the approved request can be posted to any particular month's financial report. Budget supplement requests and budget transfer requests for a fiscal year received after a date specified by the state Department of Education will not be approved for that fiscal year.

Copies of approved budget supplements or transfers shall be retained in the offices of the county superintendent of schools as a permanent record and shall be available for public inspection.

Form and Other Requirements

All budget supplement requests and budget transfer requests are to be submitted on forms prescribed by the state superintendent. More than one budget item may be listed on the request form, but items must be arranged in a manner that will provide clarity and ease in understanding (see Appendix for examples). The state superintendent, or his/her designee, may require additional information or documentation that will lead to the appropriate disposition of a budget supplement request or a budget transfer request.

CHAPTER 3

EXPENDITURES

A. INTRODUCTION

This chapter focuses on payments, obligations, purchasing, and separation of functions.

B. GENERAL GUIDELINES

It is the responsibility of those charged with the task of expending public funds to follow sound accounting procedures. Payment should be made to vendors promptly upon receipt of legitimate invoices. Funds shall be expended only for the purposes for which they were raised and allocated. The following practices are necessary for sound fiscal responsibility:

- A local fiscal body shall not expend money or incur obligations in an unauthorized manner, for an unauthorized purpose, in excess of the amount allocated to the fund in the levy order, and in excess of the funds available for current expenses.
- Purchase orders should be issued only after the availability of funds is determined by an authorized person.
- Payment of invoices must be supported by proper documentation: (1) an authorized purchase order, (2) a report indicating goods have been received and in good condition, (3) the invoice has been audited for mathematical accuracy, proper budget code, and to assure no consumer sales tax is paid, (4) prices on the purchase order agree with the price on invoice, or exception notice is attached, or exception is accepted by notation on purchase order by authorized employee and (5) any proper discount is taken, when possible.
- A checklist of required forms, reports and payments should be reviewed periodically.

C. FUND ACCOUNTING

The following are the authorized funds that may be used by a county board of education:

- 10- General Current Expense Fund - The general fund of the board. It is used to account for all financial resources except those required to be accounted for in other funds.
 - 11 - Regular Budget and Specially Funded Grants
 - 12 - Excess Levy (If separation required)
 - 13 - Fiscal Agent/Multi-County Vocational Center
 - 14 - Fiscal Agent/Regional Education Service Agency
 - 15 - Fiscal Agent/Child Development Center
- 20- Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term interest and costs.

- 21 - Bond Issue #1
- 22 - Bond Issue #2
- 23 - Bond Issue #3

- 30 - Bond Construction Fund - The bond construction fund is used to account for financial resources used for the acquisition, construction, renovation, remodeling, or equipping of major capital facilities.
 - 31 - Bond Issue #1
 - 32 - Bond Issue #2
 - 33 - Bond Issue #3

- 40 - Permanent Improvement Fund - The permanent improvement fund is used to account for the support of building and permanent improvement projects.
 - 41 - Permanent Improvement

At least one demand depository checking account must be established for each fund. The fund's checking account would be used for all deposits and all disbursements of that fund. If desired, a fund may have more than one checking account in one depository or in several depositories, but each checking account will be functionally identified and used only for the identified purpose. Using the General Current Expense Fund as an example, some possibilities are as follows:

- One checking account may be used for all purposes and functions identified as Board of Education, County of _____, General Current Expense Fund.

- Two checking accounts may be used, one of which may be used for deposits for control purposes, including deposits of return of invested principal and interest. Under this method, it is better to use the accounts payable checking account also as the initial deposit control account.
 - a. Board of Education, County of _____, General Current Expense Fund, "Payroll Account."
 - b. Board of Education, County of _____, General Current Expense Fund, "Accounts Payable Account."

- Three checking accounts may be used, one of which may be used for deposits for control purposes, including deposits of return of invested principal and interest.
 - a. Board of Education, County of _____, General Current Expense Fund (This account is used only for deposits of all revenue for the General Current Expense Fund and cash disbursements from this account are made by using "Treasurer's Checks" to transfer needed cash to checking accounts "B" and "C" below or to purchase investments for the General Current Expense Fund.)

- b. Board of Education, County of _____, General Current Expense Fund, "Payroll Account."
- c. Board of Education, County of _____, General Current Expense Fund, "Accounts Payable Account."

Each bank account and its bond must be specifically approved by the county board of education as prescribed in §18-9-6 of the West Virginia Code to become a part of the recorded minutes of the county board of education.

D. PERSONNEL ACTIONS AND PAYROLL

A personnel action includes the initial hiring of an employee and any changes in employment status such as a promotion, leave of absence, sabbatical, retirement or termination. The personnel action form should include the following information: Name, address, social security number, birthdate, information needed for equal employment opportunity reports, account number, position number, effective date, term of employment, employment status, classification, rate of pay, certification, years of experience and work assignment. The form should have a space for an authorizing signature and date.

In addition to the personnel action form, which is an internal communication device, each professional and service employee should receive and sign a written contract in accordance with Code §18A-2-2, 5 and 6, and §18A-4-15.

Personnel action information should be checked to ensure that professional and service personnel receive at least the state minimum salary and any county supplement for which they are eligible. Incremental salary steps should be based on verified years of service and education.

County boards of education may offer employees the option of receiving salary in ten or twelve monthly pays, or twenty or twenty-four semi-monthly payments or some other variety. The number of payments to all employees shall be determined by the county board of education but may not exceed the equivalent of an annual salary based upon twelve calendar months. This is accomplished by deferring a portion of the earned pay until July or August of the following fiscal year. However, all checks must be written prior to June 30 of any fiscal year.

Benefits and Withholdings

Payroll deductions are made only after employees sign appropriate forms to authorize the deductions. Signatures must be obtained in the following areas:

- a. Income tax
Federal and state forms authorizing income tax withholdings must be filled out when the employment begins and upon any change in deductions. Nonresident employees who do not want West Virginia income taxes withheld from their wages must fill out the appropriate state form.

b. Retirement

New employees must complete the membership enrollment form (Form TRB-D1). The Teachers Retirement Board must be notified if any of the following occurs: change of name, transfer from one employer to another, change of permanent address, termination of service, death of beneficiary, change of beneficiary, re-employment after withdrawal of contributions or return to active service after an absence.

c. Medical and life insurance

Permanent employees who work an average of twenty hours per week (1,040 hours per year) are eligible to participate in the state group medical insurance plan which includes a life insurance policy. Personnel with regular full-time employee status as defined by Code §18-1-1 also are covered. Additional optional group life insurance also is available.

d. Social Security

Social Security (Federal Insurance Contributions Act) is deducted from all paychecks and matched by the county board.

In addition to the above deductions, county boards may make proper periodic premium deductions from the regular salary of any employee for group insurance whenever a majority of employees indicate in writing that they have subscribed to such insurance. County boards may reduce the cash salary payable to employees for the purpose of purchasing a tax sheltered annuity, according to Codes §§18-25-1 and 18A-4-12.

Processing the payroll

Payroll schedules and checks should be based upon approved attendance/time sheets or time cards. Each school or work area should maintain attendance/time sheets showing days or hours per day worked by each employee. Authorized paid days include legal school holidays, election days, any day specifically determined by the president or governor, jury service, national guard or military reserve unit service, approved attendance at educational or service meetings and personal leave days. The attendance/time sheet should be signed by the employee and approved by the principal or supervisor.

Each payroll check should include a detachable or separate earnings statement with detailed information as to amounts deducted or withheld with appropriate calendar or fiscal year-to-date totals.

Deductions and withholdings

Payments for deductions and submission of reports must be made for the following:

a. Retirement

Six percent is deducted, before tax computation, from the salary of each employee who is a member of the state teachers retirement system. Contributions are remitted at the end of each month.

- b. Federal income tax
Federal income tax withholdings are made according to a schedule provided by the Internal Revenue Service. At the end of each month, or more frequently as may be required, withheld federal income tax must be remitted to an authorized local bank depository. Failure to remit in a timely manner will subject counties to severe penalties and interest. A quarterly report, Employer's Quarterly Federal Tax Return (Form 941), must be filed with the Internal Revenue Service.
- c. Social Security
Social Security deductions are made according to a schedule provided by the Social Security Administration. Payments for employees' deductions and the employer's share are remitted along with the federal income tax withheld to an authorized local bank depository.
- d. State personal income tax
State income tax withholdings are made according to a schedule provided by the Secretary of the Department of Tax and Revenue. Withholdings are paid to that office. Payment of the West Virginia income tax is due by the 20th of the following month. Counties that withhold income tax for other states are subject to the regulation of that particular state.
- e. Health insurance and life insurance
Monthly reports are submitted to the Public Employees Insurance Agency.
- f. Other deductions may be made by proper authorization.
- g. Other assessments and taxes as mandated by law.

Payroll contributions

- a. Workers' compensation fund
County boards of education are required to subscribe to and pay premiums into the workers' compensation fund. Quarterly reports and premiums must be submitted to the workers' compensation commission.
- b. Unemployment compensation
County boards of education must make payments to the unemployment compensation fund by either of two methods. Contributions may be made for each covered employee according to the schedule provided by the department of employment security or benefits may be paid by the reimbursement financing method.

In order for county boards of education which have elected the reimbursement financing method to make reasonable, consistent, and proportionate charges to specially funded projects to prevent a disproportionate charge to non-specially funded projects, the following procedure shall be employed:

- 1. Specially funded projects under a reimbursement financing method shall be charged, on a quarterly basis, an amount per employee not to exceed the amount that is limited by the current contribution method entry rate and the wage base, presently two and seven-tenths percent of the first \$8,000 of calendar year wages, or \$216. These financing charges shall be accumulated into a restricted escrow account within the general budget of the general current expense fund.
- 2. As invoices are received from the West Virginia Department of Employment Security, those unemployment compensation benefits that were paid to employees who were employed in specially funded projects shall be paid by the county board of education from the restricted

escrow account, but not to exceed the accumulated quarterly finance charges. If at any time that benefit charges eligible to be paid from the restricted escrow account exceed the accumulated quarterly financing charges, those benefits charges shall be paid from general budget allocations.

3. The upper limit of the accumulated restricted escrow account shall be one percent of the most recent calendar year's total annual wages of specially funded projects. Upon reaching or exceeding the upper limit as a result of a quarterly financing charge to specially funded projects, no additional quarterly financing charges for specially funded projects may be made until the accumulated amount in the restricted escrow account amounts to less than the upper limit.

Check preparation

Payroll checks and check registers should be based upon signed attendance/time sheets. The board president and secretary are responsible for the review of the check register and the application of manual or facsimile signatures to the checks. Checks and check registers are received by the treasurer who accounts for the complete numerical sequences of the checks. The treasurer then compares the checks to the check register and manually signs or affixes a properly authorized stamp on the checks. Checks are distributed to employees on the designated payday. It is also possible for a county to provide a direct deposit of the employee's salary to his/her bank account. In this instance, the deposit should be made on the designated payday and a separate earnings statement with detailed information should be provided to the employee.

Payroll records

There should be a record of earnings for each employee which will serve as the source document for most employee reports. At the end of each fiscal year, the records are used as a source document to open records for the new year. The old records are held until they have been audited. After audit, the earnings records are filed permanently.

E. REQUISITIONS AND PURCHASE ORDERS

Purchases should be planned to insure on-time delivery. County boards should have a purchase requisition system whereby the person requesting goods or services submits a written purchase requisition to the individual responsible for the chargeable budget accounts. Approved requisitions are forwarded to purchasing to continue the purchasing process. All purchases should be made pursuant to a numbered purchase order, issued prior to the purchase and signed by the purchasing agent or his/her delegate. The purchase order should contain statements as to the quantity, description and price of the goods or services ordered, as well as payment terms, discount, date of performance, mode of transportation, and any other agreements pertinent to the purchase and its execution by the vendor.

Purchasing

Each county board of education shall set a code (see below) of standards or purchasing practices which would govern the performance of any of its officers or employees who have authority to contract or expend board of education funds. No person shall solicit nor accept personal gratuities, favors, or anything of a monetary value from any contractor, vendor, or supplier or any potential contractor, vendor, or supplier of material or service to the local school system. (West Virginia Code §61-5A-6)

1. To consider, first, the interests of the school system in all transactions and to carry out and believe in its established policies.
2. To be receptive to the competent counsel from colleagues and to be guided by such counsel without impairing the dignity and responsibility of the office.
3. To buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure.
4. To strive consistently for knowledge of the materials and processes of manufacture, and to establish practical methods for the conduct of the office.
5. To subscribe to and work for honesty and truth in buying and selling, and to denounce all forms and manifestations of commercial bribery.
6. To accord a prompt and courteous reception, so far as conditions will permit, to all who call on a legitimate business mission.
7. To respect his/her obligations and to require that obligations to him/her and to this board of education be respected, consistent with good business practice.
8. To avoid sharp practices where advantages are taken or sought unscrupulously.

The county board of education shall adopt a policy in accordance with West Virginia Code §18-9B-12 to initiate a purchasing, receiving, inventory control, and accounts payable system to include the following:

1. A purchase requisition system whereby the person requesting goods and services submits a purchase requisition indicating the goods or services required.
2. A purchase order system whereby all purchases shall be made by a numbered purchase order issued prior to the purchase and signed by the county superintendent or designee.
3. A competitive bidding procedure which includes the invitation of price and other sales conditions from more than one qualified vendor.

4. A receiving system whereby purchased goods and services are certified as received by an employee to whom the receiving function has been delegated.
5. An inventory system whereby all major classes of equipment and supply inventory are controlled by perpetual inventory accounts.
6. An accounts payable system whereby all payment vouchers for purchases are supported by a receiving notice, purchase order, vendor invoice, exception notice (if applicable), and indication on the payment voucher that the invoice has been verified mathematically and approved by an employee to whom the approval function has been delegated. Payments shall include coding in accordance with Handbook II, Second Revision, using location, project, program function and object codes.
7. A procedure for emergency purchases for unforeseen circumstances only.

The goods and services to fulfill the needs of the educational process should be selected with great care in order to benefit the learning process as well as maximize monetary savings.

With the above thought in mind, the superintendent or delegate serves as the purchasing agent and is responsible for the development and administration of the purchasing program. As a matter of sound business practice, the board of education should authorize the purchasing official to issue a purchase order without additional approval of the board after compliance with all board policies, applicable laws and regulations of the State of West Virginia, and the state Board of Education's regulations.

Objective

The overall objective of the purchasing function is to obtain the goods and services necessary to operate the district schools in an economical and efficient manner, always seeking ways to gain the maximum educational value for each dollar spent. The county superintendent or delegate administers the purchasing function in such an ethical manner that all worthwhile suppliers are considered. The suppliers are awarded the board's business based on price, the quality of goods, and services rendered.

Delegation of Authority

Authority for the purchasing function shall be delegated by the board to the superintendent or delegate.

The purchasing official, superintendent, or delegate to whom the purchasing function has been delegated is the purchasing agent. The primary responsibility of a purchasing agent shall be to conduct the purchasing function so that the board is assured that the public school funds are being expended in the most advantageous manner.

Signing Authority

All purchase orders must be manually signed by the purchasing agent. The purchasing agent, however, may delegate this signing authority to an alternate signer, an employee directly responsible to the purchasing agent, as the need for additional signers may arise.

Unauthorized Purchases

An unauthorized purchase is when the materials, services, or any expense is charged to a board of education by any person who has not been given such authority. The individual making an unauthorized purchase may incur a personal obligation to the vendor for the expense incurred even though the materials or services are used in the public school system.

Planning Purchases

Purchases should be planned so that the turn-around time (i.e., the lead time between order and delivery) coincides with the date that the materials/services are needed. The results of planning purchases are:

1. To utilize more economically purchasing personnel by control of workload.
2. To insure the on-time delivery of ordered goods.
3. To enable purchasing to take advantage of price differentials in volume and seasonal purchasing.

Some purchases can be planned on a three to six month or annual basis after considering the following:

- | | |
|-----------------------|--------------------------------|
| 1. Storage facilities | 4. Inventory investment |
| 2. Season prices | 5. Consolidation of like items |
| 3. Economic quantity | 6. Vendor capabilities |

Purchase Order Format and Style

A purchase order should follow a form and style that is functional to the needs of the buyer as well as the seller. The purchase order, clearly identified as such, should indicate the county school system name, address and purchase order number near the top of the form.

Account number or other internal terminology should not be shown in areas of the purchase order that would tend to confuse or leave room for misinterpretation by the vendor. This kind of data should be placed in shaded areas or away from quantities, descriptions and prices. The form should be designed to facilitate the use of a standard window envelope for mailing.

Essential Elements of the Purchase Order

A purchase order should clearly communicate the buyer's needs to the seller. Following is a listing of items to consider when issuing a purchase order:

1. Quantity and unit of measure should be specific to establish the meaning of the buyer and seller.
2. A description of the item(s) using manufacturer's brand name and number where possible, to minimize shipping and receiving errors.

3. Unit price should coincide with the unit of measure and be properly extended and totaled.
4. The F.O.B. terms, either shipping point or destination, along with any cash discount terms, should be stated. If freight terms are F.O.B. shipping point, vendors should be instructed to prepay the freight and add the charges to their invoices. Invoices with freight added must be supported with a copy of the prepaid freight bill.
5. The address used for mailing invoices and the shipment of goods should be clearly indicated on the purchase order.
6. The purchase order must be manually signed by the person(s) authorized to make purchases for the board of education.

Types of Purchase Orders

Standard or regular purchase orders are used when the goods are purchased through a standardized requisitioning, bidding, ordering, and delivery system.

Blanket purchase orders are contracts with a particular vendor to provide specified items and/or services, for a certain period of time, at predetermined prices. They are placed for high volume items in order to reduce the bidding and stocking of repetitive items. However, considerations should be given to the vendor's ability to perform for the duration of the contract.

Vendors must be informed that although quantities are only a realistic estimate of needs, prices are firm for the duration of the contract.

Emergency orders demand immediate delivery to the requisitioner or using agency. When an emergency occurs, therefore, the bidding process could be waived in order to immediately purchase the necessary materials or services. Only certain named employees, however, should be authorized to make emergency purchases within the policies established by the board. The emergency ordering procedures should include a method to determine if the required material is on hand prior to issuing the emergency purchase order and should also include a procedure whereby the employee making the emergency purchase justifies the need.

Convenience purchase orders are for small dollar value items that could be more economically purchased outside the competitive bidding process. The county board should name the position or employee and establish the dollar limit for convenience purchase orders. The employee authorized to make the convenience purchases should be responsible for not exceeding the applicable budget when making a convenience purchase.

Distribution

The completed purchase order is reviewed and signed by the purchasing agent or delegate. The purchase order should be encumbered prior to mailing. Minimum distribution is as follows:

1. Original to vendor
2. Copy to accounting
3. Copy to receiving
4. Copy retained by purchasing

Additional purchase order copies may be desired in order to control numerical purchase order sequence, back orders, payment approval, inventory control, expediting, etc.

Purchase Order Register

A purchase order register listing all purchase orders issued in numerical sequence should be maintained. It provides the following information:

1. Purchase order number
2. Vendor's name
3. Cost
4. Date sent to vendor
5. Date required
6. Date items received

The purchase order register not only provides control of the purchase orders issued but also provides the information needed for a follow-up system to insure that materials are delivered as required.

If a purchase order register is not maintained, a numeric file of all purchase orders may be substituted.

Filing and Retention of Purchasing Office Records

Purchasing's copy of the purchase order should be filed alphabetically by vendor's name with the following forms attached, or filed separately and cross referenced:

1. Purchase requisition
2. Blanket order (record of purchases)
3. Request for quotations including the bid tabulation

The vendor's approved bid application is filed to provide an effective system of soliciting bids from qualified vendors.

Purchase orders are retained on an active basis until the order is complete or canceled. Outstanding purchase orders should be reviewed periodically.

Other Purchase Order Considerations

All changes or revisions to purchase orders must be mutually agreed to by the county school system and the vendor. Any changes to purchase orders that were originally awarded under a bid procedure, however, would require the county school system to re-examine the bid to determine if the change is in compliance with the original bid conditions. Purchase order changes or cancellation must be completed in writing and distributed in the same manner as the original order.

The use of credit cards is discouraged. If used, however, the duplicate receipts for items purchased are sent to accounting for reconciliation with the vendor's bill.

Bids and Quotations:

State Board of Education Requirements and Specifications

Objective

A specification is a description of what the purchaser requires and, consequently, what a bidder must offer to be considered for an award. Specifications are not written to "lock out" competitive brands or "lock in" one brand. Items with unique specifications, however, should not be eliminated if the uniqueness can be justified. Consideration should be given to the quality of the item with reference to its intended use, cost and availability. In general, items more readily available are priced lower than items difficult to obtain. No award or purchase, however, should be made at a price above the lowest bid meeting specifications. Qualities that exceed specifications, "gold plating," should not be considered in the determination of lowest bid.

Standardization

Standardization is the process of identifying items of similar use and drawing up a common specification. Items should be reviewed by the purchasing agent and user to update the standardization process and make recommendations to delete, replace, or add newly available items to a standardized list. This review process also would determine the most economical quantity to order considering packaging, storage space, rate of use, and quantity pricing.

Some of the results to be derived from the above review process are:

1. Quantity discounts
2. Reduction of inventory and purchase order processing cost
3. Standardized list of items by brand names for the requisitioner and vendor.

Bidding Procedures

Bidding is the solicitation (by a purchaser) of prices and other sales conditions from qualified vendors. The offer of prices by more than one bidder for a contract or right to supply specified services or merchandise constitutes competitive bidding.

Formal and Informal Bidding

A formal bid is a bid that:

1. Conforms to prescribed format,
2. Is received in a properly identified and sealed envelope, and;
3. Is opened at predetermined time.

An informal bid is a bid that is neither sealed nor opened at a predetermined time.

Bid Format

The bid format should follow a prescribed style and should include clear and concise instructions to properly inform prospective bidders of the buyer's requirements. While bid form style can be varied, the form should contain the essential elements of a contract between the buyer and seller.

1. The format must clearly identify the document as an invitation to bid.
2. List only those details relative to the requirements, including clear and concise bid conditions and specifications.
3. Listing of quantities and descriptions of items should be meaningful and complete to convey the same message to all prospective bidders.
4. The time and place of opening must be indicated clearly.
5. A Bid Bond (or certified check) and Performance Bond should be requested in the bid invitation when the assurance of bid acceptance and conformance to the contract is required of the successful bidder.
6. Shipping requirements should be specified, indicating date needed or required, FOB terms, packaging, and receiving point.
7. Where samples are required, the time and place of delivery should be stated in the bid invitation.

Bidder List

The bidder list consists of eligible bidders selected for their abilities and desires to furnish the needs of the county schools. Bidders are added to the list as a regular routine based on a review of the bidders' applications to bid. The opportunity to bid, quote, and submit estimates shall be given to all eligible bidders who have indicated a desire to bid on the county school system's requirements. Bidders should be deleted from the list for unsatisfactory performance, failure to respond, or at the bidders' requests. A statement of non-collusion should be obtained from each vendor on the bidders list.

Bid Advertisement

Advertising for qualified bidders is required as follows:

Purchase with federal funds in excess of \$2,500.

Construction contracts if over \$25,000 in total cost, except in case of emergency (See WV Code §5-22-1).

Bids should also be advertised when additional bidders are desired for competitive purposes or where sources of supply are limited or unknown. These bid advertisements serve a secondary function of informing the public of planned expenditures.

Bid Opening

The formal bid process requires a public bid opening at a specific time and place with two or more board employees in attendance. Bids must be controlled and safeguarded until opened and no bid is accepted after the bid opening starts. The bids shall be available for inspection. The inspection, however, should be under the supervision of the purchasing agent or delegate and with adequate safeguards to insure that a bid cannot be substituted or altered.

Bid Award

The bid award is the presentation of a purchase agreement or contract to a bidder. The bid award should be made promptly based on the most advantageous bid received, price, and other factors considered. Factors to be considered when determining the most advantageous bid are:

1. Are all bid conditions met?
2. If alternates are offered, are they considered?
3. Are the unit prices and extensions of totals found to be correct?
4. Does the county school system and bidder agree on what materials or services are to be provided?

Other Bidding Considerations

The formal bid is used for major transactions because it affords the Board of Education the greatest protection regarding legal enforcement of all stipulations.

Informal bidding may be used to obtain prices and delivery information for items requiring early delivery or when the items are of nominal value. Although telephone and other informal contracts with sales representatives may provide prices on required items, this practice normally is more costly. Informal bidding should contain as many elements of a formal bid as feasible.

Competitive bidding is the first consideration for all purchases. There are some purchase requirements, however, which do not conform to competitive bidding. Examples are low value items, single-source items, compatible parts, emergency supplies and services, etc. The decision not to bid competitively shall be made by the purchasing agent in accordance with the policy of the county board of education.

Bid invitations should allow 10-14 days (from the date mailed) for prospective bidders to reply. Additional time may be required depending on the bidder's geographic location and the degree of complexity in the bid invitation.

When pertinent information has been omitted from the original bid invitation, the additional information is issued in a bid addendum, and the bid opening date extended, if considered necessary.

The right to reject any bid should be stipulated in all bid invitations and advertisements.

Items listed on the invitation to bid should be standardized and grouped to encourage maximum vendor participation. The invitation to bid should specify whether or not the award will be based on individual terms, groups, or category of items or on the total of all items.

Negotiation is a technique for purchasing items usually of a technical nature, whereby qualified bidders are invited to participate in individual negotiations. The best offer negotiated in terms of performance, quality of item, price, packaging, and delivery is accepted and awarded.

Individual School Purchasing

Requisitions or purchase orders shall be signed by the principal unless a clearly defined and protected procedure has been otherwise provided. School staff members shall be notified that payment will not be made for invoices not supported by such requisitions or purchase orders.

Requisitions shall be prepared in triplicate, the original going to the vendor as a purchase order, the first copy being retained in the school office and the second copy being retained by the initiator or activity sponsor. Payment of any order placed by the individual teacher shall be the responsibility of the teacher.

F. RECEIVING

Materials or services ordered or contracted for by a county school system must be received to complete the purchasing and invoice payment process. The person responsible for the receiving function must certify by a written receiving report that the purchased goods or services were received. The receiving report may be a copy of the purchase order.

The receiving function should include procedures whereby determinations are made as follows:

- a. A purchase order or contract has been issued for the goods or services being received.
- b. If freight charges are collect, they should be authorized. If not, goods should not be accepted until the shipper has agreed to prepay.
- c. Evidence of damage should be indicated on the freight bill prior to acceptance of the goods.
- d. The material should be inspected and checked against the receiving report as soon as possible. Concealed damage or shortages and any exceptions between the ordered material and that actually received should be noted.
- e. The quantities and the date received should be clearly indicated on the receiving report.
- f. Purchasing and accounts payable offices should be notified immediately after goods or services are received.
- g. Freight bills, packing lists, copies or exception notices, and other related documents should be filed with the receiving report.
- h. All overages, damages, and incorrect materials should be identified and held in a specified area while awaiting proper disposition.
- i. A specified space as a staging area for receipted materials should be designated. Materials in this area should be handled on a "first in, first out" basis.

- j. Outdated or canceled purchase orders should be purged from the receiving file.

G. CHECKS

Format of Check

The format of checks is described generally in Code 18-9-3, which partially reads, "The order shall specify the amount to be paid, the purpose for which it is paid, and the fund to which it shall be charged."

1. The number of check copies required would depend on the system available. A three part check would be needed with one copy retained in a bound book as a check register unless a mechanical listing can be produced with the original retained as a permanent record by the business office and the treasurer provided a copy together with totals of net check issue by date, by batch.
2. All checks shall be serially prenumbered.
3. A payroll check must provide an earnings statement which may be detached by the payee and retained, or a separate form provided at the time of issue of the payroll check.
4. A vendor check may be of different format than that of a payroll check and may be prenumbered in a different series than that of a payroll check.
5. Adequate space must be available for signatures.
6. Pre-print checks with Magnetic Ink Code Record (MICR) as may be necessary or required by the demand depository for such purposes as (a) check number, (b) bank routing characters, and (c) checking account numbers. Space must be allowed for the amount of the check to be added by the first bank where the check is presented for payment. Consultation with the demand depository is necessary for the proper allowances and spaces for MICR printing.
7. Any and all checks must be imprinted with the corporate name of the county board of education, i.e., "The Board Of Education Of _____, Anywhere, West Virginia."
8. Imprinting of checks should include a statement that the check is void after a certain period of time after date of issue. The demand depository needs to be consulted in this procedure in order to be consistent with existing banking regulations. A bank will usually refuse payment of any check that is six months old but a policy must be coordinated with the demand depository.

Transfers of Cash

Transfers of cash from one checking account to another within a fund are necessary whenever more than one checking account is used. Such transfers of cash are to be made by use of a "Treasurer's Check," which is a special prenumbered check that would be supplied by a demand depository.

The "Treasurer's Check" is to be validated by application of all signatures. The treasurer is to prepare and manually sign a "Treasurer's Check Voucher." The voucher is to be filed and maintained in the same manner as all other vouchers or invoices supporting any other disbursement of funds. In addition, transfers of cash may be executed by written authorization.

A transfer of cash from one checking account to another within a fund is not recorded as a classified receipt or disbursement for monthly financial statement purposes but must be recorded as a transfer of cash in cash flow ledgers of each checking account.

Control of Checks

Checks must be serially prenumbered and voided checks should be maintained and filed. Checks should be kept in a safe place to prevent access from unauthorized persons. Checks should be kept separate from facsimile signature plates and check signing equipment. All paid checks are to be retained by the board as a permanent record along with bank statements.

Signatories

All orders drawn on accounts of the county board of education shall be signed by the president and countersigned by the secretary and the treasurer of the county board. Such signatures may be made by hand or by means of such mechanical or electrical device as the county board may select. (Section 18-9-3 and 18-9-4)

H. ACCOUNTS PAYABLE

The procedure for expending and maintaining board funds should provide an accurate record of the significant details of the transaction. The action steps for accounts payable are:

- a. Check for authorized purchase order;
- b. Check receiving notice;
- c. Check the price on the invoice and verify mathematically, and compare to the applicable purchase order;
- d. Check for discounts, if applicable;
- e. Check to see if payment already has been made;
- f. Be sure invoice is properly coded;
- g. Prepare and distribute check; and
- h. File transaction information.

CHAPTER 4

FISCAL MANAGEMENT

A. INTRODUCTION

Fiscal management pertains to the ways and means of conducting business and financial operations in a county school system. Broadly speaking, these operations encompass budgeting, receipting and disbursing, accounting, payroll, auditing and purchasing. Each of these categories is a study unto itself and has specific prescribed procedures and personnel requirements. It is the purpose of this chapter to put forth these procedures and requirements, as established by policy and practice for the implementation and maintenance of sound fiscal management practices.

B. ORGANIZATION OF BUSINESS OFFICE

The responsibilities of the school business administrator range from that of a clerk to a top level administrator. Demands have become so overwhelming on the superintendency that the business official's responsibility has greatly expanded. The chief school business official is one of the most important administrators of the school system and is responsible for all business matters. The following is a list of major areas in which the chief school business official may be directly or indirectly involved.

- a. Budgeting and financial planning
- b. Purchasing and supply management
- c. Plant planning and construction supervision
- d. School-community relations
- e. Personnel management
- f. In-service training
- g. Operation and maintenance of plant
- h. Transportation
- i. Food service
- j. Accounting and reporting
- k. Office management
- l. Investments
- m. Inventory control
- n. Data processing

These duties are sometimes assigned to employees other than the chief school business official depending upon the size of the school system.

Organizational charts are useful in planning and providing better understanding of the form of organization, chain of authority, and assignments of responsibilities.

C. COMMUNICATIONS

Financial affairs of a county board of education should be on the board's agenda at least monthly. At these meetings, the board's chief financial officer should provide a written financial report, containing full information on each account balance, year-to-date expenditures and receipts, the month's purchases and encumbrances, and any other fiscal matters of more than routine interest. These financial reports will occur in open session, accommodating the public's interest in board finances.

Additionally, Code §18-9-3a requires annual publication of county board financial statements and requires the board to provide additional detailed financial information to any county resident requesting it. Tax commissioner's audits are expressly designated as public documents by Code §6-9-9a. Codes §6-9A-1 through 7 require public meetings, with public notice for most board proceedings. Board minutes also are public documents pursuant to Code §6-9A-5.

Apart from simply satisfying legal requirements, it is good policy for the board and its employees to provide free and open communications with the public. Presentations and reports on local school finances enhance the board's reputation for financial integrity. This is essential when the public is asked to approve bonds, excess levies, and to otherwise support essential programs.

D. ACCOUNTING

Revenue and expenditures for all funds are reported on a modified accrual basis with accrual requirements met by reports of funds receivable, encumbrances, and earmarked funds. Earned gross amounts of salaries and wages are charged against budget amounts whether paid or not within the current fiscal year. Unpaid salaries, wages, and related employer charges of the current fiscal year at June 30 shall be reported as expenditures of that fiscal year although the physical delivery of the paychecks may not actually occur until after July 1. Deduction checks, as applied to the above salaries, shall also be written as of June 30.

Funds Receivable

Funds receivable are those amounts which are due the board of education at year end. These include interest that has been earned but not credited to the board's account, all revenue which has been collected by the sheriff on behalf of the board of education but has not been remitted to the school board treasurer, any other monies owed to the board of education that can be identified. In addition, funds receivable include project funds equal to the total of the project grant less the amount of the project actually received, less unearned grant entitlement receivable (unearned grant entitlement receivable defined as total grant entitlement less grant expenditure or grant cash received whichever is greater). (see "Project Worksheet" in Appendix)

Funds receivable are required to be itemized by source and reported for each fund on form WVDE 11-10-13, "Schedule C: Funds Receivable at June 30." See Appendix for examples.

Encumbrances

Encumbrances represent the estimated amount of expenditures related to unperformed contracts for goods or services. Typically, it would be the total of all outstanding purchase orders at year end. Encumbrances are required to be itemized by payee and reported for each fund on form WVDE 11-10-11 "Schedule A" Encumbrances at June 30." See Appendix for examples.

Approved budgets are the legal authority for making expenditures or incurring obligations. It is important, therefore, for the administrator to have current information on the status of budget balances at all times.

Knowing how much money has been spent to date is not enough. The amount committed must also be known to avoid over-expenditure of approved budgets. An encumbrance accounting system is a method of ascertaining the availability of funds and then reserving funds to cover outstanding obligations. When a purchase order is prepared, the appropriate account is checked to see that funds are available. If an adequate balance remains, the amount of the purchase order is immediately charged as an encumbrance to the account and reduces the account balance. This entry, in effect, reserves funds in the account to cover the purchase order.

Upon payment of the obligation, the encumbrance amount is removed and the amount of the payment is recorded as an expenditure to the account. Any difference between the encumbrance and expenditure amounts is reflected in an adjustment to the unencumbered balance. At all times, the unencumbered balance in the account equals the budgeted amount less total expenditures and outstanding encumbrances.

The encumbrance accounting method provides for recording commitments in the budgetary control accounts. Accounts are encumbered at the time purchase orders are issued or contracts awarded. Liability for payment is contingent upon delivery of the commodity or performance of the service within the terms of the purchase order or contract. The liability then becomes an expenditure. Encumbering salaries at the time contracts are issued is a valuable management tool.

An encumbrance may be liquidated or canceled under any of the following conditions:

- a. Satisfactory receipt or acceptance of invoiced goods or services,
- b. Notice from or failure of the vendor to fulfill terms of the order or contract, or
- c. Cancellation of the order by the county.

Since many purchase orders are based upon catalog prices or quotes subject to change, amounts of encumbrances may vary from the amounts of expenditures. In any case, the total encumbrance is liquidated in the same amount as it was made.

Earmarked funds

Earmarked funds are those amounts which were received for a specific purpose and are on hand unencumbered in a depository at the end of a fiscal year. For specially funded projects, earmarked funds are the amount of the project grant funds received in excess of expenditures and encumbrances in that project.

All proceeds that are unspent from the sale of bonds in the bond construction fund are earmarked as listed in the bond call. Depending upon the wording of the bond call, interest earnings in the bond construction fund may or may not be earmarked.

Funds which have accrued in the Debt Service Fund but have not been used to meet either principal or interest payments would be earmarked (limited to total future principal and interest payments due).

Earmarked funds are required to be itemized by purpose and reported for each fund on Form WVDE 11-10-12, "Schedule B: Earmarked Funds at June 30." See Appendix for examples.

Retention of Records

All internal accounting records are considered to be property of the county board of education and must be preserved. Generally, all financial records shall be retained at least until all audit exceptions (if any) are resolved. Annual financial reports (statements, school audit reports, and employees' earnings records shall be retained permanently. A minimum records retention schedule is included in the appendix.

E. CASH MANAGEMENT

General

Responsibilities and Factors To Be Considered

A county board of education must recognize that the position of treasurer is not one without responsibility. The treasurer is responsible for maintaining cash balances sufficient to meet operational cash demands. He/she is responsible for the disbursements of cash. He/she must reconcile end-of-the-month bank statement balances to balances recorded in corresponding cash flow ledgers, including a listing of outstanding checks at the end of each month. The treasurer is responsible for bank deposits and keeping adequate records of all deposits. The treasurer is responsible for making transfers between depositories as may be necessary. He/she is responsible for determining and recording the balance on deposit in each depository at the close of each business day. He/she must have information as to the nature, amount, terms or discount dates of all payables which must be met within a reasonable future period. It is the treasurer's responsibility to invest excess funds, and maintain records of funds invested, maturity dates and interest earned. The treasurer must certify monthly and annual statements as to the location and condition of deposits of cash and cash investments. He/she must protect the cash assets of the county board of education by making certain that checking account balances and investments are properly secured by adequate bonding or other good collateral. He/she is responsible for the management of the county board of education cash flow.

Appointment of Board Treasurer

On or before the first Monday in May, upon the recommendation of the superintendent, the treasurer must be appointed by the county board of education. This appointment must be officially acted upon by the board and become, therefore, part of the regular board minutes.

Appointment Standards

The appointment of the treasurer of the county board of education other than the county sheriff, "shall be the fiscal officer of the board, or an employee commonly designated as the person in charge of the financial affairs of the county board", West Virginia Code 18-9-6 partially quoted.

Bank Services

In the selection of a bank as a demand depository, consideration must be given to the services that the bank can and will provide. Essential bank services must be identified in the planning stages if a county board of education assumes the treasurer function by appointing its own treasurer.

1. Minimum Bank Services Requirements

- a. For each checking account, the bank must provide a monthly bank statement as of the closing of the last business day of each month. The bank statement must clearly indicate the balance of the previous statement, itemization of all debits and credits supported by attached bank debit and credit memos, itemization of all deposits, itemization of all checks paid during the period, the latter supported by accompanying paid (cancelled) checks, and the bank balance at the end of the statement period.
- b. For each checking account, there should be an adequate supply of deposit slips properly imprinted to identify the bank and the particular checking account. The deposit slips may be duplicate, carbonized sets or in books that will permit preparation of deposit slips in duplicate. The bank must also be able to validate the duplicate copy of the deposit slip upon the instance of a deposit or provide a bank deposit receipt, either of which must indicate the date and the amount of the deposit.
- c. For each checking account, there should be an adequate supply of checks to be used as "Treasurer's checks."
- d. For each checking account, there should be at least one stamp for endorsement of deposited checks.

2. Optional and Additional Bank Services:

- a. In addition to the minimum bank service requirements, a county board of education may wish to require full or partial checking account bank statement reconciliation. Full reconciliation service requires coordination to the extent that the bank must be provided a listing of all checks issued, as well as deposits that may be in transit. If a bank uses mechanical equipment for this purpose, all checks must have their check numbers magnetically imprinted (MICR) in the proper areas of the check at the time that checks are initially purchased. An itemized numerical listing of checks paid by the bank during the period, as well as an itemized numerical listing of outstanding checks, could be an important service rendered by a bank in this optional service. Partial reconciliation services might be that the bank provides only an itemized numerical listing of checks paid during the period, and perhaps, a magnetic tape of an adequate format that the treasurer could use on his own data processing equipment for reconciliation purposes and for listings of outstanding checks.

- b. An additional bank service usually available is competent investment counseling and information. This service is an important resource to a treasurer.
- c. A county board of education that has significant or sizeable deposits, daily or otherwise, may wish to additionally and optionally require bank messenger service. The bank that agrees to provide this service must also agree to provide adequate security or bond to protect this method of transportation of bank deposits.
- d. Additional and optional operational services that may be available or provided by a bank depend largely on the bank's size, the volume of the transactions and the desire of the bank to contribute to the operational success of its local county board of education.

Selection of Demand Depository

It is necessary to select a demand depository or depositories for a county board of education's funds if a treasurer other than the sheriff is appointed. Consideration should be given to the bidding of these services. A board member who has a pecuniary interest in a bank within the county shall not participate in the determination of the depository for such funds.

The selected demand depositories must be within the county. More than one depository within the county may be selected. A controlling depository may be used to receive initial deposits. If more than one depository is used, funds may be transferred to others from the control depository.

The banking services available from the various banks within the county should be taken into consideration when selecting demand depositories.

The control depository and any other depositories should be selected for a period of not less than one year in order to simplify accounting procedures.

Circumstances, however, may exist that would necessitate deposits into another depository. Care should be taken to be sure that these deposits are properly receipted to provide an adequate audit trail of all deposits.

F. BONDING

Treasurer

Section 6 of Article 9, Chapter 18, of the Code of West Virginia requires the treasurer to execute a bond for the faithful performance of his duty. The county board of education must approve the bond and pay the bond premium. The county board must also set the amount of the bond, the amount of which is not to exceed the amount of funds which it is estimated will be handled within any period of two months, but not less than the amounts according to the following schedule:

<u>Previous Year's Issued Orders</u>		<u>Minimum Bonds</u>
\$ 1,200,000	\$ 2,400,000	\$ 50,000
2,400,000	4,800,000	75,000
4,800,000	7,200,000	100,000
7,200,000	9,600,000	125,000
9,600,000	13,200,000	150,000
13,200,000	16,800,000	175,000
16,800,000	20,400,000	200,000
20,400,000	24,000,000	225,000
24,000,000	31,920,000	250,000
31,920,000	40,080,000	300,000
40,080,000	48,000,000	350,000
48,000,000	58,320,000	400,000
58,320,000	68,640,000	450,000
68,640,000	89,040,000	500,000
89,040,000	109,680,000	600,000

Others

Although the treasurer cannot delegate his responsibilities, he may delegate authority to others to perform some duties. Therefore, fidelity bonding of others performing delegated duties is necessary and should be set at reasonable amounts.

Depositories

A bank selected by the county board of education as a demand depository must provide bond to cover the maximum amount to be deposited at any one time. All selected demand depositories must provide written notice of bond to the treasurer before deposits are made and it is the responsibility of the treasurer to see that balances never exceed the bonded maximum.

Security, bond or guarantees for investments may be covered in a demand depository's bond, but must be specifically stated in the demand depository's written bond. A determination that an investment is properly and fully guaranteed or secured is required at the instance of the investment.

A cash flow projection is the forecast of the sources, dates and amounts of cash receipts, and the dates and amounts of required cash disbursements. It is the means of determining cash balances available for investment. Cash on hand for each separate fund in demand deposits should be maintained at a level sufficient to meet operational cash demands. Excess funds should be invested in order to maximize income. Separate accounts should be maintained for demand deposits and investment accounts. Adequate audit trails must be provided for funds flowing from one account to the other, including such information as date invested, amount invested, maturity date, and interest earned. All deposits and investments must be properly secured and investments may be made only in compliance with Code §18-9-6 and 6a.

Cash Control

Separation of Functions

The existing basic operation of a county board of education is subject to periodic reviews by the state Tax Commissioner to determine if adequate controls are operational to prevent the possibility of unauthorized or illegal transactions. Identification and separation of incompatible functions is the basic and fundamental method to accomplish adequate prevention. A county board of education that elects to appoint its own treasurer has a greater need for separation of functions.

This handbook requires a separation of functions of control of blank checks and control of facsimile signature plates. It must be observed in this instance that no one individual should have access to blank checks and facsimile signature plates.

Any individual who may be assigned the function of writing and validating receipts, as well as the function of preparing and making deposits, may not be assigned the function of handling or reconciling bank statements. Further, any individual who has a cash disbursement function assignment (i.e., preparation of payrolls, preparation of payments to vendors or distribution of checks to payees) also may not be assigned the function of auditing cancelled checks or reconciling bank statements.

Any individual who is assigned the function of accounts receivable control neither may be assigned the functions of writing of receipts nor the preparation of billings that affect accounts receivable.

The volume or size of a county board of education intensifies the need for separation of functions. Dual control on incompatible functions should be considered if staff is limited.

Checks

All unused checks must be accountable. Stocks or inventories of checks must be kept safely to prevent unauthorized access and kept separately from facsimile plates and check signing equipment.

All voided checks that were signed must have the signatures cut from the voided check. All voided checks that were not signed must be marked or signature areas clipped in such a manner to prevent unauthorized or accidental signing. All voided checks, whether originally signed or not, must be clearly marked with the writing of "VOID" across the face of the check. Voided checks are to be retained by the treasurer until such time that the state Tax Commissioner's certified audit is received and there are no unresolved or outstanding discrepancies involved with voided checks.

Paid checks are to be filed in numerical order by the month in which they are paid by the bank. Informational access to paid checks must be controlled in such a manner that will protect the completeness of the paid check files.

Bank Statements

All bank statements, accompanying cancelled checks, bank debit and credit memos must be delivered intact and unopened to the treasurer or to the authorized designee. Any individual, other than the treasurer, who is designated or assigned the responsibility of reconciliation of bank statements must be one who has no assigned function in the areas of receiving or disbursing of cash.

Reconciliation of bank statements must be done at least monthly and immediately upon receipt of bank statements.

1. Verify total of cancelled checks to the total of the bank statement listings of cancelled checks.
2. Verify that bank debit and credit memos are authorized and accurate.
3. Arrange cancelled checks in numerical sequence.
4. Identify and list outstanding checks by comparing cancelled checks with check register. The listing of outstanding checks must include, in numerical sequence, the check number and the amount of the check.
5. Determine that all deposits in transit from the previous period and all current deposits are accurately reported by the bank statement. Deposits in transit for the current period are to be listed by date and amount.
6. Verify that all authorized bank statement debits and credits are entered in cash flow ledgers.
7. Complete a bank statement reconciliation form and file as a permanent report together with the bank debit and credit memos.
8. Examine cancelled checks for authorized signatories, endorsements and for alterations of amounts.
9. File cancelled checks in a safe and secure location. Do not merge cancelled checks with voided checks. Keep each month's group of paid checks intact or separate from any other month's group. Informational access to cancelled checks (paid checks) must be controlled by the treasurer in such a manner that will protect the completeness and separation of the cancelled checks file.

Signature plates

The security of facsimile signature plates must be considered as one of the most important controls for protection against illegal or unauthorized disbursements of funds. A procedure that requires two different authorized employees to affix signatures on checks is required. Facsimile signature plates are not to be left in check signing equipment unless the equipment has other security features. Control and custody of the facsimile signature plates of the president and the secretary of the board of education should be maintained by the secretary of the board of education or another designated and approved board employee. Control and custody of the facsimile signature plate of the treasurer of the board of education should be maintained by the treasurer or another designated and authorized board employee.

Cash Flow Projection

The cash flow projection or forecast of the sources, dates, and amounts of cash receipts and the dates and amounts of required cash disbursements is the tool required in order to determine cash balances available for investment for varying periods of time.

The procedure requires knowledge of the amounts and timing of various receipts and disbursements necessary to the financial operation of the school district and its programs.

The following listed items are provided to present those categories for which the development of a historical and projected pattern of receipts and disbursements must be maintained.

REVENUES

- | | |
|------------------------------|--------------------------------------|
| 1. Local Tax Collections | 5. Debt Service Funds |
| 2. Clearing Account Receipts | 6. Bond Issue Receipts |
| 3. State Aid | 7. Outstanding Investment Maturities |
| 4. Special Program Funds | 8. Other |

DISBURSEMENTS

- | | |
|----------------------------------|--------------------------|
| 1. Payrolls | 6. Discount Invoices |
| 2. Clearing Account Expenditures | 7. Contract Items |
| 3. Vendor Payments | 8. Debt Service Payments |
| 4. Special Program Expenditures | 9. Construction Payments |
| 5. Utilities | 10. Other |

Additionally, the policy of the county board of education as to the frequency of approving payments must be considered in the cash flow projection.

The overall span of time of the projection must vary with the total amount of funds being considered and the reliability of the information currently available.

A good rule to follow would be to make the initial projection for a period which would exhaust any beginning cash balance plus revenues expected and to update the projection as each major amount is either received or disbursed. In actual practice, it is suggested that the initial projection be made for a minimum period of 60 calendar days to a maximum period of 180 calendar days except in those individual cases where lump sum bond levy funds are to be received. Bond funds must be projected according to planned construction demands and the overall span of time geared to the length of the building program.

Once the initial cash flow projection has been made, caution must be exercised to insure that investments are made only on the basis of actual cash balances on hand on the date of the desired investment.

Investment Procedures

A county board of education must adopt an investment policy that will permit the treasurer to expeditiously invest funds that are in excess of cash demands.

West Virginia Code 18-9-6 authorizes investments by the treasurer of the county board of education with the Municipal Bond Commission, the state Consolidated Investment Fund, or in guaranteed certificates of deposit issued by the depository or bank, or other guaranteed investments such as treasury bills, treasury notes, or certificates of deposit issued by either the United States government or a banking institution in which federal or state guarantees are applicable.

Interest earned from investments is to be credited to the fund from which the money was originally available.

A periodic report, at least monthly, of investment activities is to be provided by the treasurer to the county board of education. The reports are to indicate the date of the investment, principal amount, maturity date, interest rate, and the amount of interest to be earned at maturity.

The best rate of interest is to be ascertained by firm bidding processes. Tabulations of bids and bid documents must be retained by the treasurer in order to maintain three full fiscal years of records plus the current fiscal year. Records are to be additionally maintained as long as annual audits by the state Tax Commissioner are not fully certified.

A timely cash flow projection will provide adequate lead time for bidding purposes. In the event that funds are received in advance of projections, the treasurer should take immediate steps to realize the advantage of advance receipts, but must follow firm bidding procedures.

Prior to the transfer of cash to an investment status, the treasurer must prepare and manually sign a "Treasurer's Check Voucher." The original of the voucher is to be retained in the same manner as any other voucher or invoice to support the disbursement of funds. The voucher is to show the date of investment, the payee, the principal amount, the maturity date, and the interest rate.

After preparing the voucher described above, the treasurer then has the option of preparing a "Treasurer's Check" or wire transfer for transferring cash to an investment status.

Release of securities or other instruments pledged to guarantee investments must be by signature approval of the treasurer of the county board of education and at least one of either the president or secretary of the county board of education.

Monthly and Annual Reports

The treasurer of the county board of education must provide certain periodic reports that accurately describe the treasurer's activities as well as the condition and the location of funds of the county board of education. These reports include the following:

1. Monthly Reports

- a. Treasurer's signed monthly report to the county board of education, which indicates by fund, the beginning cash balance, the current month's receipts, the current month's disbursements and the current month's ending cash balance. The current month's ending cash balance for each fund is to be further described as to the location (depository) and as to the condition (demand or time deposits).

The treasurer's monthly report to the county board of education should be coordinated with other monthly reports to the board. As an example, a monthly classified revenue report that may be produced by the board's business office should agree with the treasurer's statement of the current month's receipts.

- b. Treasurer's monthly report, or more frequently as may be necessary, of investment activities. This report must show the date of investment, the type of investment, the principal amount of each investment, the maturity date of each investment, the rate of interest and the amount of interest.

2. Annual Reports

- a. The annual report will be the last monthly report for the fiscal year. A copy of the report is to be furnished to the state Tax Commissioner. An additional copy is to be furnished to the state Board of Education at the same time that other annual financial statements and reports are required.
- b. If for any reason an individual appointed as a treasurer of the county board of education does not serve in that capacity for a full fiscal year, he/she shall provide a report for the period which he/she served. The individual who serves for the remainder of any fiscal year shall provide a report for that period of time and incorporate the previous treasurer's report to produce the annual fiscal year report.

G. BUDGET MAINTENANCE

The budget must be maintained daily by a thorough system of monitoring and control. Analysis of county board financial data is becoming increasingly important in the area of meeting requirements of accountability. To be effective, daily monitoring of budget material (receipts and disbursements) is necessary.

Before purchases are contracted, the buyer must determine whether there is money available for the item. Scarcity of funds requires that purchases and services be prioritized according to the necessity for each expenditure. As soon as the purchase order is completed the amount should be encumbered.

The control or management of the business affairs of the county board may be performed by a person designated as the budget controller. Whatever title is used, this employee is assigned to perform activities in connection with the control of expenditures and budgetary restrictions. This person is responsible to insure that expenditures are in accordance with applicable laws and regulations. Frequently, and at least monthly, he/she will prepare a financial statement showing at least the accounting detail required by the state Board of Education.

To help in overall management, a controlling cash account should be kept. This account serves as a check on the system's cash balance by summarizing the beginning daily balance, adding the day's total revenues, and subtracting the day's total expenditures. This procedure provides a continuous cash balance.

Federal Indirect Cost

An indirect cost rate is simply a method for determining in a reasonable manner what proportion of general administrative expenses each grant or contract should bear. Indirect cost is similar to a processing cost.

Local educational agencies are required to have an approved indirect cost allocation plan and rate in order to recover any indirect costs related to federal grants and contracts. The federal indirect cost rate is used in all applications for federal grants during the fiscal year for which the rate has been established.

The advantage of an indirect cost allocation plan and rate is that it is a simplified means for determining a fair share for indirect cost chargeable to federal grants and contracts which are acceptable to federal grantor agencies. The West Virginia Department of Education has developed indirect cost allocation plans to be used by local education agencies in West Virginia. Allocation plans, one for restricted rates and one for non-restricted rates, must be prepared.

Indirect cost allocation plans must be submitted annually for approval of new rates. These plans are to be submitted to the West Virginia Department of Education as soon as possible prior to the beginning of the fiscal year if any indirect costs are to be recovered during that year. These plans are usually due prior to the beginning of the next fiscal year.

In preparing the indirect cost allocation plans, two reports or variation of these reports are needed. One report is referred to as the 13A2 or county monthly financial statement-final, and the other report is the 13A3 or county annual financial statement - all projects merged. The use of these two reports plus other internal reports such as payroll reports are needed to complete the indirect cost allocation plans. The time in preparing the allocation plans for most counties is minimal. Most of the information can be determined from these two reports.

H. CONTRACTS

A contract is a deliberate verbal or written agreement between two or more competent persons to perform a specific act or acts. Examples of contracts used by county boards include employment contracts, maintenance contracts, lease to purchase contracts, and rental contracts. Contracts may be negotiated for the purpose of services over a specified period of time. Obligations may not be incurred in excess of the funds available in the current approved budget.

Provisions

Certain contracts normally are for a period in excess of the current year, such as rental or lease-purchase of computer or copying equipment. A clause must be included in the contract permitting termination of the contract by the county board at the end of any fiscal year without financial penalty.

I. INSURANCE MANAGEMENT

The business manager should determine that the school district has adequate coverage in property insurance, faithful performance bonds of public officials' bonds, and liability insurance.

To implement and administer the school district's insurance coverages, the business manager should:

- a. Identify facilities, conditions and situations conducive to potential exposure to loss;
- b. Estimate the maximum potential loss from each exposure;
- c. Prepare recommendations and provide assistance in eliminating or minimizing losses;
- d. Prepare recommendations regarding the method of funding potential risks (purchase insurance or self-insure);
- e. Negotiate insurance coverage;
- f. Establish and maintain a safety and loss prevention program;
- g. Review and analyze changes in state and federal legislation and regulations as they apply to areas of insurance and liability and make sure that appropriate changes are made in coverage;
- h. Write specifications for insurance coverage;
- i. Prepare and place bid requests for needed insurances and compare bids with coverages and premiums offered by the state Board of Risk and Insurance Management;
- j. Audit all coverages annually to ascertain if current coverage meets current needs of the school district, and
- k. Work with the insurance company or state Board of Risk and Insurance Management, agent, attorney, etc., in the defense and settlement of claims against the school board.

Property Insurance

Coverage may be of the blanket multiple location type, including automatic inclusion for additional property. Property can be insured against damage or loss from:

- a. fire and lightning;
- b. windstorm and hail;
- c. explosion (other than boiler);
- d. sonic boom;
- e. vandalism and malicious mischief;
- f. riot and civil commotion;
- g. aircraft and vehicles;
- h. smoke;
- i. removal;
- j. flood; and
- k. boilers: explosion, bulging, bursting, and cracking.

Faithful Performance and Public Officials' Bonds

Faithful performance and public officials' bonds are required for the president of the county board, the superintendent of schools, and the treasurer or county sheriff. A blanket bond should be purchased covering board members and all board employees. Additional indemnity may be needed for other employees such as cashier, internal auditor, director of data processing, computer programmer, computer operator, payroll clerk, accounts payable clerk, director of purchasing, and buyer.

Fleet/Automobile Liability Insurance

The state Board of Risk and Insurance Management provides fleet liability insurance as well as general liability insurance for all school districts. This insurance must be purchased from the state Board of Risk and Insurance Management. An annual premium is paid by each county board of education to that board. Details of coverages are included on a Certification of Insurance which is sent to each county board of education. It is recommended that all county vehicles, including buses, be furnished with copies of the Certificate of Insurance in some form for presentation as proof of insurance in the event of an accident.

J. INVENTORY CONTROL

A data management system should exist that will maintain a perpetual inventory. To maintain such an inventory, the county should have a system that will allow for the additions and subtractions of equipment and supplies.

The equipment inventory record for each piece of equipment should include the following information:

- a. Name of item, make, model and serial number;
- b. Date of acquisition;
- c. Purchase order/invoice number;
- d. Original cost;
- e. Location;
- f. Improvements and cost;
- g. Maintenance dates, if applicable;
- h. Estimated life, and
- i. Disposal date.

Particular attention should be paid to equipment purchased with federal or state grant funds as these items may be subject to multiple audits by different agencies.

The supply inventory record for each item or group of items should include the following information:

- a. Name of item;
- b. Quantity purchased;
- c. Date of purchase;
- d. Cost of each purchase;
- e. Reorder point;
- f. Amount dispensed, and
- g. Date dispensed.

Each inventory should be updated continuously as purchases are made and materials are expended.

Fixed assets are tangible in nature, of a significant value at purchase or acquisition time, and may be reasonably identified and controlled through a physical inventory system. Assets include land, buildings, machinery, furniture, and other equipment which is intended to be held or used over a long period of time. "Fixed" denotes probability or intent to continue use or possession and does not indicate immobility of an asset. Fixed assets yield their services gradually over a period of years rather than all at once.

Adequate accounting procedures and records for fixed assets are essential to the protective custody of school property. A good system will: (a) fix responsibility for custody and proper use, (b) provide data for management of fixed assets, and (c) provide data for financial control, developing financial reports and adequate insurance coverage.

Other Inventory Considerations

Make physical counts to spot check the supply inventory during the year to determine the accuracy of the inventory records.

Make a physical count of all the supply inventory items on June 30 and reconcile with the perpetual inventory records. Careful examination should be made of large inventory discrepancies.

Periodically review the inventory records and physically inspect all storage areas to ascertain conditions, surpluses or shortages of supplies and equipment.

Surplus or outmoded equipment, materials and supplies no longer needed or required may be disposed of as follows:

- a. Traded on the purchase of new items;
- b. Public sale; or
- c. Scrapped.

Before disposing of any property, whether real or personal, the board should declare it to be surplus. County boards of education are permitted to dispose of its personal property by negotiation rather than at public auction where the value is \$500.00 or less.

The disposal of surplus property purchases from the federal government must be coordinated through the appropriate federal agency.

K. DATA MANAGEMENT

Data management can be defined as activities concerned with preparing, storing, and retrieving data for reproduction as information for management and reporting. Data can be stored in numerical sequence, alphabetical order or chronological order. Data should be stored in a manner so it is readily available to management and others but should be kept in a secure area.

The accumulation of each employee's wages, deductions, and withholdings must be stored in an orderly manner so that the amounts can be easily retrieved to prepare monthly, quarterly, and annual payroll reports.

Inventory systems should be processed and stored so as to allow for the continuous additions and subtractions of all equipment and supplies acquired and dispensed.

Electronic data processing equipment should be selected that will be capable of substantial data storage with speedy and accurate computational and output ability.

L. FISCAL AGENT

The code gives county boards of education authority to serve as fiscal agents for multi-county regional educational service agencies (Code §18-2-26) and multi-county vocational centers (Code §18-2B-2). State board regulation §3232 establishes procedures and operating policies for multi-county vocational-technical centers. State board regulation §3233 establishes procedures and operating policies for multi-county regional educational service agencies.

A county board of education designated as fiscal agent manages and conducts the fiscal operations of a multi-county regional educational service agency or a multi-county vocational center. The duties include budgeting, receiving and disbursing, financial accounting, payroll, internal auditing, and purchasing.

M. SPECIAL ELECTIONS

Code §11-8-16, which authorizes local levying bodies to provide for an election to increase the levies, provides: "The local levying body shall submit to the voters within its political subdivision the question of the additional levy at either a general or special election." In Code §11-8-17, it is further provided: "All the provisions of the law concerning general elections shall apply so far as they are practicable except as follows: Where a special election is held, the local levying body, having due regard to the minimum expense involved, shall determine the number of election officials necessary to properly conduct said election, which number shall in no case be less than three commissioners and two clerks, and shall appoint the same and fix and pay their compensation, but otherwise the election officials shall be such as are appointed to serve with respect to the general election held at the same time. The local levying body, however, shall provide the election supplies necessary for such election and shall canvass the returns thereof. A separate ballot shall be used at a levy election held in connection with any other election."

Check list for special elections

- a. While boards of education usually conduct a special meeting to consider holding an election for bonds or excess levies, this action is proper in a regular meeting.
- b. Minutes of the meeting should include:
 - (1) A copy of the "notice of special meeting", signed by the board president (or three members) and directed to the secretary of the board.
 - (2) A copy of the "notice of special meeting," signed by the board secretary, directed to board members and containing their signatures as accepting legal service of the notice. Notice must have been served a reasonable time in advance of the special meeting.

- (3) An order, duly adopted, directing an election to be held and containing all information required in Code §11-8-16 (in case of excess levy) or §13-1-4 (bonds).
- c. Since boards must meet annually between March 7 and March 28 to approve budgets and levy estimates, special election results must be certified and revised levy estimates approved prior to March 28.
- d. Publication of notice of special election (legal advertisement) is governed by Code §11-8-17 and §59-3-1.

Calendar for special elections

E-day is election day

E-60 means 60 days prior to election day

E+5 means 5 days after election day

West Virginia Code references are in the right hand margin

E-70

All information concerning the amount of funds needed and the purposes for which they are needed should be completed and in the hands of the attorney preparing the order for election. The proposed order calling the election should be given to the superintendent of schools so that he may include the same in the agenda for the board's meeting on approximately E-60 (§3-5-5 suggests even more lead time, for proper distribution of absentee ballots).

§11-8-16

E-60

At its regular meeting, the board should adopt an order submitting the question of a bond issue or excess levy to the voters at a special election on _____, 19__ (E-day).

§11-8-16

E-59

Copies of the order calling the election should be sent to the county clerk, the voters registration officer and the circuit clerk.

E-30 to E-15

The printed official and sample ballots should be prepared by the ballot commissioners. (Sufficient time should be allowed for the bidding and printing of absentee ballots.)

§3-5-10

E-14

The first publication of the notice of the election as a class II-0 legal advertisement should be made.

§11-8-17

E-10

Last day for the publication of the facsimile of the ballot label.

§3-6-3

E-7

(a) Last day for county clerk to notify the board of education that the voting machines are ready to use. §3-4-12

(b) The second publication of the notice calling the special election should be made seven days prior to the election.

E-5

(a) Last day for the board of education to convene and examine the voting machines.

§3-4-12

(b) The board of education must endorse its approval of the voting machines in the book in the custody of the county clerk.

§3-4-12

(c) The county clerk will deliver the keys to the voting machines to the ballot commissioners.

§3-4-12

E-4

(a) Last day for the circuit clerk to mail absent voters ballots.

§3-3-5

(b) Commissioners of election shall attend the offices of the circuit clerk and the county clerk to receive the keys to the voting machines and the election supplies.

§3-4-12

E-3

(a) Last day for commissioners to attend the circuit clerk's office and the county clerk's office to receive election supplies.

§3-4-12

(b) Last day for persons to appear before the circuit clerk and vote absentee ballots.

§3-3-5

E-1

(a) Last day for the publication of the facsimile of the ballot label.

§3-6-3

(b) The circuit clerk shall dispatch the ballots and other election supplies not called for on E-4 and E-3.

E Day - Election Day

Five copies of the election results should be made. One must be posted at the precinct; two go to the county clerk and one each goes to the board of education and the secretary of state.

§3-6-8

E+5 (Sunday excepted)

(a) The board of education should meet as a board of canvassers with the county commission to canvass the returns of the levy election and to pass on challenged ballots, if any.

§11-8-17

§3-6-9

(b) A certified copy of the order of the board of education sitting as a board of canvassers should be mailed to the state tax commissioner and to the secretary of state.

§3-6-11

CHAPTER 5

AUDITING

A. INTRODUCTION

Our system of government in this country rests on an elaborate structure of interlocking relationships among all levels of government for managing public resources. Officials and employees who manage these resources must render a full account of their activities. This accountability concept is inherent in the governing process of this nation.

Auditing is an integral element of this accountability. Audits provide independent assurance to all concerned that financial statements are presented fairly and applicable laws and regulations are complied with.

In the State of West Virginia, the State Tax Commissioner, pursuant to West Virginia Code §6-9-1 et seq., is, ex officio, the Chief Inspector and Supervisor of Public Offices, and as such is charged with the responsibility of examining the financial affairs of every local governmental office or political subdivision within the State, and all boards, commissions, authorities, agencies or other offices created under authority thereof. On every such examination, the Chief Inspector is required to inquire into whether the requirements of the State Constitution, statutory laws and local orders have been complied with. West Virginia Code §6-9-7 states that these duties can be performed by the Chief Inspector or by any person appointed by him or her.

In addition, the Commissioner is responsible for reviewing the levy estimates of all tax levying bodies and monitoring the budgets of all county and municipal governments.

The term "every local governmental office", of course, includes all boards of education through the State. Although the term could be interpreted to include the individual schools, West Virginia Code §18-5-13(1), specifically holds the local boards of education responsible for insuring that audits are conducted of the individual schools within their jurisdiction. These audits can be accomplished by utilizing the services of the Chief Inspector, by contracting with an independent public accountant, or by hiring an internal staff auditor.

Functionally, the duties and responsibilities of the Chief Inspector are performed by the Chief Inspector Division of the Department of Tax and Revenue. All audits are conducted in accordance with generally accepted auditing standards and the standards for financial audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the U. S. Comptroller General.

In addition, for entities that receive federal or state financial assistance, the audits are conducted in accordance with The Single Audit Act and the provisions of the Office of Management and Budget's (OMB) Circular A-128.

A majority of the audits are conducted by staff auditors. To keep all audits on a current basis, however, the services of independent public accountants are utilized at times to perform the audits of selected entities.

The Chief Inspector Division is one of the few State agencies that does not receive any appropriations from the Legislature. The Division charges for the audit services it provides and from such revenues pays all of its operating expenses, including salaries, equipment and supplies.

Purpose of an Audit

Many groups and individuals have an interest in the financial condition of government organizations. Audits provide citizens, legislators, oversight bodies, grantors, and investors with reasonable assurance that a government's financial reports can be relied upon and that the government is carrying out its responsibilities in an efficient and effective manner. Audits also provide management with the information it needs to evaluate its own performance and to take appropriate corrective actions to remedy instances of noncompliance and weakness in the internal control systems.

Audits of government organizations are classified as financial audits or performance audits. Traditionally, financial audits have been designed to provide external auditors the sufficient, competent evidential matters needed to attest to the fairness of management's representations in the financial statements. Because a government's activities are controlled by specific laws and regulations, auditors performing audits of governmental organization must consider whether the government has complied with those laws and regulations that could have an effect on the government's financial statements.

In the past, such audits of governmental entities were referred to as financial and compliance audits. Although the terminology has changed, the auditor's responsibility has not. In fact, under generally accepted government auditing standards, such responsibilities have been expanded.

Performance audits are designed for audits to assess a governmental's effectiveness in meeting its responsibilities economically and efficiently. These are special purpose audits and are not normally performed on a routine basis.

One particular type of financial audit is the single audit, mandated for many governments by the provisions of the Single Audit Act of 1984 (Single Audit Act) and Circular A-128 issued by the Office of Management and Budget. The purpose of the Single Audit Act was to eliminate the duplication of audit effort that existed in prior years with different auditors examining individual grant activity. The Single Audit Act specifically applies only to financial audits and requires that those audits be conducted annually. Performance audits are not required.

Audit Standards

An audit is made up of various tests and procedures designed to meet certain objectives. Auditing standards define those objectives and provide measures of quality that can be used to judge the effectiveness of the tests and procedures used to meet them.

Standards for traditional financial audits are known as generally accepted auditing standards (GAAS) and are promulgated by the American Institute of Certified Public Accountants (AICPA).

The Comptroller General of the United States in a publication entitled Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, has established additional standards to be utilized by auditors performing audits of governmental organizations. These supplemental standards are normally referred to as generally accepted government auditing standards (GAGAS).

In addition, the Single Audit Act and Circular A-128 set forth specific requirements for single audits that go beyond both sets of standards.

Preparing for Financial Audit

Audit services, like those of other professions, can be relatively expensive. Government organizations, however, can have a direct influence on the amount of costs incurred through the degree of preparation that is exercised in preparing for an audit. To minimize costs, boards of education should prepare their financial statements as accurately as possible using the recommended formats developed by the Department of Tax and Revenue in conjunction with the Department of Education, prepare all required supporting schedules, and gather all documents needed by the auditor. To enable the auditors to work efficiently, arrangements should be made to provide them with a quiet office, or at least a secluded work area, equipped with a desk or large table, and having easy access to a telephone.

The Chief Inspector Division has developed an audit preparation packet to assist boards of education in preparing for an audit. This packet recommends that the following schedules be prepared by board employees at the end of each fiscal year.

- Schedule of Budget Supplements
- Bank Reconciliation Schedule
- Proof of Current Year's Revenue
- Proof of Orders Paid
- Schedule of Former Year's Orders Cancelled
- Schedule of Excess Levy Revenues
- Schedule of Excess Levy Expenditures
- Schedule of Federal and State Financial Assistance

These schedules should be prepared for each fund or bank account, as applicable. In addition to preparing these schedules, copies of the following information should be made available to the auditors for their retention upon commencement of the audit:

- Published financial statement
- Annual financial report (WVDE 11-10-10)
- Final annual financial report (EDCO 13A2)
- Annual financial report with projects series merged (EDCO 13A3)
- Original budget
- Sheriff's settlement
- Detailed listing of outstanding checks at year end

A board's cooperation in providing this information will help assure a quality audit at the lowest cost possible.

Conclusion

In today's environment, an ever increasing degree of accountability is being demanded from elected officials and government employees. As recent changes have indicated, this increased demand has placed greater emphasis on the quality of governmental audits. It is, therefore, critical that all parties involved in the audit process, the governing body, management, and the auditors, be knowledgeable of the audit requirements so this demand for accountability can be met.

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EXECUTIVE SUMMARY OF
PUBLIC SCHOOL SUPPORT PROGRAM

1. Professional Educators: This step provides to each county an amount based on the State's minimum salary schedule up to a ceiling of 54.33/1,000 based on adjusted enrollment. This ratio will change to 53.5 in fiscal year 1992. Growth rate per year must not exceed 20% of potential increase and in no case shall such limit be fewer than five. Each county must establish and maintain a minimum ratio of 50/1,000 of adjusted enrollment for professional instructional personnel or suffer a pro rata reduction, this changes to a minimum ratio of 51/1,000 in 1990-91 and thereafter. A 76.5/1,000 net enrollment limit is in effect for 1989-90; 76.0 for 1990-91; 75.5 for 1991-92; 75.0 for 1992-93; 74.5 for 1993-94; and 74.0 for 1994-95 and thereafter.
2. Service Personnel: This step provides to each county an amount based on the State's minimum salary schedule up to a ceiling of 34/1,000. Growth rate per year may not exceed 20% of potential increase and in no case shall such limit be fewer than two. The 34/1000 adjusted enrollment limit remains in effect. A 45.5/1000 net enrollment is in effect for 1989-90; 45.0/1000 for 1990-91; 44.5/1000 for 1991-92; 44.0/1000 for 1992-93; 43.75/1000 for 1993-94; and 43.5/1000 for 1994-95 and thereafter. A waiver of 34/1000 limit where student population density and miles of bus route justify and net balance is no greater than 3% is possible. Currently, there is no funding for the waiver.
3. Fixed Charges: This step provides the sum of the current social security rate plus .04% for unemployment compensation plus the most recent determined workers' compensation contribution rate. Teachers Retirement Fund allowance of 15.0% and the employers contribution to Public Employees Insurance is paid by the department for persons in the state aid formula. Counties pay from local resources to the Teachers Retirement Fund at the rate of 1.5% of "excess salaries," incrementally ascending to 6.0% in 1992-93, per §18-7A-18. Excess salaries are salaries paid in excess of that authorized for minimum salaries and salary equity or any county supplement equal to the amount distributed for salary equity. Salaries paid from federal funds pay 6% to Teachers Retirement.
4. Pupil Transportation: The pupil transportation step includes the following calculations:
 - (a) 80% of non-salary costs of operations, maintenance and related expense data of most recent year available.
 - (b) Insurance costs on buses, building and equipment.
 - (c) Replacement cost of active bus fleet at 10%.
 - (d) 80% of contracted and public utility transportation.
 - (e) Average state per pupil cost of aid in lieu of transportation for each pupil.

No county may receive an allowance per mile which is greater than one third above State average per mile cost.

5. Administrative Cost: This step is determined by taking 1.25% of Step 1. Fifth-six percent is divided equally among the counties, and 44% is distributed to the regional education service agencies by a method determined by the State Board.
6. Other Current Expense and Substitutes: Each county receives for substitutes or current expense 2.5% of its state allocation for professional educators and service personnel. An additional 10% for 1990-91 and 10.6% for 1991-92 and thereafter of the state allocation for professional educators and service personnel is allowed for other current expense and distributed to the counties on basis of average daily attendance for the preceding year and second month net enrollment.
7. Improve Instructional Programs: Increases in computed local share, General School Fund balances, and other appropriations (if any) are allocated to counties with 20% distributed on adjusted enrollment. Any county where the allocation of the 20% is less than \$150,000 in any fiscal year shall then receive an amount which equals the difference between such amount received and \$150,000. The remainder of these funds shall be allocated beginning with the county that has the lowest basic resources per pupil. Regular "Step 7" funds are frozen at \$28,800,000. Fifty percent of increases in local share computations shall be paid into the school building capital improvement fund. Appropriation for special education programs are set at \$7,410,668 for aid to counties and \$2,001,732 for WVDE operated programs for handicapped children (total is \$9,412,400 which was previously funded in another account). Funds which accrue from allocations due to changes in adjusted enrollment will be allocated at 80% for salary equity and 20% for remedial and accelerated programs in the future. Effective July 1, 1991, the foundation allowance for transportation cost shall be excluded from the basic resources per pupil calculation and the total shall be divided by the number of students in net enrollment.
8. Total Basic Foundation Program: The sum of the above seven allowances, excluding RESAs, make up the basic foundation program.
9. Computed Local Share: Rates of 22.5¢/\$100, etc. applied to 97 1/2% of assessed public utility valuations and to 95% of assessed valuations of other property are used to calculate counties' local share of the basic foundation program.
10. Basic State Aid to the Counties: The State Aid is the total foundation program minus the local share and excluding RESA.
11. Salary Equity: Allocation of funds for the purpose of attaining salary equity at 95% of the maximum salary schedule in place in 1984. The cap of local salary supplements was raised for 1990-91 and the base year was set at January 1, 1991.
12. Incentive for Administrative Efficiency: Funds are granted to a county equal to 80% of the difference of actually employed professional educators or service personnel to the maximums for adjusted enrollment. Other conditions apply: (a) maintain minimum professional instructional personnel ratios; (b) reduction of maximum class size exemptions; and (c) reduction of split-grade exemptions by 25%.

13. Increased Enrollment: Any county having an increase in net enrollment in any year is entitled to funds equal to that county's average per pupil state aid.

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SCHOOL FINANCE DEFINITIONS

PROFESSIONAL SALARIES Legally mandated salaries of the professional educators are provided in §18A-4-1. WV Code §18A-4-2 provides a state minimum salary schedule II which reflects a 5% salary increase. Schedule II goes into effect the first day of the second half of the employment term. Effective July 1, 1994, a separate salary schedule called "state-in-field master's salary schedule" goes into effect.

SERVICE PERSONNEL SALARIES Legally mandated salaries for service personnel are provided in §18A-4-8a. WV Code §18A-4-8a provides a state minimum pay scale, pay grade II, which increases the years of employment to 30 and increases the pay grades. Pay grade II goes into effect the first day of the second half of the employment term. Service personnel with a high school diploma or its equivalent receive an additional \$10 per month effective the first day of the second half of the school term.

PROFESSIONAL EDUCATOR shall be synonymous with and shall have the same meaning as "teacher" as defined in §18-1-1.

"Teacher" shall mean teacher, supervisor, principal, superintendent, public librarian; registered professional nurse, licensed by the West Virginia board of examiners for registered professional nurses and employed by a county board of education, who has a baccalaureate degree; or any other person regularly employed for instructional purposes in a public school in this state;

PROFESSIONAL INSTRUCTIONAL PERSONNEL means a professional educator whose regular duty is as that of a classroom teacher, librarian, counselor, attendance director, school psychologist or school nurse as defined above. A professional educator having both instructional and administrative or other duties shall be included as professional instructional personnel for that ratio of the school day for which he/she is assigned and serves on a regular full-time basis in appropriate instruction, library, counseling duties, attendance, psychological or nursing duties.

SERVICE PERSONNEL shall mean all personnel as provided for in §18A-4-8. For the purpose of computations under this article of ratios of service personnel to adjusted enrollment, a service employee shall be counted as that number found by dividing the number of employment days in a fiscal year by two hundred; provided, however, that the computation for any such person employed for three and one-half hours or less per day as provided in §18A-4-8a, shall be calculated as one half an employment day.

NET ENROLLMENT means the number of pupils enrolled in special education programs, kindergarten programs and grades one to twelve, inclusive, of the public schools of the county including up to 1000 FTE adults statewide enrolled in regular secondary vocational programs.

ADJUSTED ENROLLMENT means the net enrollment plus twice the number of pupils enrolled for special education, all adjusted to the equivalent of the instructional term and in accordance with such eligibility requirements and rules as established by the state board, but no pupil shall be counted more than once by reason of transfer within the county or from another county within the State, and no pupil shall be counted who attends school in this State from another state. Beginning July 1, 1990, adjusted enrollment will mean net enrollment plus twice the number of pupils enrolled for special education, including exceptional gifted, plus the number of pupils in grades 9 through 12 enrolled for honors and advanced placement programs, plus the number of pupils enrolled July 1, 1989, in the gifted program in grades 9 through 12. Provided by July 1, 1990, no more than 4% of net enrollment in grades 1 through 8 may be counted as enrolled in gifted education and no more than 6% of the net enrollment in grades 9 through 12 may be counted as enrolled in gifted education, exceptional gifted education (subject to §18-20-1) and honors and advanced placement programs for the purpose of determining adjusted enrollment within a county. Nothing in this statute shall be construed to limit the number of students who may actually enroll in gifted, honors or advanced placement programs. Until July 1, 1992, the preceding percentage limitations shall not restrict the adjusted enrollment definition for a county to the extent that those limitations are exceeded by students enrolled in gifted education programs on July 1, 1989. No pupil may be counted more than three (3) times for the purpose of determining adjusted enrollment.

BASIC RESOURCES PER PUPIL This calculation is based upon the total of (a) property tax revenues computed at the maximum regular levy rates as provided by §11-8-6c, at a uniform rate of ninety-five percent, but excluding revenues from increased levies (excess levies) as provided in art. X §10 of the Constitution of West Virginia, and (b) basic state aid as provided in §18-9A-12 and §18-9A-13, but excluding the foundation allowance to improve instructional programs as provided in §18-9A-10, and excluding any funds appropriated for the purpose of achieving salary equity among county board employees. This is total divided by the number of students in adjusted enrollment provided, that any year's allocations to the counties of the eighty percent portion of the foundation allowance to improve instructional programs, as provided in §18-9A-10, shall be determined on the basis of the immediately preceding school year's basic resources per pupil. Effective July 1, 1991, the transportation cost is excluded and the total will be divided by the net enrollment.

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MAJOR LEGAL PROVISIONS RELATING TO SCHOOL FINANCE

The following provides a brief summary of major legal provisions relating to school finance. It is not meant to substitute for reading the law in its entirety, and it is not an exhaustive review.

Definitions

- §18-1-1 School, district, state board, board, state superintendent, superintendent, teacher, service personnel and regular full-time employee are defined.
- §18-5-13 "Quasi-public funds" means any money received by any principal, teacher, student or other person for the benefit of the school system as a result of curricular or noncurricular activities.
- §18-9A-2 State board, county board, professional salaries, professional educator, professional instructional personnel, service personnel salaries, service personnel, net enrollment, adjusted enrollment, levies and basic resources per pupil are defined.
- §18-9B-2 Board of finance, budget, levy estimate, appropriation, expenditure schedule, county board and employment term are defined.
- §18A-1-1 School personnel, professional personnel, professional educator, classroom teacher, principal, supervisor, central office administrator, other professional employee and service personnel are defined.
- §18A-4-1 Salary classifications, years of experience, and degree levels are defined.
- §18-8-5 Property classifications are defined.
- §29B-1-1 Freedom of information is described in this and related statutes.
- §13-1-34 Value is defined as "worth in money" of a piece of property.

Revenue

- §18-5-7 Real property shall be sold at public auction after proper notice.
- §18-5-16a Whenever a pupil is transferred from one school district to another, the county board of education of which the pupil is a bona fide resident shall pay to the other school district an agreed upon amount of tuition.
- §§18-5-19, 19b, 39 County boards may charge tuition for adult education classes and summer schools. Teachers must be paid the same salary as would be paid during the regular school year.
- §§18-9-1, 2a Special elections for school levies shall be conducted at such times as may be necessary.
- §§18-9A-14, 14a Incentive for staffing improvement and administrative efficiency are described.

Budget

- §11-8-6c County boards of education lay levies not to exceed the maximum levy for each property classification.
- §§11-8-9, 10a, 12, 12a The local levying body shall hold a meeting between March 7 and 28 to transact business. A county board of education shall, on or before the day fixed by the budget calendar, submit its proposed budget to the state board together with such supporting schedules as may be required.
- §11-8-13 Within three days after the board of education has laid the levies, the secretary of the board shall forward to the tax commissioner, clerk of the county court, the assessor, the state superintendent and the auditor, certified copies of the orders laying levies and the rate upon each class.
- §13-1-3 County boards should not issue bonds or become indebted, in the aggregate, exceeding five percent on the value of the taxable property in the county school district.
- §13-1-4 This law states how bond issue proposals should be submitted to voters.
- §18-5-4 A public hearing shall be held concerning the preliminary operating budget for the next fiscal year not less than ten days after the budget received tentative approval by the West Virginia Board of Education.
- §18-9-2c Treasurers of county boards must transfer excess funds after retirement of school bonds to the credit of the current expense fund.

- §18-9A A county board of education shall submit reports of staff personnel, pupil enrollment and pupil transportation for purposes of determining state aid allowances.
- §18-9B-5 A uniform system of budgeting is used.
- §18-9B-6 A county board shall not finally adopt its budget until the written approval of the state board has been received and the levy estimate approved by the tax commissioner.

Expenditures

- §11-10-11 County board should withhold final payment on contracts until receipt of a certificate from the tax commissioner that the contractor has paid taxes levied against him has been received. County and municipal business and occupation taxes must also be verified as paid prior to final payment to the contractor.
- §12-3-18 A county board of education may pay claims for services rendered or materials furnished only upon an itemized claim. The president of the county board shall endorse on all accounts allowed, the words "allowed and payment authorized."
- §12-3-19 A county board of education shall not issue any general order, but in all cases shall make payments payable to the person lawfully entitled to such payment.
- §15-1F-1 County boards of education must allow leaves of absence, without loss of pay, for a maximum of 30 calendar days for required national guard or military reserve unit service.
- §18-4-5 The county board shall pay the compensation of its superintendent monthly.
- §18-4-8 Clerical assistants will be paid monthly.
- §18-4-9 Travel expenses are reimbursed from current expenses.
- §18-4-10 The county superintendent shall certify all expenditures and monthly payrolls of teachers and employees.
- §18-5-4 Board members may receive compensation for meetings attended and travel expenses. By a majority vote of the board, the board may join the West Virginia and National School Board Associations and pay dues to the organizations.
- §18-5-13 County boards shall control and manage all schools and require school financial records to be kept, to provide transportation at public expense, to provide insurance at public expense, to provide uniforms for service personnel, to pay travel expenses, to provide transportation for employees and to provide liability insurance.
- §18-5-21, 21a, 21d Use of monies to purchase textbooks for students is covered.

- §18-5-33 The county board may fix special salary schedules, so long as the salary schedule does not conflict with other sections of the code.
- §18-5-35 County boards may make proper periodical premium deductions
§18A-4-11 from the regular salary of any employee for group insurance whenever a majority of employees indicate in writing that they have subscribed to such insurance.
- §18-5-36 County boards may pay for fire services on public school property.
- §18-6-6,7 County boards may expend funds for expenses related to driver education and may purchase insurance for the motor vehicles.
- §18-7A-2 Supplemental benefits may be paid.
- §18-7A-15 Employers shall deduct six percent monthly from the salary of each employee who is a member of the retirement system and shall remit the contributions at the end of each month.
- §18-7A-18 County boards must pay contributions to Teachers Retirement on excess salaries.
- §18-7A-34 County boards must deduct amounts from salaries to repay loans taken from the retirement system.
- §18-9-3 The treasurer of the board shall pay money only upon order of the board.
- §18-9-3 The treasurer of the county board shall credit and charge every amount of money received to the appropriate fund.
- §18-9A-3,4,5, These statutes give the basic state aid formula.
5a,6,6a,7,8,9,
10,11,12
- §18-9A-11 Local share computation is based on appraised property values.
- §18-9A-13,13b These statutes describe calculations and use of funds for loss
14,15 reduction, staffing improvement, increased enrollment, remedial and accelerated education programs.
- §18-9C-4 Proceeds of better school building amendment funds shall be used by the county solely for the construction, renovation or remodeling of elementary or secondary public school buildings.
- §18A-2-2 All teachers shall execute a contract with their boards of education which shall state the salary to be paid and shall be on the form prescribed by the state superintendent of schools.
- §18A-2-5 Employment of service personnel and the contract is described.

- §18A-3-1 If a teacher is employed in good faith on the anticipation that he is eligible for a certificate and it is later determined that he was not eligible, the state superintendent of schools may authorize payment by the county board of education to the teacher for a time not exceeding three school months or the date of notification of his/her ineligibility, whichever shall occur first.
- §18A-3-8 Counties must make available an amount equal to one tenth of one percent of Step 1 to be used by the professional staff development council.
- §18A-4 County boards of education in fixing the salaries of personnel shall use as a minimum the salaries established under the provisions of Article 4 of Chapter 18A.
- §18A-4-9 The number of payments of salaries and wages to all employees shall be determined by the county board of education but may not exceed the equivalent of an annual salary based upon twelve calendar months. A portion of the earned pay may be deferred until July and August of the following fiscal year.
- §18A-4-10 Any full time employee of a county board of education shall be entitled to at least one and one-half days of personal leave for each employment month or major fraction thereof. Personal leave banks may be established. Counties must restrict the payment of personal leave benefits to an employee receiving workers' compensation.
- §18A-4-12 County boards of education may reduce the cash salary payable to employees for the purpose of purchasing a tax sheltered annuity.
- §18A-5-2 A county board of education must pay personnel for designated legal school holidays and any day in which an election is held throughout the school district or any day specially determined by the president or the governor.
- §18A-5-3 County boards of education shall pay to employees who serve on jury service the difference between that allowed for such jury service and the amount of salary due the person for such period of time.
- §18A-5-4 A county board of education may approve attendance of employees at educational or service meetings, and persons attending shall not suffer loss of pay. The board is authorized to pay all or any part of expenses connected with such attendance.
- §23-2-1 County boards of education are required to subscribe to and pay premiums into the workers' compensation fund.

Fiscal Management

- §6-8-1 Every public officer shall, within thirty days after the thirtieth day of June of each year, or within thirty days after the close of his term of office, make settlement of his/her accounts.

- §11-8-25 County boards of education shall expend funds only for the purposes for which they were raised.
- §11-8-26 A county board of education shall not expend money or incur obligations in an unauthorized manner, for an unauthorized purpose, in excess of the amount allocated to the fund in the levy order or in excess of the funds available for current expenses. A casual deficit is discussed in a footnote.
- §11-8-29,30,31 These statutes relate to personal liability of officials participating in unlawful expenditures.
- §18-2E-6 It is unlawful for any person knowingly and intentionally to falsely report information.
- §18-5-5 The county board may hold and dispose of real estate and property and is exempt from taxes.
- §§18-5-12 County boards shall require persons contracting for building or repairing of school property to post bond where the contract exceeds \$100, in the amount of the contract price.
- §18-9-1.2,2a Specific procedures for conducting school levies are provided.
- §§18-9-2d, 6 County treasurers may invest certain funds with the municipal bond commission, state board of investments or in other specified guaranteed investments. Interest earned must be credited to the fund from which the monies were originally taken.
- 18-9-3a The county board shall cause to be published a financial statement within four weeks after close of the fiscal year and shall file a copy with the tax commissioner and with the state superintendent.
- §18-9-4 When there are no funds to pay an order, the treasurer shall write "presented for payment" with the date and signature and pay legal interest from such date.
- §18-9-6 The treasurer shall be appointed, upon recommendation of the county superintendent, by the board of education on or before the first Monday in May. The treasurer shall execute a faithful performance bond.
- §18-9A-19 Each county board shall file a request schedule with the state board for payments of state aid to which it is entitled.
- §18-9B-8 School budget reductions and revisions of the budget are conducted in the order specified.
- §18-9B-9 A uniform system of management accounting is required.
- §18-9B-10 County boards of education shall authorize the expenditure of funds and incur obligations only in accordance with the budget and expenditure schedule and make transfers between items of appropriations only with the prior written approval of the state board.

- §18-9B-11 Emergency and supplemental appropriation procedures are specified.
- §18-9B-12 County school districts must follow practices of fiscal administration as required by the state board.
- §18-9B-14 A permanent improvement fund may be established by a county board of education.
- §18-9B-14a A county board of education is authorized to create a special building fund.
- §18-9B-15 The permanent improvement fund is created as a separate fund and expenditures are made pursuant to the annual budget.
- §18-9B-15 Accumulation of permanent improvement funds may not exceed 25 percent of the amount of the foundation school program for the county for the same year.
- §18-9B-16 If a county board accumulates the permanent improvement fund for more than two years, the proceeds of the fund shall be transmitted and invested in the Municipal Bond Commission.
- §§18-9B-17 to 20 County boards of education must comply with instructions and regulations of the state board of education and submit reports as required.
- §18A-2-5 Service personnel shall execute a written contract which may be in letter form and state the classification and terms of work and the employment period and pay and shall certify that employment has been made a matter of record.

Related Statutes

- §18-1-2 The school year begins July 1 and ends June 30 and all reports, accounts and settlements shall be made with reference to the school year.
- §18-5-15 The employment term for teachers shall be no less than ten months, a month is defined as twenty employment days excluding Saturdays and Sundays.
- §18-5-15 The instructional term for pupils shall be not less than 180 days nor more than 185 days. The term shall commence no earlier than September 1 and terminate no later than June 8. If instructional days fall below 178, noninstructional days have to be rescheduled up to the second day before the end of the employment term.
- §7-5-1 The sheriff's duties as ex officio county treasurer are defined.
- §10-2A-2 County boards of education have the authority to establish and operate establishments.
- §21-5D-1 This statute provides for parental leave for employees who have worked at least 12 consecutive weeks and have exhausted all annual and personal leave.

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INDIRECT COST RATE ALLOCATION PLAN
NON-RESTRICTED RATES

COUNTY _____

FISCAL YEAR _____

Complete in quadruplicate. Submit three copies to the Division of School Finance, State Department of Education, Building #6, 1900 Kanawha Blvd., E., Charleston, West Virginia 25305. Retain one copy for your files.

I. Total Expenditures 19__-19__ (Fund 10 or 11, plus 12) \$ _____

II. Exclusions

A. Projects

1. Total Expenditures in Project 87YXX _____

2. Total Expenditures in Project 88YXX _____

3. Total Expenditures in Project 89YXX _____

Total II-A _____

B. Program/functions (not included in above projects)

1. Total Expenditures in Prog/func 941XX _____

2. Total Expenditures in Prog/func 942XX _____

3. Total Expenditures in Prog/func 943XX _____

4. Total Expenditures in Prog/func 961XX _____

5. Total Expenditures in Prog/func 962XX _____

6. Total Expenditures in Prog/func 964XX _____

7. Total Expenditures in Prog/func 981XX _____

Total II-B _____

C. OBJECTS (not included in above projects or
program/functions)

1. Total Expenditures in object 73X _____

2. Total Expenditures in object 74X _____

Total II-C _____

Total Exclusions (Add IIA, IIB, IIC) _____

WVDE 11-50-33 (Rev 2/90)

(over)

III. Unallowed Costs

- A.1. Program/function 92311 and 92321.
(Enter the salary, supplies, and travel of
board members, the superintendent and the
superintendent's secretary)
2. Program/function 9711X, Object 2XX
(Enter fixed costs for any salaries included
in III A.1.)

Total Unallowed Costs (Add III A.1. and III A.2.)

IV. Indirect Costs

- A.1. Program/function 923XX
(Enter balance of expenditures in program/function
923XX not included previously in II or III, and
do not include federally funded projects.)
2. Program/function 9711X, Object 2XX
(Enter fixed costs of any salaries included
in IV A.1.; but do not include federally funded
projects)
- B.1. Program/function 925XX
(Enter total expenditures not included previously)
2. Program/function 9711X, Object 2XX
(Enter fixed costs for any salaries included
in IV B.1.)
- C.1. Program/function 926XX
(Enter total expenditures not included
previously)
2. Program/function 9711X, Object 2XX
(Enter fixed costs for any salaries included
in IV C.1.)
- D.1. Program/function 928XX
(Enter total expenditures not included
previously)
2. Program/function 9711X, Object 2XX
(Enter fixed costs for any salaries included
in IV D.1.)

Total Indirect Costs (add IV A.1. through IV D.2.)

V. Direct Costs Item I less Item II, III, IV

Computation of Rate

$$\frac{\text{Item IV}}{\text{Item III} + \text{Item V}} = \text{percent}$$

INDIRECT COST RATE ALLOCATION PLAN
RESTRICTED RATES

COUNTY _____

FISCAL YEAR _____

Complete in quadruplicate. Submit three copies to the Division of School Finance, State Department of Education, Building #6, 1900 Kanawha Blvd., E., Charleston, West Virginia 25305. Retain one copy for your files.

I. Total Expenditures 19__-19__ (Fund 10 or 11, plus 12) \$ _____

II. Exclusions

A. Projects

1. Total Expenditures in Project 87YXX _____

2. Total Expenditures in Project 88YXX _____

3. Total Expenditures in Project 89YXX _____

Total II-A _____

B. Program/functions (not included in above projects)

1. Total Expenditures in Prog/func 941XX _____

2. Total Expenditures in Prog/func 942XX _____

3. Total Expenditures in Prog/func 943XX _____

4. Total Expenditures in Prog/func 961XX _____

5. Total Expenditures in Prog/func 962XX _____

6. Total Expenditures in Prog/func 964XX _____

7. Total Expenditures in Prog/func 981XX _____

Total II-B _____

C. OBJECTS (not included in above projects or
program/functions)

1. Total Expenditures in object 73X _____

2. Total Expenditures in object 74X _____

Total II-C _____

Total Exclusions (Add IIA, IIB, IIC) _____

WVDE 11-50-32 (Rev 2/90)

(over)

III. Unallowed Costs

A.1. Program/function 92311 and 92321.

(Enter the salary, supplies, and travel of board members, the superintendent and the superintendent's secretary)

2. Program/function 9711X, Object 2XX

(Enter fixed costs for any salaries included in III A.1.)

B.1. Program/function 92411

(Enter the salary, supplies, travel of principal and school secretary)

2. Program/function 9711X, Object 2XX

(Enter fixed costs for any salaries included in III B.1.)

Total Unallowed Costs (Add III A.1. through III B.2.)

IV. Indirect Costs

A.1. Program/function 923XX

(Enter balance of expenditures in program/function 923XX not included previously in II or III), and do not include federal funded projects.)

2. Program/function 9711X, Object 2XX

(Enter fixed costs of any salaries included in IV A.1.; but do not include federally funded projects)

B.1. Program/function 925XX

(Enter total expenditures not included previously)

2. Program/function 9711X, Object 2XX

(Enter fixed costs for any salaries included in IV B.1.)

C.1. Program/function 928XX

(Enter total expenditures not included previously)

2. Program/function 9711X, Object 2XX

(Enter fixed costs for any salaries included in IV C.1.)

Total Indirect Costs (add IV A.1. through IV C.2.)

V. Direct Costs Item I less Item II, III, IV

Computation of Rate

$$\frac{\text{Item IV}}{\text{Item III} + \text{Item V}} = \text{_____ percent}$$

Date Due: August 31

STATE OF WEST VIRGINIA

COUNTY OF _____, TO WIT;

We, the undersigned President and Secretary of the Board of Education of the County of _____, hereby state on oath that the following attached statements of funds and accounts for the Board of Education of the County of _____ at June 30, _____ are true and accurate to the best of our knowledge and belief.

President

Secretary

Subscribed and sworn to before me in my said County, the _____ day of _____, 19____.

Notary

My commission expires on the _____ day of _____, 19____.

GENERAL CURRENT EXPENSE FUND
SUMMARY STATEMENT
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

FUND CODE 1

Page 1 of 4

Item No.	Description	Actual	Actual
1	Beginning Balances at July 1 (0541 & 0542)		
2	Current Year's Revenue Receipts by Sheriff and/or Treasurer, Including Inter-fund Transfers and Clearing Accounts (Do Not Include Receipts Here for Return of Investment Principal to Appointed Treasurer.)		
3	Total Beginning Balances and Current Year's Revenue Receipts (Sum of Items 1 & 2. Must agree with grand total of Classified Revenue on Update for Final Statement, printout #EDC013A1)		
4	Total Orders Paid (Do not include paid orders for investments. See Para. 7 of instructions. Amount must agree with Item 18.)		
5	Gross Balance at June 30 (Item 3 minus 4.)		
RECONCILIATION OF GROSS BALANCE			
5a	Sheriff's Balance at June 30 (Settlement Line 57 or 58.)		
5b	Appointed Treasurer's Balance at June 30		
	Total of Items 5a and 5b (Must agree with Item 5.)		
6	Less Orders Outstanding at June 30 (Current and Prior Years)		
7	Plus Funds Receivable at June 30 (Must agree with attached "Schedule C.")		

GENERAL CURRENT EXPENSE FUND
S U M M A R Y S T A T E M E N T
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Item No.	Description	Actual	Actual
8	Less Encumbrances		
	Salaries Payable		
	Other		
	Total Encumbrances (Must agree with attached "Schedule A; Parts I & II.)		
9	Less Earmarked Funds (Must agree with attached "Schedule B.")		
10	Less Payroll Deductions/Withholdings Payable at June 30 (Must agree with attached "Schedule D; Part II.")		
11	Net Balance at June 30 (Indicate a negative amount with (-) beside figure.)		

GENERAL CURRENT EXPENSE FUND
 RECAPITULATION/RECONCILIATION
 BOARD OF EDUCATION OF THE COUNTY OF _____
 AT JUNE 30, _____

Item No.	Description	Actual	Actual
12	Classified Expenditures (Summarize from Updated Final Statement Printout #EDC013A1)		
198-99	Regular Elementary/Secondary Programs	<input type="text"/>	
298-99	Special Programs	<input type="text"/>	
398-99	Vocational Programs	<input type="text"/>	
498-99	Other Elementary/Secondary Programs	<input type="text"/>	
598-99	Non Public School Programs	<input type="text"/>	
698-99	Adult/Continuing Education Programs	<input type="text"/>	
898-99	Community Services Programs	<input type="text"/>	
998-99	Undistributed Programs	<input type="text"/>	
	Restricted Projects	<input type="text"/>	
	Total of Classified Expenditures (Item 12.)		<input type="text"/>

GENERAL CURRENT EXPENSE FUND
 RECAPITULATION/RECONCILIATION
 BOARD OF EDUCATION OF THE COUNTY OF _____
 AT JUNE 30, _____

Item No.	Description	Actual
13	Deductions/Withholdings Adjustment at June 30 (Must agree with attached "Schedule D; Part III" amount. Indicate whether (+) or (-) beside figure.)	<input type="text"/>
14	Total Current Year's Orders Issued (Must agree with item 12 (+) or (-) Item 13.)	<input type="text"/>
15	Less Current Year's Orders Outstanding at June 30	<input type="text"/>
16	Current Year's Orders Paid by Sheriff and/or Appointed Treasurer (Must agree with item 14 (-) Item 15.)	<input type="text"/>
17	Plus Prior Year's Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Must agree with Expenditure Account 98111-981.)	<input type="text"/>
18	Total Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Do not include paid orders for investments. See Para. 7 of Instructions. Must agree with Item 4.)	<input type="text"/>

STATEMENT OF
DEBT SERVICES FUND
BOARD OF EDUCATION OF THE COUNTY OF _____
FISCAL YEAR ENDED JUNE 30, _____

Page 1 of 1

Item No.	Description	Actual
1	Beginning Balances at July 1 (0541, 0542, & 0543)	
2	Current Year's Revenue Receipts by Sheriff and/or Treasurer, Including Inter-fund Transfers and Clearing Accounts (Do Not Include Receipts Here for Return of Investment Principal to Appointed Treasurer.)	
3	Total Beginning Balances and Current Year's Revenue Receipts (Sum of Items 1 & 2. Must agree with grand total of Classified Revenue on Update for Final Statement, printout #EDC013A1)	
4	Total Expenditures (Must agree with expenditures on update for Final Statement #EDC013A1.)	
5	Gross Balance at June 30 (Item 3 minus 4.)	
RECONCILIATION OF GROSS BALANCE		
6	Sheriff's Balance at June 30	5000A
7	Treasurer's Balance at June 30	5000B
8	Balance State Municipal Bond Commission at June 30 (Debt Services Fund Account Only)	5000C
9	Balance Debt Services Fund at June 30 (Items 6, 7, 8)	5000D

NOTE: Item 5 must agree with item 9

The 5000 series codes are for State Department of Education purposes only.

BOND CONSTRUCTION FUND
S U M M A R Y S T A T E M E N T
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Page 1 of 4

Item No.	Description	Actual	Actual
1	Beginning Balances at July 1 (0541 & 0542)		
2	Current Year's Revenue Receipts by Sheriff and/or Treasurer, Including Inter-fund Transfers and Clearing Accounts (Do Not Include Receipts Here for Return of Investment Principal to Appointed Treasurer.)		
3	Total Beginning Balances and Current Year's Revenue Receipts (Sum of Items 1 & 2. Must agree with grand total of Classified Revenue on Update for Final Statement, printout #EDC013A1)		
4	Total Orders Paid (Do not include paid orders for investments. See Para. 7 of instructions. Amount must agree with Item 18.)		
5	Gross Balance at June 30 (Item 3 minus 4.)		
RECONCILIATION OF GROSS BALANCE			
5a	Sheriff's Balance at June 30 (Settlement Line 57 or 58.)		
5b	Appointed Treasurer's Balance at June 30		
	Total of Items 5a and 5b (Must agree with Item 5.)		
6	Less Orders Outstanding at June 30 (Current and Prior Years)		
7	Plus Funds Receivable at June 30 (Must agree with attached "Schedule C.")		

BOND CONSTRUCTION FUND
S U M M A R Y S T A T E M E N T
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Item No.	Description	Actual	Actual
8	Less Encumbrances		
	Salaries Payable		
	Other		
	Total Encumbrances (Must agree with attached "Schedule A; Parts I & II.)		
9	Less Earmarked Funds (Must agree with attached "Schedule B.")		
10	Less Payroll Deductions/Withholdings Payable at June 30 (Must agree with attached "Schedule D; Part II.")		
11	Net Balance at June 30 (Indicate a negative amount with (-) beside figure.)		

BOND CONSTRUCTION FUND
 RECAPITULATION/RECONCILIATION
 BOARD OF EDUCATION OF THE COUNTY OF _____
 AT JUNE 30, _____

Item No.	Description	Actual	Actual
12	Classified Expenditures (Summarize from Updated Final Statement Printout #EDC013A1)		
	_____	<input type="text"/>	
	_____	<input type="text"/>	
	998-00 Undistributed Programs	<input type="text"/>	
	_____	<input type="text"/>	
	Restricted Projects	<input type="text"/>	
	Total of Classified Expenditures (Item 12.)		<input type="text"/>

BOND CONSTRUCTION FUND
RECAPITULATION/RECONCILIATION
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Item No.	Description	Actual
13	Deductions/Withholdings Adjustment at June 30 (Must agree with attached "Schedule D; Part III" amount. Indicate whether (+) or (-) beside figure.)	<input type="text"/>
14	Total Current Year's Orders Issued (Must agree with item 12 (+) or (-) Item 13.)	<input type="text"/>
15	Less Current Year's Orders Outstanding at June 30	<input type="text"/>
16	Current Year's Orders Paid by Sheriff and/or Appointed Treasurer (Must agree with item 14 (-) Item 15.)	<input type="text"/>
17	Plus Prior Year's Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Must agree with Expenditure Account 98111-981.)	<input type="text"/>
18	Total Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Do not include paid orders for investments. See Para. 7 of Instructions. Must agree with Item 4.)	<input type="text"/>

PERMANENT IMPROVEMENT FUND
S U M M A R Y S T A T E M E N T
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Page 1 of 4

Item No.	Description	Actual	Actual
1	Beginning Balances at July 1 (0541, 0542 and 0543)		
2	Current Year's Revenue Receipts by Sheriff and/or Treasurer, Including Inter-fund Transfers and Clearing Accounts (Do Not Include Receipts Here for Return of Investment Principal to Appointed Treasurer.)		
3	Total Beginning Balances and Current Year's Revenue Receipts (Sum of Items 1 & 2. Must agree with grand total of Classified Revenue on Update for Final Statement, printout #EDC013A1)		
4	Total Orders Paid (Do not include paid orders for investments. See Para. 7 of instructions. Amount must agree with Item 18.)		
5	Gross Balance at June 30 (Item 3 minus 4.)		
RECONCILIATION OF GROSS BALANCE			
5a	Sheriff's Balance at June 30 (Settlement Line 57 or 58.)		
5b	Appointed Treasurer's Balance at June 30		
5c	State Municipal Bond Commission's Balance at June 30		
	Total of Items 5a, 5b, & 5c (Must agree with Item 5.)		
6	Less Orders Outstanding at June 30 (Current and Prior Years)		

PERMANENT IMPROVEMENT FUND
S U M M A R Y S T A T E M E N T
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

FUND CODE 4

Page 2 of 4

Item No.	Description	Actual	Actual
7	Plus Funds Receivable at June 30 (Must agree with attached "Schedule C.")		
8	Less Encumbrances		
	Salaries Payable		
	Other		
	Total Encumbrances (Must agree with attached "Schedule A; Parts I & II.")		
9	Less Earmarked Funds (Must agree with attached "Schedule B.")		
10	Less Payroll Deductions/Withholdings Payable at June 30 (Must agree with attached "Schedule D; Part II.")		
11	Net Balance at June 30 (Indicate a negative amount with (-) beside figure.)		

PERMANENT IMPROVEMENT FUND
RECAPITULATION/RECONCILIATION
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Item No.	Description	Actual	Actual
12	Classified Expenditures (Summarize from Updated Final Statement Printout #EDC013A1)		
	998-99 Undistributed Programs		
	Restricted Projects		
	Total of Classified Expenditures (Item 12.)		

PERMANENT IMPROVEMENT FUND
RECAPITULATION/RECONCILIATION
BOARD OF EDUCATION OF THE COUNTY OF _____
AT JUNE 30, _____

Item No.	Description	Actual
13	Deductions/Withholdings Adjustment at June 30 (Must agree with attached "Schedule D; Part III" amount. Indicate whether (+) or (-) beside figure.)	<input type="text"/>
14	Total Current Year's Orders Issued (Must agree with item 12 (+) or (-) Item 13.)	<input type="text"/>
15	Less Current Year's Orders Outstanding at June 30	<input type="text"/>
16	Current Year's Orders Paid by Sheriff and/or Appointed Treasurer (Must agree with item 14 (-) Item 15.)	<input type="text"/>
17	Plus Prior Year's Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Must agree with Expenditure Account 98111-981.)	<input type="text"/>
18	Total Orders Paid During Current Year by Sheriff and/or Appointed Treasurer (Do not include paid orders for investments. See Para. 7 of Instructions. Must agree with Item 4.)	<input type="text"/>

Page: _____ of _____

Date of Incurred Obligation	Purchase Order Number	Vendor or Payee	Budget Account			Amount
			PROJ	PROG/FUNC	OBJ	

1. Prepare a separate schedule for each fund.
2. List by code sequence with a sub-total for each code, with a grand total at the end for all.
3. The grand total must equal Encumbrances Other Than Salaries & Wages Payable reported on the WVDE 11-10-10 summary form.

SCHEDULE "B"
EARMARKED FUNDS AT JUNE 30, _____
BOARD OF EDUCATION OF THE COUNTY OF _____

Project Code (If Any)	Description of Project or Program	Amount

NOTE:

1. Prepare a separate schedule for each fund.
2. Itemize on this schedule any projects or programs (including special levies) that result in a total in column (8) of the Worksheet [Form WVDE 11-10-10 (Worksheet "A")].
3. Enter a grand total at the end of the schedule's listings which must equal the grand total of Earmarked Funds on the WVDE 10-10-10 summary form.

Fund: _____
Page: _____ of _____

SCHEDULE "C"
FUNDS RECEIVABLE AT JUNE 30, _____
BOARD OF EDUCATION OF THE COUNTY OF _____

Project Code (If Any)	Receipt Code	Description of Project or Program	Amount

NOTE:

1. Prepare a separate schedule for each fund.
2. Itemize on the schedule any federal or special funded projects or programs that result in a total in column (9) of the Worksheet [Form WVDE 11-10-10 (Worksheet "A")] that will be received. Do not list on this schedule any amounts for programs or projects that will not be received.
3. Enter a grand total at the end of the schedule's listings which must equal the grand total of Funds Receivable on the WVDE 11-10-10 summary form.

Fund: _____

SCHEDULE "D"
RECAPITULATION/RECONCILIATION OF
PAYROLL DEDUCTIONS/WITHOLDINGS AT JUNE 30, _____
BOARD OF EDUCATION OF THE COUNTY OF _____

PART I: Current Year's Remittances of Former Year(s)' Deductions/Withholdings Unpaid at End of Prior Fiscal Year (Do not include employer's matching share here as those amounts are reportable against the appropriate line item codes.) Itemize by payee/purpose.

_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL PART I (Expenditure Code 9812-981) _____

PART II: Current Year's Deductions/Withholdings Unpaid at End of Current Fiscal year (Do not include employer's matching share here as that amount is to be reported as an encumbrance on Schedule "A".) Itemize by payee/purpose.

_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL PART II \$ _____

PART III: Subtract total of Part II from total of Part I and enter difference here with indication of whether difference is positive (+) or negative (-).

* \$ _____

* Enter amount determined in Part III on WVDE 11-10-10 summary line entitled "Deductions/Withholding Adjustment."

NOTE: If all current year's employee's deductions/withholdings are covered by orders issued on or before June 30 of the current fiscal year and there are no current year's orders issued for prior year(s)' deductions/withholdings, then preparation of this form is not required.

Treasurer's Report

Month Ending:

[illegible]

Fund: _____
Date: As of June 30, _____
Page: _____ of _____

NOTE (*) Amounts listed here must be included in Encumbrance Total entered on Form WYDE 11-10-10
WYDE 11-10-10 (Worksheet "A")





Submit in Triplicate
 TO: WEST VIRGINIA BOARD OF EDUCATION
 CAPITOL COMPLEX, BUILDING 6
 ROOM B-215
 CHARLESTON, WEST VIRGINIA 25305

GENERAL CURRENT EXPENSE FUND

County _____

Fund Code _____
 Page _____ of _____

Pursuant to the provisions of Chapter 18, Article 9B, Section 6, of the Code of West Virginia, as amended we are requesting approval to revise the preliminary county school budget for the fiscal year ending June 30, 1990 due to action of the 1989 Legislature, as follows:

REVENUE			EXPENDITURES			
REV SOURCE	DESCRIPTION	AMOUNT	PROG/FUNC	OBJ	DESCRIPTION (PROG/FUNC & OBJ)	AMOUNT

I hereby certify that this revision to the preliminary 1989-90 county school budget has been approved by the county board of education, and that this revision appears in the minutes of the county board of education dated _____ 19 _____

County Superintendent

For State Board of Education Use Only

Date Received: _____ Recommended: _____

Approved: Date _____ State Superintendent

ASSESSED VALUATIONS - PROPOSED 1975

PROPOSED LEVY RATES ON EACH \$100 ASSESSED VALUATIONS MUST BE IN RATIO OF 1-2-4. USE WHOLE DOLLARS ONLY FOR TAXES LEVIED.

[illegible]

COUNTY SCHOOL BOND PURPOSES INTEREST AND SINKING FUND ESTIMATE

THE BOARD PROCEEDED TO MAKE AN ESTIMATE OF THE AMOUNT NECESSARY TO BE RAISED BY LEVY OF TAXES FOR THE CURRENT FISCAL YEAR FOR THE INTEREST, SINKING FUND AND AMORTIZATION REQUIREMENTS OF BONDED INDEBTEDNESS FOR THE PURPOSE OF Sites, Construction, New Bldgs, Additions INCURRED UPON A VOTE OF THE PEOPLE AS PROVIDED BY LAW, OWING BY WAYNE COUNTY AS FOLLOWS:

DATE OF VOTE AUTHORIZING ISSUE	DATE OF MATURITY	ORIGINAL AMOUNT OF ISSUE	AMOUNTS OF BONDS OUTSTANDING	MUNICIPAL BOND COMM.	AMOUNT REQUIRED FOR INTEREST	TOTAL
March 19, 1985	June 30, 2000	\$14,295,000	\$12,215,000	\$ 655,000	\$ 951,584	\$ 1,606,584
	TOTALS	\$14,295,000	\$12,215,000	\$ 655,000	\$ 951,584	\$ 1,606,584
			PLUS DELINQUENT TAXES AND EXONERATIONS ESTIMATED AT 10 %			161,006
			TOTAL AMOUNT TO BE RAISED BY A LEVY OF TAXES			\$ 1,767,590

NOTICE OF BOND AND/OR EXCESS LEVY ELECTIONS AND CERTIFIED COPY OF CANVASS OF VOTES MUST BE ON FILE WITH THE STATE TAX DEPARTMENT AND STATE BOARD OF EDUCATION BEFORE EXCESS LEVY RATE CAN BE APPROVED BY THE STATE TAX COMMISSIONER.

CERTIFICATE OF VALUATIONS

County Board of Education
(Levying Body)

(County)

To Supt.
(County Commission President, School Board Secretary or Municipal Clerk or Recorder)

The undersigned Assessor and County Clerk of said County, do hereby certify the assessed value of the various classes of Real Estate, Personal Property and Public Utility Property for the assessment year 19 89.

	<u>Assessed Valuation</u> (Gross)	<u>Assessed Valuation</u> for <u>Tax Purposes</u> (Without Homestead)
<u>CLASS I</u>		
Personal Property		\$ <u>18,501,174</u>
Public Utility Property		<u>2,265,300</u>
Total Class I		\$ <u>20,766,474</u>
<u>CLASS II</u>		
Real Estate	\$ <u>89,245,824</u>	\$ <u>65,608,506</u>
Personal Property	<u>6,200,019</u>	<u>5,361,677</u>
Total Class II	\$ <u>95,445,843</u>	\$ <u>70,970,183</u>
<u>CLASS III</u>		
Real Estate		\$ <u>21,237,292</u>
Personal Property		<u>107,747,773</u>
Public Utility Property		<u>58,240,100</u>
Total Class III		\$ <u>187,225,165</u>
<u>CLASS IV</u>		
Real Estate		\$ <u>13,503,627</u>
Personal Property		<u>35,602,229</u>
Public Utility Property		<u>13,714,200</u>
Total Class IV		\$ <u>62,820,056</u>
TOTAL FOR LEVYING BODY	\$ <u>366,257,538</u>	\$ <u>341,781,878</u>

Given under our hands this 6th day of March 19 89.

COUNTY CLERK

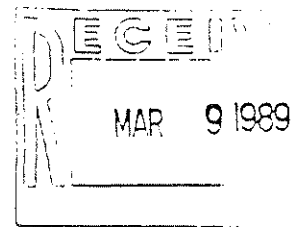
ASSESSOR

NOTE:

The above certificate must be in the hands of the levying body not later than March 7. (Section 6, Article 3, Chapter 11, Code of 1931, as amended). The assessor is required to certify the valuation of Real Estate and Personal Property and the County Clerk the value of Public Utility Property as assessed by the Board of Public Works. To avoid confusion, this joint certificate is to be used.

White Copy - Levying Body
Yellow Copy - Tax Dept.
Pink Copy - Retain

This is a three part form: When completed submit white copy to the levying body, yellow copy to the State Tax Department, Drawer 2389, Charleston, WV 25328, and retain pink copy for office file.



Charles Lorensen
TAX COMMISSIONER, CHAIRMAN

A. JAMES MANCHIN
TREASURER, SECRETARY

GLEN B. GAINER, JR.
AUDITOR, MEMBER

WEST VIRGINIA
MUNICIPAL BOND COMMISSION
SUITE 337 BUILDING 3
STATE CAPITOL COMPLEX
CHARLESTON, WV 25305
(304) 348-3971/72

JAMES R. BROTHERTON
MEMBER

JOHN ROACH
MEMBER

R. WITTER HALLAN
EXECUTIVE DIRECTOR

March 6, 1989

The Superintendent
County Board of Education
P. O. Box 70
WV 25570-0070

RE: County Schools
Public School Refunding Bonds, dated 12/1/85


Dear Sir:

In compliance with Chapter 13, Article 3, Section 11, of the Code of West Virginia, of 1931, as amended, the Commission hereby submits amounts required for payment of interest and principal for outstanding general obligation bonds for the fiscal year beginning July 1, 1989.

Date of Authorizing Vote	3/19/85	
Original Amount of Issue	\$14,295,000	
Bonds Outstanding as of July 1, 1989	\$12,215,000	
Principal Due:		\$ 655,000
Interest Due :		\$ 951,584
Total Due :		\$1,606,584
10% Allowance - Delinquent taxes and exonerations		\$ 160,658
TOTAL AMOUNT TO BE RAISED		<u>\$1,767,242</u>

Please use total amount for preparing rates and levy estimates to be filed with the State Tax Commission.

Sincerely yours,


R. Witter Hallan
Executive Director

RWH/wb

EXAMPLE OF DEBT SERVICE RATE WORKSHEET

WORKSHEET
TO DETERMINE RATES OF LEVY
NECESSARY TO RAISE ANY GIVEN AMOUNT OF TAXES
FOR BOND PURPOSES (DEBT SERVICE)

	Certified Assessed Values		Weighting		Weighted Assessed Values
Total Class I	\$ 20766474	x	.01	=	\$ 207665
Total Class II	\$ 70970183	x	.02	=	\$ 1419404
Total Class III	\$ 187225165	x	.04	=	\$ 7489007
Total Class IV	\$ 62820056	x	.04	=	\$ 2512802
Total	\$ 341781878				
Total Weighted Assessed Values					\$ 11628878

$$\frac{1767242}{\text{Gross Amount of Taxes to be Levied}} \div \frac{11628878}{\text{Total Weighted Assessed Values}} \times 100 = \frac{15.20\%/\$100(*)}{\text{Class I Levy Rate}}$$

(*)Do not use figure in excess of two decimal points (i.e., 7.78%/\$100, not 7.782%/\$100)

$$\text{Class II Levy Rate} = 2 \times \frac{15.20}{\text{Class I Levy Rate}} = 30.40\%/\$100$$

$$\text{Class III Levy Rate} = 4 \times \frac{15.20}{\text{Class I Levy Rate}} = 60.80\%/\$100$$

$$\text{Class IV Levy Rate} = 4 \times \frac{15.20}{\text{Class I Levy Rate}} = 60.80\%/\$100$$

(Same as Class III)

Next, apply the rates to the assessed values on a pencil copy of Form LGR 12:22. The gross amount of taxes levied on the pencil copy should be nearly the same as the gross amount of taxes to be levied (as certified by the W. Va. Municipal Bond Commission). If the amounts are significantly different, examine whether or not rounding the Class I Levy Rate to two decimals has caused the significant difference. If this has not happened, then re-check all calculations. If the Class I Levy Rate has been rounded "up," try it rounded "down." Any change to the Class I Levy Rate causes change to the Levy rates for Class II, III, and IV as they must be in multiples of 2 (for II) and 4 (for III and IV) of the Class I Levy Rate, again, at not more than two decimal points. Use the "set" of levy rates that extend gross taxes nearest to the gross amount certified by the Municipal Bond Commission.

After the gross amount of taxes levied has been qualified, insert on LGR 12:22 in the space "Net Amount To Be Raised By Levy" the net amount prescribed by the Municipal Bond Commission. The net amount is the sum of "Sinking Fund" and "Amount Required For Interest." The difference of the gross taxes levied and the "Net Amount To Be Raised By Levy" is the amount to be inserted in the space "Less Delinquencies and Exonerations, etc." The percentage rate amount of delinquencies and exonerations for this column will not agree with the rate used for taxes levied for Regular Levy/Excess Levy and Permanent Improvement Funds.

EXAMPLE OF LOCAL SHARE COMPUTATIONS

TAX YEAR 1988		STUDY OF PROPERTY VALUES					
COUNTY		GROSS LOCAL ASSESSED VALUATION	TAXABLE ASSESSED VALUATION	NON-PUB. UTILITY APPRAISED TOTALS BY TAX CLASS	RATIO OF ASSESSED TO APPRAISED	OTHER ASSESSED VALUE AT 95% PU & 97.5%	LOCAL SHARE SCHOOL YEAR 1989 - 1990
CLASS 1							
PERSONAL PROP	417,291,485	417,291,485		688,082,100	68.62%	396,426,911	891,961
PUBLIC UTILITY			21,211,800			20,681,505	46,533
CLASS 2							
REAL ESTATE	779,371,712						
PERSONAL PROP	13,789,233						
HOMESTEAD	-108,026,357		613,136,588	1,306,096,271	60.73%	582,479,759	2,621,159
CLASS 3							
REAL ESTATE	286,256,394						
PERSONAL PROP	478,188,507		684,436,901	1,038,513,911	65.91%	658,215,056	5,851,936
PUBLIC UTILITY			124,351,000			121,242,225	1,091,180
CLASS 4							
REAL ESTATE	467,102,323						
PERSONAL PROP	481,848,311		948,942,634	1,584,667,504	59.88%	901,495,502	8,113,460
PUBLIC UTILITY			173,027,900			162,782,203	1,518,527
TOTAL NON-PUBLIC UTILITY			2,663,807,608	4,537,359,786	62.68%	2,538,617,228	17,478,514
TOTAL PUBLIC UTILITY			318,598,700			310,625,933	2,656,033
GRAND TOTAL			2,982,398,308			2,849,243,160	20,134,540

PURCHASING DEPARTMENT

COUNTY BOARD OF EDUCATION

TELEPHONE QUOTATION

DATE: _____ QUOTATION TAKEN BY: _____

ITEM(S) QUOTED: _____

UNIT QUOTATIONS

[illegible]

COMPANY QUOTATION FROM:

1. _____
NAME OF PERSON SUBMITTING QUOTE
2. _____
NAME OF PERSON SUBMITTING QUOTE
3. _____
NAME OF PERSON SUBMITTING QUOTE

Price quoted guaranteed for _____ days - Company #1
 _____ days - Company #2
 _____ days - Company #3

SAMPLE
STANDARDIZED BID FORM
Board of Education
of the County of

Instructions to Bidders:

You are invited to submit prices of the attached list of items to be used in the public schools under the direction of the Board of Education of the County of

Quotations will be received until _____ at _____ and will be opened shortly thereafter by the Superintendent or designee at his office at

. The right is reserved to accept or reject any part of, or all quotations. Bidders are invited to be present for the opening.

In case any of the items listed are patented, protected by trade marks, or designated by the name of the maker, this is intended to indicate a standard of design or quality but not to exclude bids on similar articles of the same quality and standard as those listed, unless specifically stated notation follows the listing of the article.

All prices must be F.O.B., Clarksburg. WE DO NOT PAY TRANSPORTATION CHARGES.

Date of delivery will be specified on the purchase order, otherwise delivery will be expected in 30 days from the receipt of the purchase order.

Your name may be dropped from our list of bidders if your items do not meet the standards as specified. The Purchase Order to your company may be cancelled if items are not delivered within the specified time.

Remarks:

Superintendent of Schools

County Board of Education

Adopted:

EHA, PART B EXCESS COST REQUIREMENT

FY-90

County School District

Determining Average Per Pupil Expenditures for Elementary and Secondary Students

- I. Total State, Federal and Local expenditures for students (including handicapped students) in the 1987-88 school year, except for capital outlay and debt service.

Total expenditures excluding Program/Functions 5XXX, 6XXX, 8XXX, 94XXX, 95XXX, 96XXX* and 98XXX.

*Program/Function 962XX may be included if there are expenses within this P/F that are direct instructional expenses of a LEA, i.e., transits to a multi-county vocational center.

NOTE: Include federal funds (projects 30 through 79)

TOTAL Part I \$

139

- II. Add the total amounts spent in the 1987-88 school year for:

A. State Aid for Exceptional Children (except gifted)
(Projects 028, 83X and 86X Minus Program/Function 21271).

B. Other state and local funds for handicapped children (PF 2XXX, Minus PF 21271).

NOTE: It is recognized that there are other undistributed expenses for handicapped students in Program Function 9XXX.

C. ECIA I (Projects 26X, 417, and 418).

D. ECIA II (Projects 29X, 427, and 428).

E. EHA, Part B (Projects 22X, 437, and 438).

F. State and local funds for educationally deprived students.

G. State and local funds for bilingual education for children with limited English speaking ability.

TOTAL Part II \$

III. Subtract TOTAL Part II from TOTAL Part I

TOTAL (I) \$ _____ - TOTAL (II) \$ _____ = \$ _____ TOTAL Part III

IV. Estimate the average per pupil expenditure (APPE) for elementary and secondary students using the following formulas:

NOTE: Define elementary and secondary students as per the county's organizational pattern.

$$A. \text{ APPE for elementary} = \frac{\text{TOTAL Part III}}{(1.15 \times \text{Number of Secondary Students}) + \text{Number of Elementary Students}}$$

Divide the Total in Part III by $[1.15 \times \text{the average number of secondary students enrolled in the 1987-88 school year (including handicapped students)}]$ plus the average number of elementary students enrolled in the 1987-88 school year (including handicapped students).

NOTE: The number of elementary students includes preschool students and kindergarten students in F.T.E.

The constant 1.15 represents an estimate of the cost differential between elementary and secondary education (e.g., average secondary expenditures are 15% higher than average elementary expenditures). If actual data is available with respect to this factor in your school district, replace the above constant of 1.15 with a more precise figure in all calculations and make a notation that an alternate cost differential was used.

APPE for Elementary \$ _____/Student

This is the minimum amount the county school district must have spent (on the average) for the education of each of its handicapped elementary students. EHA, Part B funds may be used only for costs over and above this minimum.

$$B. \text{ APPE for Secondary} = 1.15 \times (\text{APPE for Elementary})$$

Multiply the result in IV A, APPE for elementary students, by 1.15 to yield the APPE for secondary students.

This is the minimum amount the county school district must have spent (on the average) for the education of each of its handicapped secondary students. EHA, Part B funds may be used only for costs over and above this minimum.

APPE for Secondary \$ _____/Student

Determining Aggregate Minimum Amount for the Education of Elementary Handicapped Students

<u>ITEM</u>	<u>Calculations</u>	<u>Expenditures</u>
1. Total number of handicapped elementary students reported on December 1, 1987, Child Count (Including ages 3 and 4):	_____	_____
2. Total number of handicapped elementary students reported on December 1, 1987, who are served in separate classes, separate schools, residential facilities, homebound and hospital settings and correction facilities (see Note 1 on page 4):	_____	_____
3. Item 2 x (average percentage of instructional time students served in Item 2 receive special education and related services):	_____ x _____ = _____	_____
4. APPE for elementary students (from IV A):	\$ _____	\$ _____
5. Total minimum amount for elementary handicapped students served in Item 2 (Item 3 x Item 4):	_____	_____
6. Total number of elementary communication disordered students reported on December 1, 1987, Child Count:	_____	_____
7. (Item 6) x (Average percentage of instructional time students in Item 6 receive special education and related services):	_____ x _____ = _____	_____
8. Total minimum amount for elementary communication disordered students (Item 7 x Item 4):	_____	\$ _____
9. Total number of elementary handicapped students served in Regular Education with Modification and Regular Education with Resource Services, excluding communication disordered students (i.e., special education less than 60% of instructional time):	_____	_____
10. Item 9 x (average percentage of instructional time students in Item 9 receive special education and related services):	_____ x _____ = _____	_____
11. Total minimum amount for elementary handicapped students served in Item 9 (Item 10 x Item 4):	_____	\$ _____

12. Total elementary aggregate minimum amount (Add Items 5, 8, 11):

This is the aggregate minimum amount that the LEA must have spent for the education of elementary handicapped students using any available funding source other than EHA, Part B, capital outlays and debt service. The LEA is required to have financial records to show that this aggregate minimum amount has been expended. Maintenance of separate records is not required, as long as existing records are adequate to demonstrate compliance with the requirement.

NOTE 1: See Part II of LEA's 1987-88 Annual Data Report:
Implementation of Least Restrictive Environment
Requirements.

NOTE 2: The totals of Item 2, Item 6, and Item 9 must equal Item 1.

0063i

Determining Aggregate Minimum Amount for the Education of Secondary Handicapped Students

ITEM

Calculations

Expenditures

1. Total number of handicapped secondary students reported on December 1, 1987,
Child Count: _____
2. Total number of handicapped secondary students reported on December 1, 1987,
who are served in separate classes, separate schools, residential facilities,
homebound and hospital settings and correction facilities (see Note 1 on page 6): _____
3. Item 2 x (average percentage of instructional time students served in Item 2
receive special education and related services): _____ x _____ = _____
4. APPE for secondary students (from IV B): \$ _____
5. Total minimum amount for secondary handicapped students served in Item 2
(Item 3 x Item 4): \$ _____
6. Total number of secondary communication disordered students reported on
December 1, 1987, Child Count: _____
7. (Item 6) x (Average percentage of instructional time students in Item 6
receive special education and related services): _____ x _____ = _____
8. Total minimum amount for secondary communication disordered students
(Item 7 x Item 4): \$ _____
9. Total number of secondary handicapped students served in Regular Education
with Modification and Regular Education with Resource Services, excluding
communication disordered students (i.e., special education less than 60% of
instructional time): _____
10. Item 9 x (average percentage of instructional time students in Item 9 receive
special education and related services): _____ x _____ = _____
11. Total minimum amount for secondary handicapped students served in Item 9
(Item 10 x Item 4): \$ _____

12. Total secondary aggregate minimum amount (Add Items 5, 8, 11):

\$

This is the aggregate minimum amount that the LEA must have spent for the education of secondary handicapped students using any available funding source other than EHA, Part B, capital outlays and debt service. The LEA is required to have financial records to show that this aggregate minimum amount has been expended. Maintenance of separate records is not required, as long as existing records are adequate to demonstrate compliance with the requirement.

NOTE 1: See Part II of LEA's 1987-88 Annual Data Report:
Implementation of Least Restrictive Environment
Requirements.

NOTE 2: The totals of Item 2, Item 6, and Item 9 must equal Item 1.

0063i

FUNCTIONS AND RESPONSIBILITIES OF THE TREASURER

Introduction

The purpose of this section is to provide guideline procedures for the treasurer in the management of cash assets and investments for the county board of education.

The responsibilities of the treasurer have been defined in the handbook. The functions included in the treasurer's responsibilities are divided into two major classifications. The first functional classification is the cashier's function. The cashier will be responsible for the receipt and deposit of funds as well as the preparation of original receipt and deposit documents. The cashier also will be responsible for the daily reconciliation of cash receipts to cash receipt slips and bank deposits.

The other major functional classification of the treasurer's responsibilities is the bookkeeping function. The bookkeeper will be responsible for posting all bank deposits, cash disbursements, check transfers, etc. to the Cash and Investment Ledger, Investment Register, and preparation of the Daily Cash Control Report. The bookkeeper also will be responsible for month-end reconciliation of the bank statement to the records of the county board and preparation of monthly treasurer's statements.

While the number of individuals performing the above functions will depend on the size of the county, the separation of the cashier's function and the bookkeeping function is necessary to provide for more effective internal control. Every effort should be made to maintain this internal control by assigning each functional area to separate personnel within the treasurer's responsibility.

The guideline procedures, forms, reports, control registers and ledgers, and methods of record keeping contained in this manual provide the treasurer with functional procedures.

Cash Receipts - General Procedures

ACTION	PERFORMED BY
1. Cash and checks accompanied by remittance advices are received in the treasurer's office.	Cashier
2. Identify the source of payment and prepare the cash receipt form.	Cashier
a. Enter the following information on all the receipt copies: (1) Data received (2) Name and address of remitter (3) Amount received (4) Bank transit number (printed on checks) (5) Purpose of payment (6) Signature of cashier. b. Present one copy of receipt to remitter. c. Enter the following information on the other copies: (1) Name of fund to receive proceeds (2) Demand deposit account name and number (3) Identify type of receipt: (a) Revenue to include investment income (b) Transfer from another demand deposit account (c) Transfer of investment principal (d) Redeposit of returned check to include notice number	
3. Prepare the Daily Cash Receipt - Bank Deposit Reconciliation Form SF15.02.	Cashier
a. Prepare a listing of total checks and cash received. b. Prepare a listing of receipts issued and compare to total developed in procedure 3.a. Account for receipts number sequence and record on the form. c. Sort receipt forms, checks and cash within the sequence shown on the reconciliation form. Fund Demand Deposit Account Number Investment Principal Transfers Revenue, to include interest income d. Prepare a listing for each total required and record on the form. Total the form and compare to total developed in procedures 3.b.	
4. Prepare the bank deposit slips for each demand deposit account. If more than one deposit to one account, enter a sequential number on both the deposit slips and the Daily Cash Receipt - Bank Deposit Reconciliation form.	Cashier
5. Forward all deposit slips, cash and checks to the bank for deposit.	Cashier

Cash Receipts - General Procedures

ACTION	PERFORMED BY
6. Distribute the Daily Cash Receipt - Bank Deposit Reconciliation form as follows: <ul style="list-style-type: none">a. Original-Bookkeeper (Treasurer's Office)b. Duplicate-Bookkeeper (Treasurer's Office)c. Triplicate-Cashier's File.	Cashier
7. Distribute Cash Receipt forms as follows: <ul style="list-style-type: none">a. Original-previously presented to remitterb. Sorted Duplicate - with listing and remittance advice to bookkeeper (Treasurer's Office)c. Triplicate-with cashier in bound form	Cashier
8. Duplicate copy of deposit slip is validated by the bank and forwarded to the bookkeeper (Treasurer's Office)	Bank/ Messenger
9. Review and verify the Daily Cash Receipt-Bank Deposit reconciliation form prepared by the cashier <ul style="list-style-type: none">a. Verify cash receipt number sequence and compare amounts to the listing and reconciliation.b. Compare to validated bank deposit slip.c. Enter date deposit was verified by the bank on the reconciliation form.	Bookkeeper
10. Prepare entry to Cash and Investment Ledger.	Bookkeeper
11. Prepare entry to Investment Register	Bookkeeper
12. File original copy of the Daily Receipt-Bank Deposit Reconciliation form with the listing of total checks and cash received.	Bookkeeper
13. Forward duplicate copy of the Daily Cash Receipt - Bank Reconciliation form, duplicate copy of receipts and remittance advices to accounting.	Bookkeeper

NOTE: A county writing a small number of daily cash receipts which make the sorting of receipt forms unnecessary for the expedient completion of the Daily Cash Receipt-Bank Reconciliation form, may substitute a two part cash receipt form for the three part form. The duplicate unsorted cash receipt form along with a listing of checks and remittance advices would be distributed to the treasurer's bookkeeper to be used when completing step 9 of the section. After completing step 9, the treasurer's bookkeeper will distribute to accounting the unsorted receipts and remittance advices.

Cash Receipts - Returned Checks

ACTION	PERFORMED BY
1. Previously deposited check is returned to the Treasurer's office. Reasons may include non-sufficient funds, closed account, stale date, improper and/or incomplete preparation, and lack of endorsement.	Bank
2. Prepare pre-numbered Returned Check Notice form SF 15.21.	Bookkeeper
a. Enter the following information on the form: (1) Payor name and address (2) Name of check writer, if other than payor (3) Date check was returned (4) Name of bank check was drawn on (5) Check number, amount and date (6) Reason for check return (7) Purpose of payment. b. Enter the following information on the second and third copies: (1) Demand deposit account and deposit slip number of original deposit transaction (2) Cash receipt number and amount recorded in original transaction (3) Fund and revenue category recorded in original transaction.	
3. Void the treasurer's copy of the Cash Receipt slip by writing RETURNED CHECK AND Returned Check Notice number and date on the receipt.	Bookkeeper
4. Post the amount of the returned check to the Cash and Investment Ledger for that fund and the demand deposit account in which the check was originally deposited (procedure 2.b.(1)). The amount should be posted in RED and in PARENTHESES to clearly denote a negative number or deduction from receipt.	Bookkeeper
5. Distribute the Returned Check Notice form as follows:	Bookkeeper
a. Original-Remitter of the returned check b. Duplicate-Accounting c. Triplicate-Treasurer's Office	
6. Maintain suspense file with Returned Check Notice form attached to returned check. Determine appropriate follow-up with remitter; to include redepositing the check, and correspondence by letter and telephone at regular intervals.	
7. Follow general cash receipts procedures to redeposit the returned check. Additional procedures are as follows:	Cashier/ Bookkeeper
a. Record the Returned Check Notice number on the Cash Receipt form prepared for the redeposit b. Record the cash receipt number on the Returned Check Notice c. Transfer Returned Check Notice to a closed file.	

Cash Receipts - Forms

Form SF-15 01

_____ COUNTY BOARD OF EDUCATION

Cash Receipt

Date _____ No _____

Received From _____ Amount \$ _____

Address _____ ☐ Currency

_____ ☐ Check No. _____

_____ Bank No. _____

Purpose _____

Signature _____

For Deposit In:	Demand Deposit Account		
Name Of Fund	Name	Number	Amount
<input type="checkbox"/> General Current Expense			\$
<input type="checkbox"/>			\$

Type of Receipt:

☐ Revenue \$ _____
☐ Transfer From Demand Deposit Account \$ _____
☐ Transfer From Investment Principal \$ _____

☐ Redeposited Check
☐ Returned Check
Notice No. _____

Distribution:

No 1 - Remitter
No 2 - Treasurer's Bookkeeper
No 3 - Treasurer's Office

Form SF 15 02

_____ COUNTY BOARD OF EDUCATION

Daily Cash Receipts - Bank Deposit Reconciliation

Date _____

Beginning Receipt No. _____ Ending Receipt No. _____ Totalling \$ _____

Fund	Deposit Number	*Demand Deposit Account Number	Receipt Numbers (From - To)	Amounts Received From			Total Deposits	Date Deposit Verified By Bank
				Investment Principal	*Transfers	Revenue		
Totals				\$	\$	\$	\$	

* Necessary If More Than One Demand Deposit Account Exists Per Fund

Distribution
Copy # 1 - Treasurer's Bookkeeper
Copy # 2 - Accounting
Copy # 3 - Cashier

Prepared By _____

Cash Receipts - Forms

Form SF-15 21

_____ COUNTY BOARD OF EDUCATION

RETURNED CHECK NOTICE

Date _____

Number _____

Payor _____

Bank _____

Maker of Check (If Not Payor) _____ Check Number _____

dated _____ for \$ _____ in payment of _____

_____ has been returned for the following reason (s) _____

We would appreciate your immediate attention to this returned check. A self-addressed envelope is enclosed for your convenience.

Very truly yours.

For Internal Use Only

Fund _____

Deposit Number _____

Demand Deposit
Account Number _____

Receipt Number _____

Revenue Account _____

Amount _____

Distribution

- No 1 Payor
- No 2 Accounting
- No 3 Treasurer's Office

Redeposited
Receipts No _____
Date _____

Cash Expenditures - Accounts Payable

ACTION	PERFORMED BY
1. Prepare checks and check register, based upon approved vouchers and attach supporting documentation.	Accounting
2. Compare approved voucher(s) to check remittance advice and trace check to check register. The check register may be in the form of non-negotiable check carbon copies or a listing.	Business Manager
3. Review expenditures and authorize president and secretary to sign checks and check register. Some counties may itemize expenditures in board minutes, thereby negating the need to sign the check register. However, the president and secretary are responsible for the following procedures: a. Application of manual or facsimile signatures to the checks b. Cancellation of vouchers by use of stamp or perforating equipment c. Review of check register. Based upon local school board policy, the business manager may be authorized to perform the above procedures (except for the manual signing of checks.)	School Board
4. Distribute documents as follows: a. Checks and check register - Treasurer b. Cancelled vouchers-Accounting.	School Board
5. Review checks and check register as follows: a. Account for numerical sequence of all checks and mutilate signature area of voided checks. b. Compare all checks to check register and manually sign or affix a properly authorized stamp on both copies of check register c. Manually sign or assume responsibility for application of facsimile signature on checks.	Treasurer
6. Distribute checks and registers as follows: a. Negotiable checks-Vendors b. Original check register-Accounting c. Duplicate check register and voided checks-Bookkeeper.	Treasurer
7. Prepare entry to Cash and Investment Ledger and file.	Bookkeeper
8. File voided checks with paid orders.	Bookkeeper

Cash Expenditures - Payroll

ACTION	PERFORMED BY
1. Prepare checks and check register, based upon approved time sheets and/or time cards.	Accounting
2. Review supporting documentation on a test basis and trace checks to check register. Sign register.	Business Manager
3. For counties using an imprest payroll account, request treasurer to prepare check for the net amount of the payroll to reimburse the payroll imprest account.	Business Manager
4. Forward checks and check register to school board for payment authorization and file payroll supporting documentation.	Business Manager
5. Review payroll expenditures and authorize president and secretary to sign checks and check register. It is recognized that many school districts will use facsimile signature plates for payroll checks. In addition, some districts may approve payroll expenditures in board minutes, thereby negating the need to sign the check register. However, the president and secretary are responsible for review of the check register and application of manual or facsimile signatures to the checks.	School Board
6. Forward checks and check register to treasurer.	President/ Secretary
7. Review checks and check register as follows: <ul style="list-style-type: none">a. Account for numerical sequence of all checks and mutilate signature area of voided checksb. Compare all checks to check register and manually sign or affix a properly authorized stamp on both copies of check registerc. Manually sign or assume responsibility for application of facsimile signature on checks.	Treasurer
8. Distribute checks and register as follows: <ul style="list-style-type: none">a. Negotiable checks-Employeeb. Original check register-Accountingc. Duplicate check register and voided checks-Bookkeeper.	Treasurer
9. Prepare entry to Cash and Investment Ledger and file.	Bookkeeper
10. File voided checks with paid orders.	Bookkeeper

Cash Expenditures - Cash Transfers

ACTION	PERFORMED BY
1. Transfer cash between demand deposit accounts or purchase an investment in accordance with adopted board policy.	Treasurer
NOTE: Routine cash receipt procedures are to be used for recording proceeds from the sale of investments.	
2. Prepare Treasurer's Check Voucher form SF 15.04.	Bookkeeper
<p>a. Enter the following information on the form if transferring cash between demand deposit accounts:</p> <ul style="list-style-type: none">(1) Treasurer's check number(2) Amount of cash to be transferred(3) Date of preparation(4) Payee (identify account)(5) Accounting fund from which cash is to be drawn(6) Name and number of demand deposit account from which cash is to be drawn(7) Name and number of demand deposit account where cash transfer will be deposited(8) Purpose of transfer. <p>b. Enter the following information on the form, if purchasing an investment:</p> <ul style="list-style-type: none">(1) Items a.(1) through a.(6), as previously described(2) Sequentially assigned investment number for each unique investment(3) Maturity date of investment(4) Effective annual yield rate based on interest(5) Amount of anticipated interest income(6) Total cost of investment(7) Information on investment bids solicited and received. Any documentation should be attached to the treasurer's copy of the voucher.	
3. Prepare treasurer's check and check register	Bookkeeper
4. Forward Treasurer's Check Voucher and check to treasurer for review and signature.	Bookkeeper
5. Review and sign the Treasurer's Check Voucher and Treasurer's Check. Forward both documents to secretary or president.	Treasurer
6. Review documents and sign check. Forward check to payee and check register along with Treasurer's Check Voucher to the bookkeeper.	President/ Secretary
7. Prepare entry to Cash and Investment Ledger.	Bookkeeper
8. Prepare entry to Investment Register.	Bookkeeper

Cash Expenditures - Cash Transfer

ACTION	PERFORMED BY
9. Distribute the Treasurer's Check Voucher as follows: a. Original-Accounting b. Duplicate-Bookkeeper's file.	Bookkeeper
10. Distribute the check register as follows: a. Accounting b. Bookkeeper's file.	Bookkeeper

Cash Expenditures - Stop Payment Order

ACTION	PERFORMED BY
1. Advised that a stop payment order on a check should be issued. Reasons may include errors, loss of check, failure of check to clear bank in a reasonable amount of time, and deficiencies in goods or services for which the check was issued.	Treasurer
2. Prepare Stop Payment Order form SF 15.22. Enter the following on the form: <ul style="list-style-type: none">a. Name and address of bankb. Demand deposit account numberc. Date stop payment order issuedd. Check information:<ul style="list-style-type: none">(1) Check number(2) Date check was issued(3) Payee(4) Amount of check(5) Purpose of check.	Bookkeeper
3. Request the bank to stop payment on the check. Note confirmation of the telephone conversation on the Stop Payment Order form and forward to treasurer for review and approval.	Bookkeeper
4. Review and indicate approval by signing the Stop Payment Order. Return forms to the bookkeeper.	Treasurer
5. Prepare entry to Cash and Investment Ledger.	Bookkeeper
6. Distribute the Stop Payment Order as follows: <ul style="list-style-type: none">a. Original-Bankb. Duplicate-Accountingc. Triplicate-Bookkeeper's file.	Bookkeeper

Cash Expenditures - Forms

Form SF-15 04

_____ COUNTY BOARD OF EDUCATION

Treasurer's Check Voucher

Date _____

Fund _____

Check No. _____

Payee _____

Amount \$ _____

Address _____

Disbursement From

Demand Deposit Account Name & Number _____

Transfer To:

Demand Deposit Account Name & Number _____

Purpose _____

or

Investment Number	Maturity Date	Annual Yield Rate %	Anticipated Interest	Cost of Investment
			\$	\$
TOTAL \$				

Treasurer's Signature _____

Comments _____

Distribution

No. 1 - Accounting

No. 2 - Treasurer's Bookkeeper

Cash Expenditures - Forms

_____ **COUNTY BOARD OF EDUCATION**

Form SF-15 22

Stop Payment Order No. _____

Date _____

To:

Bank _____

Address _____

City _____ State _____ Zip _____

Please stop payment on the below described check and acknowledge

Check Information:

Checking Account No. _____

Check Number _____

Date _____

Payee _____

Amount \$ _____

Purpose:

☐ Payroll

☐ Accounts Payable

☐ Treasurer's Check

This (is) (is not) in confirmation of telephone conversation of _____
Date _____

with _____

Authorized Signature

For Accounting use:

Fund _____

Expenditure Account Number _____

Distribution:

No 1 - Bank

No 2 - Accounting

No 3 - Treasurer's Bookkeeper

Cash Control Procedures -
Cash and Investment Ledger

ACTION	PERFORMED BY
<p>1. Post all cash transactions on a daily basis to the Cash and Investment Ledger, form SF 15.03.</p> <ul style="list-style-type: none">a. A separate ledger will be maintained for each accounting fund.b. A supporting detail ledger will be maintained if there is more than one demand deposit account per accounting fund.c. The other transfers columns will be needed for those counties using multiple demand deposit accounts.	Bookkeeper
<p>2. Compile source documents for posting to ledger:</p> <ul style="list-style-type: none">a. Daily Cash Receipts - Bank Deposit Reconciliationb. Returned Check Noticec. Check Registerd. Payroll Registere. Treasurer's Check Voucherf. Stop Payment Order	Bookkeeper
<p>3. Post the following information from the Daily Cash Receipt - Bank Deposit Reconciliation form to the Cash and Investment Ledger:</p> <ul style="list-style-type: none">a. Data of cash transactionb. Descriptionc. Initials of bookkeeperd. Deposit numberse. Consecutive receipts numbersf. Type of cash receipt:<ul style="list-style-type: none">(1) Return of investment principal(2) Transfers from other demand deposit accounts(3) Revenue, to include interest income.g. Summary cash receipts totalh. Decrease in investment control	Bookkeeper
<p>4. Post summary receipt totals for each demand deposit account to second page of the ledger, if applicable.</p>	Bookkeeper
<p>5. Post applicable information, as required in procedures 3 and 4 above, from the Returned Check Notice form. Amounts will be written in red and in parentheses to note negative transactions.</p>	Bookkeeper

Cash Control Procedures -
Cash and Investment Ledger

ACTION	PERFORMED BY
6. Post the following information from the Check Register, Payroll Register or Treasurer's Check Voucher to the Cash and Investment Ledger: a. Date checks were signed b. Description c. Initials of bookkeeper d. Consecutive check numbers e. Type of Cash disbursement: (1) Purchase of Investment principal (2) Transfers to other demand deposit accounts (3) Other expenditures. f. Summary cash disbursements total g. Increase in investment control.	Bookkeeper
7. Post summary expenditure totals for each demand deposit account to the second page of the ledger, if applicable.	Bookkeeper
8. Post applicable information, as stated in procedures 6 and 7 above, from the Stop Payment Order form. Enter Stop Payment Order and number in description space. Amounts will be written in red and in parentheses to note negative transactions.	Bookkeeper
9. Foot and crossfoot Cash and Investment Ledger column totals.	Bookkeeper
10. Compare both cash and investment totals to accounting general ledger totals monthly.	Bookkeeper
11. File Cash and Investment Ledger and all supporting documentation.	Bookkeeper
12. Review Cash and Investment Ledger at the end of each month. Review supporting documentation on a test basis.	Treasurer

Cash Control Procedures -
Daily Cash Control Report

ACTION	PERFORMED BY
1. Prepare Daily Cash Control Report, form SF 15.33, on a daily basis. The Cash and Investment Ledger is the source document for the following information requirements.	Bookkeeper
a. Date	
b. Name of accounting fund	
c. Demand deposit account number	
d. Name of account	
e. Cash balance from previous report	
f. Total receipts for today	
g. Total expenditures for today	
h. Cash balance for total	
i. Comments as applicable	
j. Signature	
2. Forward Daily Cash Control Report to treasurer for review and approval.	Bookkeeper
3. Review and indicate approval by signing the Daily Cash Control Report.	Bookkeeper

NOTE: This report is to inform the treasurer of the daily cash receipts, expenditures and balance by fund and demand deposit account. The treasurer may eliminate the report if in his/her opinion he/she can receive the information expediently directly from the Cash and Investment Ledger.

Cash Control Procedures -
Monthly Bank Reconciliation

ACTION	PERFORMED BY
1. Upon receipt of bank statement (unopened) from the bank, verify arithmetic accuracy	Bookkeeper
2. Prepare a listing of deposits, cancelled checks and any other debit or credit memos included with bank statement and reconcile to the change in balance per bank statement. If correct, list balance per bank statement in Bank Reconciliation form SF 15.23.	Bookkeeper
3. Arrange cancelled checks in numerical order and examine for endorsements, authorized signatures, and alterations of amounts.	Bookkeeper
4. Determine and list outstanding checks by comparing cancelled check with the prior month's outstanding check list and the current month's check register. This listing of outstanding checks must include in numerical sequence the check number and amount. Indicate a total on Bank Reconciliation form SF 15.23.	Bookkeeper
5. Prepare a list of deposits in transit (deposits entered on books but not on bank statement) by checking the deposits in transit from the prior month's reconciliation and the Cash and Investment Ledger to the bank statement. Enter deposits in transit including number and amount on bank reconciliation form.	Bookkeeper
6. Examine bank statement for other charges and credits and determine that these are posted to cash ledger. For any that are not posted, compile a list and enter on bank reconciliation in the other category.	Bookkeeper
7. Compute the cash balance by adding the reconciliation items and comparing this balance with the book balance.	Bookkeeper
8. Sign and submit for approval.	Bookkeeper
9. Review statement for completeness and make certain that any adjustments needed are recorded.	Treasurer
10. File bank reconciliation with other reconciliations for the same account. Prepare and post adjustments to the Cash and Investment Ledger that are authorized by the treasurer and notify accounting.	Bookkeeper

Cash Control Procedures - Forms

FORM SF 15.33

_____ County Board of Education

Daily Cash Control Report

Date _____

Fund	Demand Deposit Account		Previous Balance	Cash		
	Name/Purpose	Number		Today's		Balance
				Receipts	Disbursements	
Totals						

Prepared by _____

Approved _____

Date _____

Date _____

COMMENTS

Cash Control Procedures - Forms

Form SF-15.23

_____ COUNTY BOARD OF EDUCATION

BANK RECONCILIATION

Fund _____

Bank Account Name and Number _____

Balance Per Bank Statement \$ _____

Add: Deposits in Transit - Number Amount

_____	_____
_____	_____
_____	_____
_____	_____

Deduct: Outstanding Checks (Attach list with check numbers & amounts)

Other Additions Or Deductions

<u>Explanation</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____

Treasurer's Balance

\$ _____

I hereby certify that the above information is correct to the best of my knowledge and belief.

Preparer's Signature _____ Date _____

Treasurer's Signature _____ Date _____

COUNTY BOARD OF EDUCATION

PROJECTED SCHEDULE OF LONG RANGE CASH FLOW
FOR THE FISCAL YEAR ENDING

Fund _____

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	YEAR	
Beginning Cash Balance														A
Projected Cash Receipts														
Local Sources														
State Sources														
Federal Sources														B
Other Sources														
Total Projected Cash Receipts														
Projected Cash Expenditures														
Net Payroll														
Accounts Payable														
Payroll Deductions														
Social Security - Employers														B
Contracted Services														
Utilities														
Equipment Replacement														
Capital Outlay														
Other														
Total Projected Expenditures														
Ending Cash Balance														C
A July Beginning Cash Balance														
B Equals Gross Total														
C June Ending Cash Balance														

[illegible]

Investments - General Procedures

ACTION	PERFORMED BY
1. Develop investment policy in accordance with criteria set forth in this manual.	County Board of Education
2. Initiate the investment procedure by preparing a Treasurer's Check Voucher for the withdrawal of funds from a demand deposit account.	Treasurer
3. Post the following information to the Investment Register form 15.05, using Treasurer's Check Voucher as a source document: a. Date b. Description of investment c. Initials of bookkeeper d. Treasurer's check number e. Investment number f. Date of maturity g. Annual yield percentage h. Anticipated interest income i. Increase to investment control (total cost) j. Addition to investment control balance	Bookkeeper
4. Post the return of investment principal and interest income received to the Investment Ledger. Since all proceeds from investments (to include saving account withdrawals) will be payable by check to the county board of education, the source document for posting will be the Cash Receipts - Bank Deposit Reconciliation form. The information to be posted to the Investment Register is as follows: a. Return of investment principal: (1) Date (2) Initials of bookkeeper (3) Investment number (4) Date of maturity (5) Decrease to investment control (total cost) (6) Decrease to investment control balance (7) Data investment was terminated (on the line used to post the return of investment principal and on the line used to post the original investment.)	Bookkeeper
5. Foot and crossfoot columns and compare Investment Control Balance of Investment Register to Cash and Investment Ledger.	Bookkeeper
6. Forward Investment Register and supporting documentation to treasurer for review and approval.	Bookkeeper
7. Review and approve posting of investment transactions.	Treasurer

Monthly Reports - Treasurer's Report

ACTION

PERFORMED BY

1. Prepare the Treasurer's Report at the end of each month for submission to the county board of education.

Bookkeeper

 - a. General format should correspond to form SF 15.31, Treasurer's Report.
 - b. Purpose of the report is to show by accounting fund:
 - (1) The total cash receipts and expenditures for the month
 - (2) The cash and investment balances at the end of the month by location and description, i.e., demand deposit accounts, treasury bills, certificate of deposits, etc.
 - c. Procedures for preparing the report as follows:
 - (1) Obtain prior month ending balances by fund from prior month's Treasurer's Report.
 - (2) Record the current month's revenue and expenditure column totals of the Cash and Investment Ledger by fund in the appropriate columns of the Treasurer's Report.
 - (3) Add prior month Treasurer's Report fiscal year to date revenue and expenditures to this month's totals and record in appropriate columns of the Treasurer's Report.
 - (4) Add this month's revenue to prior month's ending fund balance; subtract this month's expenditures to arrive at current month ending fund balance.
 - (5) The total demand deposit balance and the investment balance on the Cash and Investment Ledger should be recorded under "Current Month Ending Fund Balance," "In Cash" and "In Investments".
 - (6) Specify cash and investments by location in lower portion of Treasurer's Report. Totals by location must agree with totals by fund.
2. Forward all documents to treasurer for review and approval.

Bookkeeper
3. Review and indicate approval by signing the Treasurer's Report.

Bookkeeper
4. Return supporting documentation to bookkeeper for filing and submit Treasurer's Report to county board of education.

Treasurer
5. The annual Treasurer's Report will be the last monthly report for the fiscal year.

Bookkeeper
Treasurer

Monthly Reports - Treasurer's
Statement of Investments Outstanding

ACTION	PERFORMED BY
1. Prepare the Treasurer's Statement of Investments Outstanding at the end of each month for submission to the county board of education.	Bookkeeper
a. General format should correspond to form SF 15.32, Treasurer's Statement of Investments Outstanding.	
b. Source document for all information is the Investment Register.	
c. Column totals for cost of investment and anticipated interest must agree with the Investment Register totals.	
2. Forward statement and Investment Register to treasurer for review and approval.	Bookkeeper
3. Review and indicate approval by signing the Treasurer's Statement of Investments Outstanding.	Treasurer
4. Return Investment Register to Bookkeeper for filing and submit Treasurer's Statement of Investments Outstanding to county board of education.	Treasurer

Treasurer's Report

Month Ending:

TOTALS

Specify Cash and Investments By Location

Answer

Monthly Report - Forms

Form SF-15.32

COUNTY BOARD OF EDUCATION

Treasurer's Statement of Investments Outstanding

Date _____

INVESTMENT			Maturity Date	Rate of Interest	Cost of Investment	Anticipated Interest
Date	Number	Type				
Totals						

RECORDS RETENTION

The below listing is a guide to records retention, it may require adjustment to meet your specific needs. Legal counsel is advisable for any item not listed.

Maintain Permanently

Audit Reports

Chart of Accounts

Cancelled Checks of Important Payments:

 Taxes

 Purchase of Property

 Special Contracts

 (After audit, these checks should be filed
 with the papers pertaining to the transaction).

Correspondence

 (Legal and important matters only.)

Deeds

Depreciation Schedules (if any)

Employee Personnel Records

Financial Statements:

 Annual Financial Reports

 Retirement Reports

 General Ledgers

Insurance Records, Accident Reports, Claims, etc.

Minute Books

Payroll Records

Pension Records

Property Records

RECORDS RETENTION
(Continued)

Salary Schedules

Tax Returns and Reports

Worker's Compensation Claims

Maintain 10 Years

Budget Documents

Internal Audits (Including School Audits)

Journals (unless retained in another record):

Payroll distribution

Accounts Payable Distribution

Receipt Distribution

Inventories of Equipment and Supplies

Purchase Orders

Invoices (Including Receiving Information)

Retain 7 Years

Accident Reports/Claims of Settled Cases

Cancelled Checks (see Permanent)

Contracts/Leases (Expired)

Monthly/Quarterly Financial Reports

Project Completion Reports

Retain 3 Years

General Correspondence

Insurance Policies (Expired) (unless on litigation)

Property Appraisals

RECORDS RETENTION
(Continued)

Retain Until Audited

Bank Reconciliations

Vendor Correspondence

Duplicate Deposit Slips

Requisitions

Scrap Sales and Auction Records

Excess Levy Information (After last year is audited)

Other

Bond Issue Records (Until Issue is Expired)



**WEST VIRGINIA BOARD OF EDUCATION
1989-90**

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Henry R. Marockie
State Superintendent of Schools
West Virginia Department of Education