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BOARD OF EDUCATION POLICY

DI Accounting and Reporting

5/18/17 x/x/24

1 The Board of Education (Board) expects the Superintendent to **assure** **ensure** that the Cobb
2 County School District (District) establishes financial **guidelines and** procedures that comply
3 with generally accepted accounting principles, State Department of Education rules, and District
4 expectations established in Board Policy DB (Planning, Programming, Budgeting System) **state**
5 **and federal law**.

A. PERSONNEL BUDGET:

- 6
- 7
- 8 1. To protect the mutual trust between the Board **of Education**, **the** Superintendent, and
9 employees of the District, the Superintendent shall, in Executive Session provided that
10 this action does not **attempt to** violate any provision of the Georgia Open Meetings Act,
11 discuss all personnel budget issues including any proposed changes to the
12 compensation/structure including proposed bonuses, pay increases, and **/or** the addition
13 or deletion of employee groups.
- 14 2. In considering the implementation of specific personnel options (~~for instance the~~
15 ~~adequate staffing of a leadership academy, offering an enriched staff development~~
16 ~~program, or other improvements~~), the Superintendent must:
 - 17 a. Disclose to the Board the potential financial and programmatic impact of such
18 actions;
 - 19 b. ~~Identify other initiatives, including reaching target reserve levels, which may be~~
20 ~~jeopardized as a result of funding proposed personnel issues.~~
21 c. Require specific Board action to hire in excess of those positions provided in
22 the budget.
- 23

B. LOANS:

1. Short-Term Loans:

- 24
- 25
- 26 a. The District may incur indebtedness only when approved by the Board and then
27 only in an amount specifically approved by the Board **and in compliance with**
28 **state law**.
- 29 b. **Procedures:**
 - 30 (1) The Board, as it deems necessary, may vote to approve a resolution authorizing the
31 borrowing of money for District purposes. The aggregate amount of all such loans
32 outstanding at any one time shall not exceed 75% of the total income of the Board
33 from taxes collected by the Board in the preceding year.
 - 34 (2) In accordance with O.C.G.A. § 20-2-391, the resolution authorizing the borrowing
35 of funds shall, as a minimum, state:
 - 36 (a) The amount to be borrowed;
 - 37 (b) The length of time it is to be used;
 - 38 (c) The rate of interest to be paid;
 - 39 (d) The purpose for which it is borrowed; and
 - 40 (e) The institution from which it is to be borrowed.
 - 41 (3) Such loans shall be payable on or before December 31 of each year.
 - 42 (4) The Board Chair and Superintendent shall execute the note(s) for money that is
43 authorized to be borrowed under the resolution passed by the Board (Board Policy
44 BBA [Board Officers]) and Board Policy ABB [Board Powers and Duties]). (see
45 O.C.G.A. § 20-2-395)
- 46

2. Loans to Schools:

- 47 a. **Eligibility:**
 48 Before a loan can be made to a school, the school must demonstrate that all borrowed
 49 funds shall be used for curricular, co-curricular or extra-curricular activities which are
 50 related to an educational program.
- 51 b. **Guidelines:**
 52 The following guidelines shall apply to loans:
 53 (1) Loans will be used for the purpose of assisting the program specified;
 54 (2) The maximum loan to a local school will not exceed \$50,000; ~~and~~
 55 (3) Loans will be repaid within five years with one-fifth of the loan due on each
 56 anniversary of the loan date; ~~and~~
 57 (4) Loan requests should follow Financial Services procedures.
- 58 3. **Loans to Organizations other than Schools:**
 59 The Board may not authorize a loan of District funds to private organizations, such as
 60 Booster Clubs, PTAs, or other school support organizations (Administrative Rule KG-R [Use
 61 of School Facilities]).

62
 63 **C. FUND BALANCE:**

- 64 1. In accordance with Governmental Accounting Standards Board (GASB) Statement 54, the
 65 Board recognizes the following five categories of fund balances for financial reporting
 66 purposes:
- 67 a. *Non-spendable Fund Balance* – non-cash assets such as inventories or prepaid items.
 68 b. *Restricted Fund Balance* – funds legally restricted for specific purposes, such as grant
 69 funds.
 70 c. *Committed Fund Balance* – amounts that can only be used for specific purposes
 71 pursuant to a formal vote of the Board. The Board, as the government’s highest level
 72 of decision-making authority, may authorize expenditures from the committed fund
 73 balance by a formal vote prior to the District’s fiscal year-end for that fiscal year.
 74 Future modification or rescission of committed funds must likewise be accomplished by
 75 a formal vote of the Board prior to fiscal year-end. A majority Board vote is required to
 76 approve a commitment and a majority Board vote is required to remove a
 77 commitment.
 78 d. *Assigned Fund Balance* – amounts intended by the Board for specific purposes. The
 79 Board expressly delegates to the Superintendent, through the Chief Financial Officer,
 80 the authority under this policy to assign funds for particular purposes. Such
 81 assignments cannot exceed the available fund balance in any particular fund.
 82 e. *Unassigned Fund Balance* – residual spendable fund balance after subtracting all above
 83 amounts.
- 84 2. **Spending Prioritizations:**
 85 a. When an expenditure is incurred that would qualify for payment with either restricted
 86 or unrestricted funds, it will be paid from restricted funds.
 87 b. When an expenditure is incurred that qualifies for payment from either of the three
 88 unrestricted fund balance categories, it will be applied in the following order:
 89 (1) Committed,
 90 (2) Assigned, and
 91 (3) Unassigned.
- 92 3. **Minimum Unassigned Fund Balance:**
 93 The District will strive to maintain a minimum unassigned fund balance in its General Fund
 94 of at least 8.33% of budgeted expenditures. This minimum fund balance is to protect
 95 against cash flow shortfalls related to timing of projected revenue receipts and to maintain
 96 an emergency funding source.
- 97 4. **Replenishing Unassigned Fund Balance Deficiencies:**
 98 ~~When If~~ the Unassigned Fund Balance falls below the minimum of 8.33%, the District will
 99 replenish shortages/deficiencies **over a period not to exceed two (2) years** using the
 100 following budget strategies and timeframe:
 101 a. ~~The following budgetary strategies shall be utilized by the District to replenish fund~~
 102 ~~deficiencies:~~ (1) The District will reduce recurring expenditures to eliminate any
 103 structural deficit;
 104 b. (2) The District will increase recurring or one-time revenues or pursue other funding
 105 sources; or

- 106 c. ~~(3)~~ Some combination of the two options listed above.
- 107 d. ~~Minimum Unassigned Fund Balance deficiencies shall be replenished within the~~
- 108 ~~following time period:~~
- 109 (1) ~~Deficiency resulting in a minimum Unassigned Fund Balance of less than 8.33%~~
- 110 ~~shall be replenished over a period not to exceed two (2) years.~~
- 111 5. **Total Fund Balance:**
- 112 ~~Should the Total Fund Balance of the General Fund ever exceed 15% of budgeted~~
- 113 ~~expenditures, the District will:~~
- 114 a. ~~Utilize excess funds for one-time expenditures that are non-recurring in nature and~~
- 115 ~~which will not require additional future expense outlays for maintenance, additional~~
- 116 ~~staffing or other recurring expenditures; or~~
- 117 b. ~~Consider transferring excess funds to a separate Capital Accumulation Fund~~
- 118 ~~(Committed Fund Balance).~~
- 119 6. Pursuant to the provisions of GASB Statement 54, the Board hereby commits
- 120 substantially all of the revenue received by the following Special Revenue funds to be used
- 121 exclusively for each respective program's operating expenditures.
- 122

<u>Special Revenue</u>	<u>Committed Revenue Source</u>
Donations	Donations by individuals or organizations to benefit school programs
After School Program	Funds earned or donated at local schools for the After School Program (ASP) are to be used by local principals to benefit schools, students and faculty subject to District policy.
Performing Arts	Voluntary student contributions to fund Performing Arts Program
Tuition School	User tuition charges
Facility Use Venue Management	User rental fees
Adult High School	User tuition/GED fees
Public Safety	Student Parking Permit Fees
Artists at School	Donations to fund artist workshops at local schools
Local Schools	Funds earned or donated at local schools are to be used by local principals to benefit students and faculty subject to District policy.

- 123
- 124 **D. DEBT MANAGEMENT:**
- 125 1. **Objectives:**
- 126 The primary objective is to ensure prudent debt management practices which:
- 127 a. Maintain financial stability;
- 128 b. Preserve public trust;
- 129 c. Minimize costs to taxpayers;
- 130 d. Minimize borrowing costs; **and**
- 131 e. Demonstrate adequate administrative oversight of debt programs to credit rating
- 132 agencies;
- 133 2. **State of Georgia Law Debt Limit:**
- 134 The District will manage its debt in compliance with O.C.G.A. § 20-2-390 *et seq.*
- 135 3. **Short-Term District Debt:**
- 136 a. Definition – For purposes of this policy, short-term debt refers to debt with a
- 137 repayment term of one (1) year or less.
- 138 b. Short Term Debt Mitigation – The District will strive to maintain a minimum unassigned
- 139 fund balance in its General Fund of at least 8.33% of budgeted expenditures (one-
- 140 month reserve). This minimum fund balance is to protect against cash flow shortfall
- 141 related to timing of projected revenue receipts and to maintain an emergency funding
- 142 source.
- 143 c. Authorized Short Term Debt – In the event of short-term cash needs, the district is
- 144 authorized to issue short-term debt in compliance with O.C.G.A. § 20-2-390 *et seq.*
- 145 4. **Long-Term District Debt:**
- 146 a. Definition – For purposes of this policy, long-term debt refers to debt with a repayment
- 147 term of greater than 1 year.
- 148 b. Long Term Debt Mitigation – The District will strive to be free of Long-Term Debt. The
- 149 District's participation in the Special Purpose Local Option Sales Tax (SPLOST) revenue

150 program will continue to be the District's primary source of funding to provide for
151 school facilities, technology, and capital needs.
152 c. Authorized Long-Term Debt – In the event of long-term cash needs, the District is
153 authorized to issue long-term debt in compliance with **applicable law including**
154 **without limitation** O.C.G.A. § 20-2-390 *et seq.*
155

156 **E. FINANCIAL ADVISOR SERVICES:**

157 The District shall have the option of retaining a Financial Advisor to provide independent
158 financial advice to the Chief Financial Officer and the Board. The various financial advice topics
159 are:

- 160 1. Short Term Borrowing;
- 161 2. Long Term Borrowing;
- 162 3. Financial Project Coaching; and
- 163 4. Financial Investment Advice

164
165 **F. FINANCIAL PRACTICES:**

166 **1. On-time Payments:**

167 The District shall:

- 168 a. Settle payroll and debts in a timely manner;
- 169 b. File accurate and on-time tax and other government ordered payments and
170 financial filings.
- 171 c. Not acquire real property for investment purposes; and
- 172 d. ~~Aggressively pursue~~ **Pursue** receivables ~~after a reasonable grace period.~~

173 **2. Procedures:**

174 The procedures developed and implemented by the Superintendent or designee shall:

- 175 a. Provide for the consistent accountability of all District funds;
- 176 b. Require that District personnel have itemized receipts for cash **and purchase card**
177 purchases and that other purchases be supported by purchase orders or contracts with
178 payment made only upon receipt of original invoices;
- 179 c. Require that District personnel not collect funds from students for expenditures that are
180 included in the District budget;
- 181 d. Require District personnel to maintain a clear audit trail from receipt of funds to
182 disbursement of funds;
- 183 e. Provide for an annual audit of student activity funds by either an internal or
184 external auditor;
- 185 f. Account for the disposition of surpluses or deficits from completed projects; and
- 186 g. Provide for an annual audit of all District funds and the payment of costs for
187 external auditors from the funds being audited.

188 **3. Line Items Transfers:**

189 The Superintendent will ~~request Board approval of all budget transfers in accordance with~~
190 **adhere to** state budgeting amendment procedures. Budgeted funds assigned to
191 Department heads and Principals can be transferred between their line item accounts with
192 the exception of salary and fringe benefit accounts. To implement these budgeting
193 procedures the Superintendent and staff will develop, review and maintain up-to-date
194 Financial Services Regulations governing budget transfers of all District funds to ensure
195 good fiscal responsibility.

196 **4. Investment of District Funds:**

197 Effective cash management is recognized as essential to good fiscal management. The
198 extent to which the cash manager can obtain investment returns on funds not immediately
199 required can provide additional needed financial resources. This requires that investments
200 be well founded and uncompromisingly applied in legal, vendor, and administrative aspects.

201 **a. Depositories:**

202 All District central funds shall be deposited to the credit of the District. The bank
203 depository for the District's daily operating central funds will be selected through
204 standard bidding procedures and approved by the Board Chair.

205 **b. Investment Authority:**

- 206 (1) The Board delegates the authority to invest the District's idle funds to the Chief
207 Financial Officer (CFO) or designee;
- 208 (2) The CFO or designee:

- 209 (a) Has the authority to sign all paperwork required by investment or banking
210 institutions to open investment accounts unless additional signatures are
211 required; and
212 (b) Will provide a quarterly investment report to the Board.

213 c. **Guidelines:**

- 214 (1) The District will emphasize the preservation of investment principal and conform with
215 Federal and State legal requirements.
216 (2) The financial administration will maintain sufficient liquidity to meet funding
217 needs.
218 (3) Investments will be diversified to avoid incurring unreasonable risks regarding
219 specific investments or individual banks.
220 (4) Investments will be made that will attain the best market rate of return considering
221 liquidity based on projected expenditure needs.
222

223 **G. PROCUREMENT PRACTICES:**

224 1. **Purchases:**

225 Purchases are defined as the obtaining of goods or services via purchase orders, check
226 requests, performance contracts, construction contracts, other contracts, or **procurement**
227 **purchasing** cards.

228 2. **General Provisions:**

229 The Board expects the Superintendent and his/her staff to establish procedures for the
230 procurement of supplies, equipment and services for the District that complies with
231 generally accepted purchasing principles, District procedures, and Georgia Department of
232 Education Rules, Georgia laws and federal laws. Specifically, the District shall make
233 purchases that are consistent with the purchasing principles of:

- 234 • Acceptable quality at lowest price;
- 235 • Transparency in use of public funds;
- 236 • Protection against conflict of interest;
- 237 • Maximization of competition;
- 238 • Equal and fair competition; and
- 239 • Legal/regulatory compliance.

240 3. **Solicitation Process:**

- 241 a. All purchases are subject to the competitive solicitation process if the anticipated
242 annual cost is \$10,000 or more and an Exception to Full and Open Competition as
243 defined in the District Purchasing Regulations does not apply.
244 b. The Superintendent or designee shall set solicitation dates and opening time according
245 to District procedures and State rules. The District shall be represented by appropriate
246 staff members at all bid openings including at least one representative from
247 Procurement Services. The Procurement Services staff member representing the
248 District shall call the time for receiving solicitation responses closed at the time
249 specified in the solicitation document(s). Solicitation responses will not be accepted
250 after the time specified in the solicitation document has been called.

251 4. **Board Approval:**

252 Specific Board approval shall be required for all purchases greater than \$200,000 except
253 those purchases specifically pre-approved by the Board and/or those purchases that are
254 within a Board-approved bid/RFP. The Board may change its list of pre-approved items at
255 any time (see Board Policy DB [Planning, Programming, Budgeting System]).

256 5. **Contracts:**

257 a. **Contracts for Good and Services:**

258 All District Standard Contracts for Goods and Services, including purchase orders and
259 performance contracts, require the following approval:

- 260 (1) All District-generated contracts for the purchase of non-construction goods and
261 services on the Board pre-approved list shall be approved and executed by the
262 Director of Procurement Services.
263 (2) All District-generated contracts for the purchase of non-construction goods and
264 services in excess of \$200,000 annually and not on the Board pre-approved list
265 shall be approved by the Board. Upon approval by the Board, the Director of
266 Procurement Services shall execute the contract.

- 267 (3) A copy of each standard contract form used by the District shall be filed in the
 268 office of the attorney and shall be reviewed annually by the attorney and the
 269 Director of Procurement Services.
 270 (4) Contracts other than those of District standard form shall be reviewed by the
 271 attorney and Director of Procurement Services.
 272 b. **Construction Contract Approval:**
 273 All District-generated contracts for construction and construction related services
 274 require the following approval:
 275 (1) Construction contracts in the amount of \$25,000 or less shall be approved by the
 276 appropriate Division head and executed by the Superintendent or designee;
 277 (2) Construction contracts in the amount of **greater than** \$25,000 to \$200,000 will
 278 be approved and executed by the Superintendent or designee;
 279 (3) Construction contracts in excess of \$200,000 will be recommended by the
 280 Superintendent and approved by the Board of Education. Superintendent or
 281 designee **to will** execute **the** contract.

282 **6. Vendor Evaluation:**

283 Vendor performance, including those vendors providing contracted services, will be
 284 routinely evaluated using procedures outlined in District Procurement Regulations.
 285

286 **H. BOARD OF EDUCATION REPORTS:**

287 The Superintendent or designee shall:

- 288 1. Provide the Board quarterly reports of the financial activities of the District **and**
 289 **other reports required by state law;**
 290 2. Notify the Board of the following:
 291 a. Expenditures greater than \$100,000;
 292 b. Budget line item increases of both 20% or more, and at least \$100,000.
 293 3. Provide a year-end, ~~pro forma~~ **projected**, general fund financial statement for the
 294 preceding fiscal year no later than the October Board Work Session each year.
 295

296
 297 Adopted: 8/26/04

298 Effective: 9/1/04

299 Revised: 11/10/04; 1/27/05; 9/7/05; 10/12/05; 11/9/05; 3/23/06; 6/14/06; 5/14/08; 10/22/09; 2/25/10;
 300 3/10/10; 6/23/11; 12/8/11

301 Revised and re-coded: 10/25/12 (Previously coded as Board Policy SD-6)

302 Revised: 9/26/13; 10/23/14; 5/18/17; ~~x/x/24~~

303
 304 Legal Reference

305 O.C.G.A. 48-8-141 ~~Manner of imposition of tax; report~~ **Tax Levied and Collected in Same Manner as**
 306 **Special Sales and Use Tax**

307 O.C.G.A. 50-6-32 ~~Short title; definitions; creation, operation, and maintenance of searchable website;~~
 308 ~~public access to state expenditure information~~ **Transparency in Government Act**

309 O.C.G.A. 20-2-160 ~~Determination of enrollment; determination of funding~~ **Report of Enrollment by**
 310 **Instructional Program**

311 O.C.G.A. 20-2-162 ~~Annual recalculation of funding; mid-term adjustment~~ **amount needed under Quality**
 312 **Basic Education Formula**

313 O.C.G.A. 20-2-167 ~~Funding for direct instructional, media center and staff development costs; submission of~~
 314 ~~budget~~ **Computation of total funds needed for categories of direct instructional**
 315 **costs, media center costs, and staff development costs, computerized budget**
 316 **and accounting system**

317 **O.C.G.A. 20-2-390** **Power to Borrow Money**

318 **O.C.G.A. 20-2-506** **Authority to Enter Into Multi-Year Lease or Purchase Contracts**

319 ~~O.C.G.A. 20-2-720~~ ~~Inspection of student's records by parents~~

320 O.C.G.A. 20-2-962 ~~Quarterly reports by principals; audits by boards~~ **inspection of books by local board**
 321 **of education**

322 O.C.G.A. 50-6-6 ~~Audit of school systems; employing accountants; accounting standards~~ **Books and**
 323 **Accounts of Public School Systems, Units of the University System, etc.**

324 Rule 160-5-2-.21 ~~Annual Financial and Budget Reports~~

325 **Ga. Constitution,**

326 **Art. 9, Sec. 5, Par. 5** **Limitation on Local Debt**