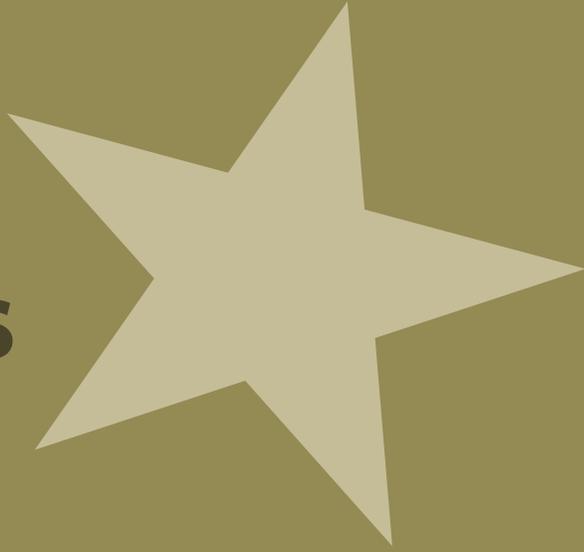


Financial Policies



Savannah – Chatham County Public Schools
FY 2012-2013 Adopted Budget
Summary of Significant Financial Policies

GENERAL INFORMATION

The Board of Public Education for the City of Savannah and the County of Chatham, Georgia (the “Board) operates under a Board-Superintendent form of government and provides public educational services to the citizenry of the City of Savannah and the County of Chatham, Georgia. The Board is composed of eight members elected from geographical districts and a President elected on a countywide basis. Members serve four-year staggered terms. Annually, the Board elects a Vice-President and a Vice-President pro tempore, and appoints a Secretary to the Board. The Board appoints the Superintendent for a term that is determined by the Board. As its Chief Executive Officer, the Superintendent has general supervisory and administrative responsibility for all departments and personnel of the School District. The Board receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding entities.

BASIS OF PRESENTATION

The accounts of the Board are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The individual funds account for the governmental resources allocated to them for the purposes of carrying on specific activities in accordance with laws, regulations, or other restrictions. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds

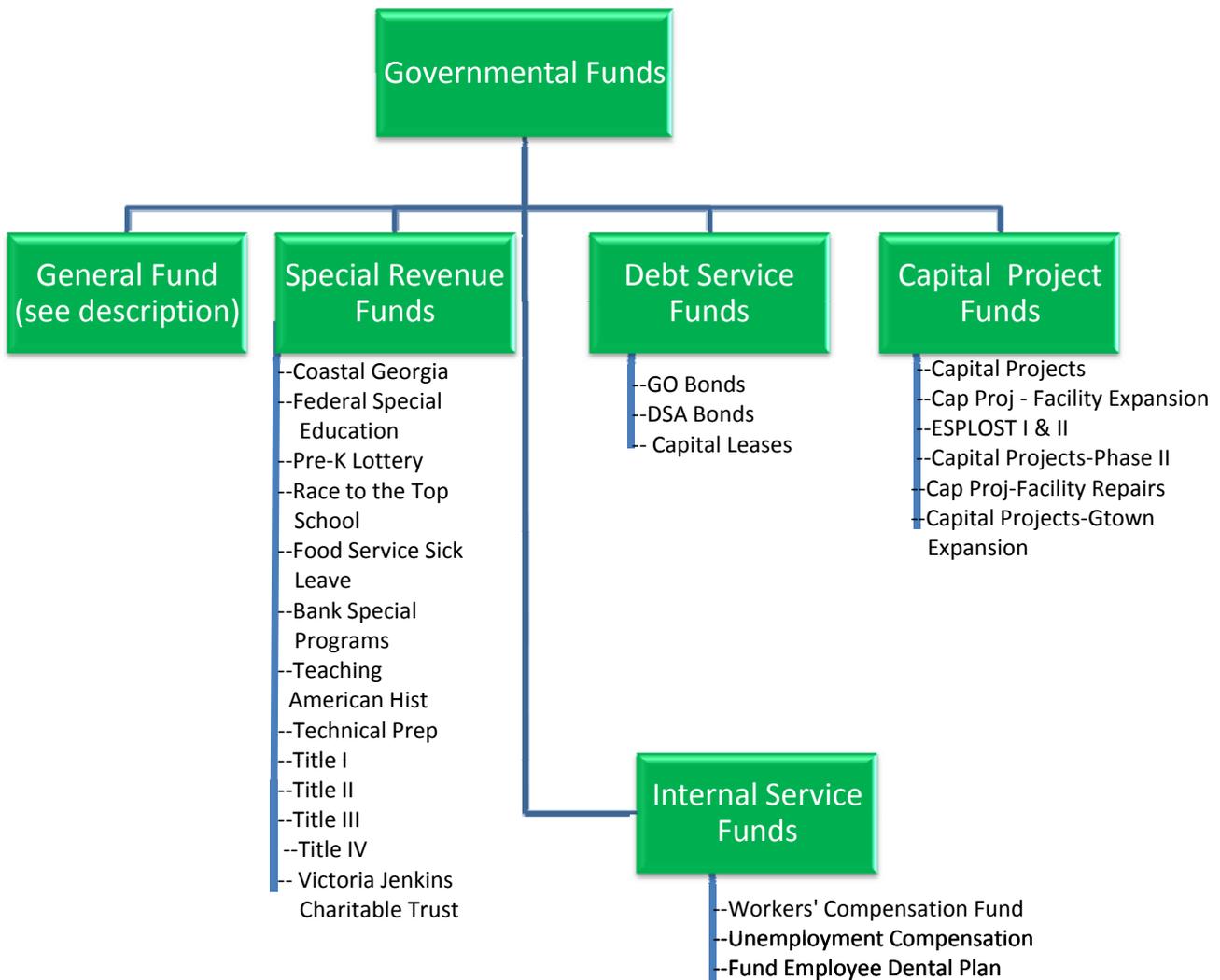
because they do not directly affect net available spendable resources.

The Board’s fund types are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate funds.

The Board uses the following fund types and account groups:

- 1. Governmental Fund Types** – These are the funds through which most governmental functions are typically financed. The following are the Board’s governmental fund types:
 - a. General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
 - c. Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
 - d. Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Savannah-Chatham County Public School Systems Fund Structure



2. **Proprietary Fund Type – Internal Service Funds** – These funds are used to account for operations that provide services (risk management) to other funds on a cost-reimbursement basis.
3. **Fiduciary Fund Types – Trust and Agency Funds** – Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Board. When these assets are held under the terms of a formal trust agreement, either a pension trust fund or an expendable trust fund is used. Agency funds generally are used to account for assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.
4. **Account Groups** – Account groups are used to establish accounting control and accountability for the Board’s general fixed assets and general long-term obligations. Account groups are not funds and do not measure results of operations. The following are the Board’s account groups:
 - a. **General Fixed Assets Account Group** – This account group is used to account for all fixed assets of the Board.
 - b. **General Long-Term Debt Account Group** – This account group is used to account for all long-term obligations of the Board.

Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current

period. The Board considers property taxes as available if they are collected within 60 days after year-end.

Those revenues considered susceptible to accrual are property taxes, investment income, and intergovernmental grants.

The Board reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (a) accumulated unpaid vacation pay and other benefits; and (b) principal and interest on general long-term debt, which is recognized when due.

Accumulated unpaid vacation pay and other employee benefit costs are recognized in the governmental funds only to the extent they will be paid from available spendable financial resources. Those costs that are not to be paid from current resources are recorded in the general Long-Term Debt Account Group.

The proprietary funds (internal service funds) and the pension trust fund utilize the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Budgeting

The District uses the same Basis for both budgeting and accounting. Governmental funds budgets are prepared on a modified accrual basis (as are fund financial statements). Revenues are budgeted based upon when they are expected to become measurable and expenditures are budgeted when the transaction is expected to be measurable, a liability is expected to be incurred, and the liability is anticipated to be liquidated from current revenues. All appropriations lapse at year-end.

The proprietary funds (internal service funds) are budgeted on the accrual basis. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

The district does not prepare budgets for fiduciary funds.

ACCOUNTING POLICIES

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities. Appropriations, both encumbered and unencumbered, lapse at the end of the year, except for encumbrances in the Capital Projects Fund, which are continuing. Lapsed encumbrances are reappropriated in the following year.

Cash and Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

Interest income on investments is accrued as earned. For purposes of the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventories are stated at cost (principally first-in, first-out) which is not in excess of market. The Board utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures when used rather than when purchased. Reported inventories are equally offset by a reservation of fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

Fixed Assets and Depreciation

Fixed assets of the General Fixed Asset Account Group are recorded as expenditures in the governmental funds and capitalized at cost or estimated historical cost if purchased or constructed. Donated general fixed assets are recorded at fair market value at date of gift. No depreciation is recorded on general fixed assets.

Compensated Absences

Eligible Board employees earn annual vacation based on length of service. Annual (vacation) leave accrual begins upon employment for twelve month employees at the rate of 12 days of annual leave per year. The rate of accrual increases to 15 days of annual leave after 5 years of employment, 18 days of annual leave after 10 years of employment, and 22 days of annual leave after 15 years of employment. Vacation may be accumulated up to 60 days.

Sick leave accrues based upon the following provisions:

1. All twelve-month employees accrue sick leave at the rate of 15 days per year. For ten-month employees, the rate is 12 1/2 days per year. Eleven-month employees earn sick leave at the rate of 13 3/4 days per year.
2. Upon retirement or termination of employment with five or more years of service in the school system and at least thirty full days of unused sick leave, employees maybe paid a portion of their accumulated sick leave as severance pay based on a formula approved by the Board.

The Teachers Retirement System of Georgia (TRS) may grant one month of service credit for each 20 days of accrued sick leave for which a member has not used or been paid.

1. Any TRS member whose effective date of retirement is on or after July 1, 1999 will be eligible for the full funding of sick leave credit.
2. In order to qualify, the member must have at least 60 days of sick leave for which they have not been paid. Less than 60 days equals no credit.
3. One month of creditable service will be awarded for each 20 days of unused sick leave rounded to the nearest month.
4. The maximum allowable accumulation is 1-1/4 days of sick leave per month of service.

Insurance Claims

The Board is self-insured with respect to workers' compensation, unemployment claims, and fleet liability and recognizes liabilities for such claims outstanding at year-end. These liabilities, which have been accrued in an expendable trust fund (a Fiduciary Fund), represent an estimate of the

eventual loss on claims arising prior to year-end, including claims incurred but not yet reported.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from available spendable financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Reserves and Designations of Fund Balances

Reserves and designations are used to indicate that a portion of the fund balance is segregated for a specific future use. The Board uses the following:

1. **General Fund - reserve designated for leases**
Reserve funds designated for debt service under the terms of a pooled lease program.
2. **Special Revenue Funds - reserved for inventories**
Reserved to segregate a portion of fund balance to indicate that, using the consumption method, inventories of supplies do not represent "available spendable resources" even though they are a component of net current assets.
3. **Capital Projects Fund - designated for specific projects**
Designated for future capital outlay.
4. **Pension Trust Fund - reserved for retirement benefits**
Restricted for payment of retirement benefits in future years.

Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the Board are accounted for as revenues, expenditures, or expenses of the funds involved. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Grants from Other Governmental Units

Federal and state governmental units represent an important source of supplementary funding used to finance educational and construction programs and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in the General Fund, Special Revenue Funds, and Capital Projects Fund. For all funds, a grant receivable is recorded when the Board has a right to reimbursement under the related grant.

Restricted Assets

Restricted assets of the Capital Projects Fund on the combined balance sheet represent amounts related to bond proceeds and tax levies whose use is limited to capital projects by applicable bond covenants of Board action.

IDENTIFYING, REPORTING AND INVESTIGATING IRREGULARITIES

It is the policy of the Board of Education that suspected irregularities or misappropriation of Board funds or property be identified, reported and investigated promptly. Misappropriation of Board funds or property will result in immediate disciplinary action up to and including termination. Each employee has the responsibility to help ensure that operations

are free of real or perceived misuse of Board funds or property.

CONFLICT OF INTEREST

The Superintendent, management and employees of the Savannah-Chatham County Public School System are expected to avoid involvement in or situations which could interfere, or give the appearance thereof, with the impartial discharge of their duties and responsibilities.

All Employees of the Public School System **SHALL NOT**, for their own account or the account of any other person, directly or indirectly:

- Divert to themselves or others any business or investment privileged or confidential information, giving unfair advantage to any party, in any transaction in which the Board of Education is interested.
- Offer Board of Education property, loans, or unpaid services to any member of the public.
- Serve as a director or officer of any firm, or obtain any material financial/ownership interest in any firm (5% or greater), supplying to or buying goods or services for the Board of Education, unless authorized by the Board or its delegates. Should a family member serve as director or officer of any firm (or obtain any financial / ownership interest in a firm) supplying to or buying goods or services for the Board, such fact must be disclosed to the Board by the employee prior to any transaction with the Board.
- Participate in or influence any transaction between the Board and another entity in which the employee or any of the employee's family members had a direct or indirect financial or influential interest. Such interest must be disclosed to the Board on an annual basis.

- Seek to profit from information about the business affairs, financial position or any transactions of the Board of Education that have not yet been publicly disseminated.
- Give or accept personal gifts, payments, favors, special considerations, discounts, etc., which are of more than a \$25 value per instance, or that total more than \$100 per year, unless approved by the employee's manager. Additional management approval should be obtained if any doubt exists with regard to whether a specific situation constitutes a conflict of interest or is improper under the circumstances.

For purposes of this policy family members are: spouse, children, stepchildren, mother, father, stepmother, stepfather, brother, sister, grandmother, grandchildren, mother-in-law, father-in-law, son-in-law, daughter-in-law, or any relative living in the household of the employee.

In order to monitor compliance with this policy, employees who influence, prepare or input purchases or grant related activities will be required to complete and submit an Employee Code of Ethics and Conflict of Interest Statement form on an annual basis.

CASH AND INVESTMENTS

The Board maintains a cash and investment pool that is available for all funds. Each fund's portion of this pool is displayed on the combined balance sheet as "Cash and Investments."

The Board is authorized by state statutes to invest in the obligations of the U.S. Treasury, agencies and instrumentalities, repurchase agreements, bank certificates of deposit, and the Georgia Fund 1 administered by the State of Georgia. The Pension Trust Fund is also authorized to invest in certain corporate bonds and stocks.

PROPERTY TAXES

Chatham County bills and collects property taxes for the Board of Education. A collection fee of 1.75% is currently charged for this service. Property taxes are levied (assessed) on all taxable real, public utility and personal property (including vehicles) located within the County as of January 1st of each year. Assessed values for property tax purposes are determined by the Chatham County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Assessed values for public utilities are established by the State of Georgia.

Property is appraised and a lien on such property becomes enforceable 60 days after final notification of delinquency of property taxes. Taxes are due and payable when billed by the Chatham County Tax Commissioner. Chatham County may place liens on property once the related tax payments become delinquent.

RETIREMENT PLANS

Teacher's Retirement System

The Board contributes to the Teachers' Retirement System of Georgia ("TRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the TRS Board of Trustees. TRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. An employee is eligible for early retirement after 25 years of creditable service but subject to a permanent penalty.

Employees become fully vested after 10 years of service. If an employee terminates with less than 10 years of service, no vesting of employer contributions occurs, but the employee's contributions are refunded with interest.

TRS is funded through a combination of employee, employer, and State of Georgia contributions.

In addition to providing pension benefits, the Teachers' Retirement System of Georgia provides certain health care and life insurance benefits for retired employees. The cost of providing such benefits to the Board's retirees is not separable from the cost of providing benefits to all retirees covered by Teachers Retirement System.

Employees' Retirement System

Lunch personnel, and maintenance and custodial personnel are covered by the Public Employees' Retirement System of Georgia (ERS). The Board is not legally required to contribute to ERS, which is fully funded by the State and by employee contributions.

All lunchroom personnel, maintenance and custodial personnel are covered and must participate in ERS as mandated by the State. Under the pension plan, benefits vest after 10 years of full-time employment. An employee with 10 years of service may retire at age 65 and receive full retirement benefits. Employees covered by the pension plan must contribute a fixed monthly amount to the pension plan. The State is required to make actuarially determined contributions that maintain the financial integrity of the retirement system.

RISK MANAGEMENT

The Board is exposed to various risks of loss for claims associated with torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters,

unemployment compensation, workers' compensation and fleet liability. The Board is self-insured for all risks associated with general liability, unemployment compensation, workers' compensation and fleet liability and collision.

FISCAL MANAGEMENT

Balanced Budget Adoption

Budgets must be balanced for all funds. A budget is considered balanced when total anticipated revenues plus approved fund balance use equals or exceeds total projected expenditures for each fund. In the event that a fund's projected expenditures in the current year will exceed anticipated revenues, such deficit must be eliminated by either additional revenues or reduced expenditures. Should anticipated revenues be insufficient to fund anticipated essential expenditures, then a portion of the unreserved fund balance from previous years must be used to fund the shortfall. In the event there is insufficient unreserved fund balance from previous years to fund anticipated expenditures, then such expenditures must be reduced to equal anticipated revenues plus available unreserved fund balance.

Mid-Year Revenue/Expenditure Amendments

Upon recognition during the budget execution year that a fund's actual revenues will be more or less than budgeted, the Superintendent will propose a budget amendment to the Board which will make necessary adjustments to budgeted revenues and expenditures / expenses. In the event projected revenues are less than budgeted, current year budgeted expenditures must be reduced to reflect the decrease in budgeted revenues. Actual expenditures should not exceed revenues and approved use of fund balance.

Bond Debt Service

In accordance with applicable bond referendums, a separate millage rate will be set and provided to the Tax Commissioner's office for purposes of retirement of General Obligation debt of the School District. This millage rate will be separate and distinct from the millage rate for the maintenance and operations of the School District.

Fund Balance

- (1) General Fund:
 - (a) The General Fund will maintain a minimum unreserved fund balance (the total fund balance less allowable reserves and capital reserve designation) of five percent of current year budgeted expenditures.
 - (b) The General Fund unreserved fund balance (the total fund balance less allowable reserves and capital reserve designation) is limited to ten percent of the next year's budgeted general fund expenditures. This calculation will be made at the conclusion of each fiscal year in conjunction with preparation of the audited financial statements.
 - (c) The target range for the General Fund unreserved fund balance will be seven to ten percent of the current year's budgeted expenditures.

- (d) The Board must approve any use of General Fund fund balance (over minimum established above). The use of General Fund fund balance will be limited to items that are one-time in nature and will not be used to fund on-going operations of the Board.

- (2) Other Funds:
 - (a) The Workers' Compensation and Unemployment Funds are relatively small internal service funds with expenditure requirements that are difficult to predict. As such, each of these funds will maintain a minimum fund balance of one hundred percent of current year budgeted expenditures. This calculation will be made at the conclusion of each fiscal year in conjunction with preparation of the audited financial statements. Any amount in excess of this level will be reviewed annually during the preparation of the audited financial statements for possible return to the General Fund.
 - (b) The School Food Service Fund will maintain the State's recommended minimum of at least one and one-half months of operating expenditures in fund balance. This calculation will be made at the conclusion of each fiscal year in conjunction with the preparation of the audited financial statements.

BUDGET POLICIES AND PROCEDURES

General Guidelines

- Current revenues will be sufficient to support current expenditures. On-going operating expenditures will be funded with on-going revenue sources.
- The budget process and format shall be school/department based and focused on goals and objectives.
- The School system will maintain a budgeting control system to ensure continual compliance with the adopted budget.
- The budget will provide adequate funds for maintenance of capital plant and equipment and funding for their orderly replacement.

Budget Process

The 2004 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards (2004 Codification)* Section 1700 calls for the adoption of an annual budget by every government. Georgia Law (OCGA 20-2-167) also requires each LUA adopt an annual budget for all funds except capital projects and trust and agency funds.

The adopted budget is a legally binding document, which details how the District may use available funds. It is the primary tool used by the local Board to control the system's resources. The budget document is a reflection of the District's goals, objectives, and priorities, and serves as the financial plan of action.

The budget preparation process extends for a period of approximately 10 months beginning in September of the year prior to adoption. All governmental and proprietary

(internal service) fund types are budgeted by the District on an annual basis. The budget for the upcoming fiscal year (July 1 through June 30) must be submitted to the local Board of Education prior to June 30th for legal adoption. No public funds may be expended until the Board has approved the budget unless a spending resolution is adopted.

After review by the Superintendent and the Chief Officers, the Division of Finance prepares a proposed budget for submission to the Board of Education. Copies of the proposed budget are placed in libraries throughout the District. Using newspaper advertisement, the public is notified of the proposed budget, the placement of library copies, and the date, time, and location of the public budget hearing. Work sessions with the Board are scheduled as needed, and the Board then tentatively adopts the budget. Once the budget is tentatively adopted, it is advertised in the local press. The advertisement depicts projected revenues and expenditures by fund type, along with the date, time and location when the budget is to be legally adopted. In most instances, the Board will legally adopt the budget at the next regularly scheduled Board meeting following the tentative adoption.

Concurrent with the budget adoption process, the Board of Education must determine the property tax millage rates to be levied for the coming calendar year. Under Georgia law, the Board of Public Education for the City of Savannah and the County of Chatham is a "recommending authority" that exercises the power to cause the levying authority (the Chatham County Commission) to levy property taxes to carry out the purposes of the Board of Education. The millage rate levy is dependent upon the taxable property values and any approved property tax exemptions. Each year, the Chatham County Board of Assessors establishes the taxable value of all property

in the county and publishes the certified tax digest for each taxing jurisdiction. The Board of Education has two separate taxing jurisdictions and therefore receives two separate tax digests: one for Maintenance and Operations and another for Bonded Indebtedness. Upon receipt of certified tax digests for the upcoming calendar year from the County Board of Assessors, the Board of Education must determine the tax millage rates to be levied for both Bonded Debt and for Operations and Maintenance to meet its revenue requirements. Once these millage rates are tentatively adopted, the Board must then advertise the tax digest and millage levy for the preceding five years, along with the current year's digest and proposed millage rate to be enacted for the year. The recommended millage rate is approved during regular Board meeting and is provided to the Chatham County Commissioners for action.

The adopted budget is submitted for formal approval to the State Board of Education. The State Board generally approves the budget in November; however, the District is permitted to expend funds on a conditional basis until final state approval is received. The Chatham County Board of Education may legally amend the budget at any time during the year.

Budgetary Amendments and Transfers

Budgetary Level of Control: The legal level of budgetary control at which the Board adopts operating budgets for all of its governmental fund types. The legal level of budgetary control is the Fund level. The Board of Education will legally adopt budgets for all of its governmental and proprietary (internal service) fund types each year. Those budgets will be adopted at the Fund level. While the Budgetary Level of Control is at the Fund level, the Board of Education reserves the right to review all

proposed budgets at a more detailed level during the Budget Adoption Process and to require reports from the Superintendent during Budget Execution at a more detailed level as well.

Budget Amendment: Any change in expenditure budgets which results in a net increase or decrease in the total dollar amount budgeted at the Fund level. No changes may be made in expenditure budgets which result in a net increase or decrease to the total dollar amount budgeted at the Fund level without the approval of the Board of Education. The Superintendent is delegated authority to approve budget amendments up to \$50,000.

A summary of all budget amendments approved by the Superintendent will be provided to the Board of Education within five working days of approval. All amendments over \$50,000 must be documented as a Board Resolution.

Budget Transfers: A shifting of expenditure budget amounts within Funds which does not result in an increase or decrease to the total dollar amount budgeted at the Fund level. To facilitate the efficient operation of the day to day needs of the school system, the Board of Education authorizes budget transfers within funds to be approved at the levels shown below:

1. **Salary and benefit accounts**
 - a. No budget transfers can be made between salary and benefit expenditure budget lines and non-salary expenditure budget lines without approval of the Chief Financial Officer, Superintendent or the Board. The Chief Financial Officer may authorize all transfers between salary/benefit object codes and non-salary object codes in the amount of \$25,000 or less. The Superintendent may authorize all

transfers between salary/benefit object codes and non-salary object codes in the amount of \$25,001 to \$50,000. The Board must approve all transfers between salary/benefit object codes and non-salary codes over \$50,000.

- b. Transfer between salary/benefits object codes as required to align salaries/benefits with Board approved personnel changes may be approved as follows:

Chief Financial Officer	\$0 to \$75,000
Superintendent	\$75,001 to \$100,000
Board	Over \$100,000

2. Non-salary accounts

Department Director / Site Administrator / School Principal	\$10,000 or less
Chief Officers	\$10,001 to \$25,000
Superintendent	\$25,001 to \$50,000
Board	over \$50,000

Carry-Forward of Designated Funds

To ensure maximum utility of all purchases, the Board implemented a procedure to allow sites to carry-forward designated funding into the next fiscal year beginning in FY 1997.

- a. A special revenue fund (Fund 449) for the specific purpose of budgeting and accounting for carry-forward

funding has been established. This special revenue fund will receive operating transfers in from the General Fund as its only source of revenue.

- b. Sites will be permitted to carry-forward any unexpected non-salary General Fund (Fund 100) dollars (Excluding State Categorical Grants) for use in the next Fiscal Year. This includes all per pupil allotment accounts.
- c. Any site with an underexpenditure of QBE funds will not be allowed to carry forward any unexpended funds from that year. Finance will make this determination each year.
- d. Funds eligible for carry-forward (under b. and c. above) plus unexpended funds remaining in Fund 449 will be available to be budgeted up to a maximum of \$10,000 per site. Funds exceeding \$10,000 for any given site will not be allowed except in special circumstances documented by a written plan approved by the Chief Academic Officer prior to year-end.
- e. Finance will record any unexpended General Fund (Fund 100) non-salary dollars (excluding State Categorical Grants) as an operating transfer out of the General Fund (Fund 100) and as an operating transfer into the established special revenue fund (Fund 449) as an audit adjustment during fiscal year closing. This budget amendment will be brought to the Board for approval in accordance with the Budget Transfer and Amendment Policy.

- f. Once the operating transfer is approved and recorded in the Financial System, each site will be advised of the total dollar amount of carry-forward funds available to be budgeted. Sites will submit proposed budgets for expenditure of these funds. All unexpended balances in Fund 449 will be accounted for as a reserved fund balance on the System's financial statements, allowing remaining balances to be budgeted for expenditure in the following year. This will allow sites to "save" for multiple years.