


West Virginia DEPARTMENT OF
EDUCATION

WVBE Policy 8100, Public School Finance
May 1, 2024
WVDE Office of School Finance

1

Policy 8100 Overview

- Describes the finance function of county boards of education, ESCs, and MCVs.
- Details fiscal management, disbursement of funds, payroll activities, receipt of revenues, and other processes essential to public school finance.
- Will be considered for State Board approval at the May 8th State Board meeting, and upon approval, will be placed on 30-day comment.
- Policy was last revised July 16, 1990.



2

Policy 8100 Overview

- Section 1 – Fiscal Management
- Section 2 – Receipts/Deposits
- Section 3 – Transfers/Disbursements/Expenditures
- Section 4 – Payroll/Reimbursements
- Section 5 – Budgeting
- Section 6 – Auditing and Reporting
- Section 7 – Excess Levies, Public Bonded Indebtedness, and Other FS
- Section 8 – Construction
- Appendices with other supplemental information



3



West Virginia DEPARTMENT OF
EDUCATION

Section 1 – Fiscal Management

4

Fiscal Management

- Fiscal management is the planning, monitoring, and directing of the financial activities of the board.
- Fiscal function of the board.
- Key function is safeguarding public funds in an efficient, economical, and effective manner while following the intended purpose of the funds.



5

Organization of the Finance Office

- The board shall annually appoint the Treasurer by May 1st in accordance with §18-9-6.
- The Treasurer must also be designated as the CSBO of the board who must be licensed in accordance with requirements found in WVBE Policy 5202 with limited exceptions approved by the State Superintendent.
- The Treasurer should report directly to the Superintendent.
- The Treasurer should be consulted on or oversee all aspects of the fiscal function of the board.



6

Internal Control Structure

- Integral part of an effective accounting system.
- Characteristics of a good internal control system include:
 - proper authorization of transactions and activities;
 - adequate segregation of duties;
 - adequate documentation and records;
 - adequate safeguards over use and access; and
 - independent checks over performance.



7

Segregation of Duties

- Fundamental method to accomplish adequate prevention of unauthorized or illegal transactions.
- No one person should: initiate the transaction; approve the transaction; record the transaction; reconcile the transaction; handle the related asset; and review reports.
- A person involved in more than one financial process should be assigned duties within the same duty category, such as asset handling, across the different processes.



8

Fund Accounting

- General Current Expense Fund – Tax levies and other local funds; includes excess levy.
- Special Revenue Fund – Federal and State grants.
- Debt Service Fund – resources accumulated and payments made for principal, interest, and related costs on general obligation bonds.
- Bond Construction Fund - accounts for the financial resources used to acquire or construct major capital facilities financed as a result of issuing general obligation bonds.
- Permanent Improvement Fund – construction activity specifically board specified to be accounted for in the fund.
- Capital Projects Fund – accounting for all other construction not mentioned above.



9

Limitations of LEAs

- Only authority granted through WV Code or WVBE Policy is allowable for boards to take action.



10

Bank Accounts

- In accordance with WV Code 18-9-6, board banking institutions must be physically located within the county.
- Must have at least one checking account.
- Each checking account must have a specific purpose.
- Bank must bond the accounts at its own expense, using its own collateral, at 110% of the securities within the account.
- Bank must be able to provide electronic statements and other online banking services.
- Bank must allow ACH processing capabilities.



11

Bank Accounts Continued

- A depository bank should be selected for a period of not less than one year in order to simplify accounting procedures.
- Counties should do a periodic review of banking services and the rates provided by the current institution.
- FDIC insurance limits are \$250,000 per account.
- Funds may only be invested as authorized in accordance with WVC 18-9-6a.



12

Signatures

- The signature of the board president, the board superintendent acting as the secretary of the board, and treasurer are required on all checks.
- Facsimile signatures are allowable with proper controls.
- All checks issued prior to the first meeting in July when the board president is being selected for the upcoming two-year term should be issued with the signature of the board president in office during the prior fiscal year. In other words, the current president's signature is used until the CBEM takes action to elect a new president.



13

Bonding of Certain Board Employees

- In accordance with WVC 18-9-6, the Treasurer must be bonded for faithful performance of duty in an amount not less than two months worth of board estimated board expenditures.
- Superintendent and Board President must also be bonded in at an amount between \$10,000 and \$50,000.
- Other staff could also be bonded if deemed necessary and approved by the board within reason.



14

Record Retention

- Reference the *Records Retention Schedule for the Financial Records of the Public Schools in the State of West Virginia* located on the School Finance Webpage for guidance pertaining to retaining documents.
- Not all-inclusive.
- Use judgement in disposing of records.



15

PUBLIC INFORMATION/FREEDOM OF INFORMATION ACT (FOIA)

- A public record is defined as any writing containing information relating to the conduct of the public's business, prepared, owned, and retained by a public body.
- Exemption: Information of a personal nature such as that kept in a personal, medical or similar file, constituting an unreasonable invasion of privacy, unless the public interest requires disclosure.
- An individual's name and residential address are not normally exempt.
- All public bodies are required to enter information about completed FOIA requests into the West Virginia Secretary of State's online database after completing a FOIA request.



16



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EDUCATION

Section 2 – Receipts/Deposits

17

Sources of Revenue

- Local – mostly derived of tax revenue. Also consists of investment income, tuition, and/or miscellaneous revenue such as donations, etc.
- State – mostly derived of PSSP basic foundation allowance. Other state grants such as state special education, state CTE, etc.
- Federal - Most federal monies come from categorical grants which are targeted for special populations or for specific purposes. Must adhere to the cost principles and regulations of the Office of Management and Budget.



18

Tuition

- County boards have the authority to charge tuition in the following instances:
 - Summer school may be offered to students at a tuition rate that should not exceed the cost to educate the student.
 - Adult students enrolled in adult education programs.
 - LEAs must charge tuition to out-of-state students at a rate that is equal to the LEAs per capita cost per student. *calculation spreadsheet in appendix*
- Any tuition collected at the school level must be remitted to the central office. Expenditures for specific programs using tuition revenue must occur at the central office.



19

Receipt Procedures/Internal Controls

- The preparation and issuance of a pre-numbered receipt is required at any point in time cash or an equivalent is received by the board.
- A minimum of two copies of each receipt is to be printed, one copy given to the remitter, and one copy placed in a file system established for this purpose.
- Every receipt issued must show the following information: the date, amount received, form of payment, name of the payer, purpose of the collection, and the fund and account for which the monies were received.



20

Deposit Procedures

- A bank deposit must be made whenever total collections on hand exceed \$500 or before any extended school holiday.
- Bank deposits must be made at least weekly, regardless of the amount of collections. (Recommended daily)
- The endorsement of a check for deposit must include language similar to For Deposit Only, as well as the board name and account number. The depository bank may provide an endorsement stamp.



21

Bank Recs

- Bank statements must be reconciled monthly and as soon as possible after the bank statement is received.
- The reconciliation of the bank statements should be performed by an employee who does not receipt or expend funds for the board.
- After the bank reconciliations are completed, they must be signed and dated by both the preparer and the treasurer.



22

Electronic Fund Transfers

- Boards are prohibited from using a system in which funds are automatically withdrawn.
- The treasurer must actively authorize the disbursement of funds.
- The use of EFTs by the board must be authorized in an agreement between the board and the depository bank being utilized. Agreement shall state the name of the individual(s) authorized to execute an EFT.
- The board should designate at least two employees to perform EFTs and establish procedures to ensure that all EFT transactions are authorized and approved.



23

Drawdowns of Grant Funds

- Pertains to reimbursement type grants which require expenditure prior to revenue receipt. Funds must be requested from grantor.
- It is recommended that funds be requested at least monthly.
- If banking situations change in the county, proper notification should be given to agencies who process drawdown requests.
- Federal grants that flow through WVDE must follow certain requirements for submittal through the S2 system (WVDE web-based platform).



24

Federal Indirect Costs

- An indirect cost rate is a method for determining a fair share for indirect costs chargeable to federal grants. Considered administrative costs.
- Must have an approved indirect cost rate in order to charge against federal grant awards.
- In accordance with the delegation agreement with the USDE, WVDE approves rates for all WV LEAs. WVDE has developed indirect cost rate plans to aid in establishing the rates.



25



West Virginia DEPARTMENT OF
EDUCATION

Section 3 – Transfers/Disbursements/Expenditures

26

Fundamentals

- Payment should be made to vendors promptly upon receipt of legitimate invoices.
- Payment should not be made without proper documentation.
- 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.



27

Board Approval of Expenditures

- W. Va. Code §18-9-3 stipulates that the treasurer shall pay money only upon the order of the board.
- Must occur through official board action.



28

Check Processing

- In accordance with W. Va. Code §18-9-3, all checks must have the following information printed on them: the name of the entity, the entity address, the check number, and adequate blank spaces for signatures.
- All check registers are to be retained for a period of at least 4 years.
- Internal controls over check stock and check processing are imperative.



29

Accounts Payable

- Basic steps in the AP process:
 1. ensure that appropriate purchase orders are in place for authorized purchase requisition;
 2. review receiving notice to ensure goods received matches goods ordered;
 3. review the price on the invoice, verify mathematically, and compare to the applicable purchase order;
 4. ensure that discounts were appropriately accounted for, if applicable;
 5. check to see if payment already has been made to avoid duplication;
 6. ensure the invoice is properly coded;
 7. receive board approval prior to release of payment;
 8. prepare and distribute check or electronic payment; and
 9. file transaction information.



30

Itemized Claim

- Funds associated with a transaction shall not be disbursed without first receiving a legitimate invoice.
- If the invoice is for services rendered, it must identify the kind of service, the date performed, the person performing the service, address, phone number, and amount due.
- If the invoice is associated with commodity procurement, the invoice must identify in detail the vendor, address, phone number, the items provided, the quantity, the date provided, to whom provided, and the amount due.



31

Itemized Claim Continued

- “Deposits” are only allowable for charter buses or destination deposits such as field trips. Must be refundable deposits.
- Prior to the payment being made, the treasurer or designee must verify that documentation of receipt of goods or services has been submitted by the appropriate board employees.
- In accordance with Internal Revenue Service (IRS) regulations, boards must maintain a completed W-9 form for all vendors.
- Must have verification of good standing with State Tax Department, the West Virginia Insurance Commission, and Workforce West Virginia prior to releasing final payment on all contracts.



32

Capital Assets/Inventory Systems

- The inventory of capital assets must be maintained in WVEIS.
- Further, it is recommended county boards of education have additional inventory systems in place for disposable supplies such as those used in operating facilities and transportation.
- Capital assets and inventory for supplies should be physically inspected and counted on a periodic basis in order to determine the accuracy of the records, to ascertain the condition of the supplies, and to determine if surpluses or shortages of supplies and equipment exist.



33

In-Lieu of Transportation

- When the board is unable to provide transportation to a student and the parent is able and willing to provide such transportation, the board may reimburse the parent for providing the transportation.
- The board shall establish a local policy detailing in-lieu of transportation procedures.
- Adequate record keeping is necessary due to reimbursable funding through PSSP.



34

Insurance Management

- The treasurer, in conjunction with other board staff, should determine that the board has adequate coverage in property insurance, flood insurance, liability insurance, etc.
- W. Va. Code §29-12-5a(f) requires LEAs to provide notice of insurance coverage to each of its insureds at least annually detailing the coverages, monetary limits of insurance, and the duty of WVBRIM to defend covered occurrences.
- In accordance with WVC 29-12-5A, liability insurance must be purchased through WVBRIM. This is reinforced in WVBE Policy 8100.



35

Unclaimed Property

- Requires that the holder of unclaimed property turn that property over to the State Treasurer's Office after exhaustion of efforts to put the unclaimed property into the hands of its rightful owner.
- The report must be filed before November 1, of each year.
- The State Treasurer requires use of electronic filing for reporting unclaimed property.
- Other requirements of the Unclaimed Property Act can be found at WVC 36-8 et. seq.



36



West Virginia DEPARTMENT OF
EDUCATION

Section 4 – Payroll

37

Fundamentals

- All salaries must be paid in accordance with the salary tables established in WVC 18A-4 et. seq. pending any board approved supplemental increments provided in addition to these tables.
- All payments for personnel services rendered, including those at the school level, are to be considered wages and are to be paid through the normal payroll process of the board unless it can be determined that the service provider qualifies as an independent contractor (see appendix C).
- Employees are classified as either exempt or non-exempt for payroll purposes.



38

More Fundamentals

- All payments made through the payroll process must have prior board approval. No checks are to be issued to employees whose employment has not been approved by the board in the form of personnel actions.
- Written employment contracts must be on file for all employees.
- The board may not reduce the amount of local funds allotted for salary supplements being paid unless forced to do so by the defeat of an excess levy, loss in assessed property valuations, or events over which the board has no control.
- According to W. Va. Code §21-5-3(a), the LEA is required to pay its employees at least twice every month with no more than 19 days between paydays.



39

More Fundamentals

- Employees that are contracted for less than 12 months may elect to have their paychecks annualized and paid over 24 pay periods if board policy permits. If employees elect to have their paychecks annualized, written notice of their election should be on file.
- Deferred pays must be dated prior to June 30 of the fiscal year earned.
- A recommended internal control process is that the Treasurer be consulted on staffing to ensure that sufficient funds are available or that necessary budget adjustments are made.
- Time and attendance sheets must be maintained for non-exempt employees. Local discretion for exempt employees.
- Upon termination, paychecks may not be held at separation pending the return of LEA property.



40

Supplemental/Extra Pay

- WVC outlines a slew of supplemental/extra/bonus payments afforded to certain county board staff.
- All extra payments must be included on the employee's regular paycheck, if possible, to meet applicable IRS regulations, and are subject to all normal payroll withholdings, including federal and state income taxes, Federal Insurance Contributions Act (FICA), and retirement.
- Specific retirement-exempt payments are recognized in WVC.
- Only bonuses explicitly included in statute are permissible. Payment of all other bonuses is illegal.



41

Extra Student Pay

- W. Va. Code §18-5-18a codified Policy 2510, requirements limiting the maximum number of students that may be assigned to a teacher to 20 students for pre-kindergarten and kindergarten and 25 students for teachers in grades 1 through 6.
- Three additional students may be assigned to kindergarten teachers and to teachers in grades 4, 5, and 6. None in grades 1, 2, and 3.
- Any teacher who is assigned additional students above the maximum numbers stated is to be paid additional compensation based on the affected classroom teacher's average daily salary divided by the maximum number of students allowed for the class for every day that the students are enrolled in the teacher's classroom, including holidays, elections, and non-instructional days for which the teacher is normally paid.



42

Extra Student Pay – Special Ed

- W. Va. Code §18-20-12 contains a provision stating that special education classrooms shall not have a student/instructor ratio that exceeds the limits established in the Individuals with Disabilities Education Act 2004 and WVBE Policy 2419 without the written consent of the special education instructor assuming other criteria established within the statute are met.
- If the instructor chooses to sign the waiver to exceed the limit, that instructor shall be entitled to the full amount of compensation as provided per county.
- The county may not allow more than three students over the limit.



43

Planning Period Waiver

- W. Va. Code §18A-4-14 allows for teachers to exchange their planning period for any compensation or benefit mutually agreed upon by the employee and the board superintendent or designee.
- The board must have a policy for any planning period waiver payment agreements.
- Shall be consistently applied for all employees.



44

Certification Classification

- W. Va. Code §18A-3-2 requires any professional educator employed within the public school system of West Virginia to hold a valid teaching certificate licensing the individual to teach in the specializations and grade levels as shown on the certificate.
- As a part of this process, the Office of Certification will assign a degree classification to the individual.
- Certifications are granted for a specific period of time. Employees who fail to renew certification shall be paid at a minimum classification.



45

National Board Certification

- W. Va. Code §18A-4-2a authorizes payment of \$3,500 annually to each classroom teacher who holds a valid certificate issued by the National Board of Professional Teaching Standards (NBPTS) for the life of the certification (10 years).
- W. Va. Code §18A-4-2b allows for salary supplementation in the amount of \$2,500 for personnel with recognized national certification in speech-language pathology, audiology, school counseling, school psychology, or school nursing
- Shall be paid in equal monthly installments.
- For the initial year in which the supplement is awarded, the supplement should be pro-rated for the current school year with a daily supplement rate of \$17.50 (\$3,500/200 days) paid for the remaining employment dates of the school year after the effective date of the award.



46

National Board Certified Teacher Mentor at Persistently Low Performing Schools

- Provides an additional \$2,000 supplement to qualified teachers.
- Must be listed under the appropriate NBPTS code on the Certified List of Personnel in order to receive funding.
- Three criteria in order to be eligible:
 1. Complete a mentor training course through WVDE
 2. Be employed at a PLPS (must have the designation 1 of 5-year period)
 3. Must be actively mentoring teachers



West Virginia DEPARTMENT OF
EDUCATION

47

Early Notification Bonus

- W. Va. Code §18A-2-2(g) provides that classroom teachers who give written notice of their intent to retire at the conclusion of the school year to the board on or before March 1 of the school year of their retirement from employment with the board at the conclusion of the school year shall be paid \$500.
- W. Va. Code §18A-2-5a states that the board is authorized to pay, entirely from local funds, \$500 or less to any service employee, or to any professional employee who is not a classroom teacher, who gives written notice to the board on or before March 1 of the school year of retirement from employment with the board at the conclusion of the school year.
- Not subject to retirement withholdings.



West Virginia DEPARTMENT OF
EDUCATION

48

Personal Leave Bonus

- W. Va. Code §18A-4-10a authorizes the board to pay its employees, for the purpose of reducing absenteeism, a bonus at the end of the employment term for each unused day of personal leave accumulated by the employee during that employment term. The board must adopt a policy for the personal leave incentive bonus.
- W. Va. Code §18A-4-10(c) authorizes that a classroom teacher who has not utilized more than four days of personal leave during the 200-day employment term shall receive a bonus of \$500 at the end of the school year.
- Neither are subject to retirement withholdings.



49

Three Step Increase for Math and Special Ed Teachers

- In accordance with W. Va. Code §18A-4-2(d), each classroom teacher providing math instruction in the teacher's certified area of study for at least 60 percent of the time the teacher is providing instruction to students shall be considered to have three additional years of experience only for pay purposes.
- W. Va. Code §18A-4-2(e) allows each classroom teacher certified in special education and employed as a full-time special education teacher shall be considered to have three additional years of experience only for the purposes of the board salary schedule.
- There will be unique situations in which some employees will be teaching math to only special education students which entitles the employee to six additional years experience.



50

Extra-Curricular Pay

- Activities that occur at any time other than regularly scheduled working hours.
- Example duties: Coaching, instructing, chaperoning, escorting, and providing support for students.
- Occur on a regularly scheduled basis.
- Must be in accordance with a written agreement that is board approved.
- Shall be treated separately from a regular contract, if applicable.



51

Supplemental Pay

- In accordance with W. Va. Code §18A-2A-1, a duty other than a duty assigned under an employee's contract that is generally expected to be performed during an educational day and which may be governed by an agreement, other than the employee's contract, between the district and the employee.
- District calendars shall be adopted no later than the 15th day before the first day of the employment term of each school year to specify the days each classroom teacher, full-time counselor, and full-time librarian is expected to work.



52

Extra Duty Pay

- W. Va. Code §18A-4-8b(f) defines as an irregular job that occurs periodically or occasionally, such as, but not limited to field trips, athletic events, proms, banquets, and band festival trips.
- The duties are not required to be board approved; however, the rate of pay for classification of duty types requires board action.
- For service personnel, extra duty compensation shall be no less than one-seventh of the employee's daily total salary for each hour the employee is compensated.



53

Overtime Pay

- Must follow the Fair Labor Standards Act.
- Outlines, among other things, certain rate methodology an employer can choose to compensate overtime.
- *The Guide to the Fair Labor Standards Act for West Virginia School Districts*, which can be found on the WVDE website, outlines more specific details regarding employees entitled to overtime compensation, holiday overtime pay, and other situations.



54

Service Personnel Addenda

- W. Va. Code §18A-4-8a, provides service personnel holding a high school diploma, GED, or TASC an additional \$12 per month above the minimum tables.
- Service personnel are paid an additional \$11 per month with verification of each 12 hours of college credit or the vocational equivalent through 120 hours, an AB+15, MA+15, MA+30, and a MA+60 and \$40 per month for holding an associate degree, bachelor's degree, master's degree, or doctorate degree.
- Policy 5314, *Service Personnel Classification, Competency Testing, and Professional Learning*, states that 15 contact hours in a trade school is equivalent to one semester hour of college credit. One quarter hour is equivalent to two thirds of a semester hour.



55

Service Personnel Step-Up

- W. Va. Code §18A-4-15 outlines that any regular service person employed in the same building or working station and the same classification category of employment of an absent employee shall be given the first opportunity to fill the position of the absent employee on a rotating seniority basis.
- Employees who "step up" into a certain position are entitled to receive the pay grade associated with the position.
- Example: a cook stepping up into the roll of an absent cafeteria manager.



56

Shift Differential and Split-Shift Pay

- In accordance with W. Va. Code §18A-4-8a(g), when any part of a school service person's daily shift of work is performed between the hours of 6:00 p.m. and 5:00 a.m. the following day, the employee is paid no less than an additional \$10 per month and one half of the pay is paid with local funds.
- In accordance with W. Va. Code §18A-4-8(f), a custodian, aide, maintenance, office, and school lunch service person required to work a daily work schedule that is interrupted is paid additional compensation of at least one-eighth of the individual's total salary as provided by the state minimum pay scale and any board pay supplement.



57

Supervisory Pay

- In accordance with W. Va. Code §18A-5-8, any aide who agrees to stand in the place of the parent or guardian and exercise such authority and control over students as is required of a teacher is entitled to supervisory pay of not less than one pay grade above the highest pay grade held by the service person.



58

Pay Adjustments

- Depends on the facts of each situation.
- If the administration is aware of a circumstance that should result in a pay adjustment, but failed to provide the adjustment, the obligation to provide back pay extends to the point the administration was aware of the circumstance up to one year prior to filing a grievance or requesting the adjustment.
- If done so in bad faith, compensation is afforded for up to 18 months.
- If the administration was unaware of the circumstance and the employee failed to inform the administration of the circumstance, the obligation to adjust pay is limited to 15 workdays of the affected employee filing a grievance or requesting the adjustment.



59

Substitute Pay

- Minimum compensation outlined in WVC W. Va. Code §18A-4-7:
 1. Consecutive days 0-10, pay for a substitute teacher to be not less than 80 percent of the daily rate of the state basic salary paid to teachers.
 2. Consecutive days 10-30, paid at a rate not less than 80 percent of the daily rate of the state advanced salary based upon teaching experience.
 3. Consecutive days 30+, paid the daily rate of the advanced salary, set forth on the board's salary tables.
- Basic salary is defined as the state minimum basic scale salary (without the state supplement) paid to a teacher with zero years of experience and in accordance with his/her degree classification.
- Advanced salary is defined as the basic salary plus an experience increment based on allowable years of experience.



60

New Hires

- All new hires must complete an I-9 and W-4.
- Copies shall be kept in the employee's personnel file.



61

Clinical Teachers of Record

- Formerly Teachers in Resident.
- Supervised and mentored program for prospective teachers during their senior year of college.
- A formal agreement must be completed with an approved WV institute of higher learning.
- A stipend is paid to the CTR in an amount no less than 65% of the state aid received for the employee. The remaining amount is split between the institution of higher education and the BOE to support the program.
- The clinical teacher of record must be offered PEIA insurance coverage in accordance with the requirements of the Affordable Care Act.



62

Payroll Deductions

- **Federal tax deduction;** based on completed W-4. The employer is responsible for making timely federal tax deposits. Must file quarterly 941s.
- **State tax deduction;** based on completed IT – 104. Employers who have an annual remittance of any single tax equal to or greater than \$50,000 are required to electronically file returns and make payments using EFT.
- **FICA;** consists of both Social Security and Medicare taxes. These taxes are paid by both the employee and the employer. Rates published in IRS Pub 15.
- **Wage Garnishment;** The maximum amount of the after-tax paycheck that can be garnished in any workweek or pay period for ordinary garnishments may not exceed the lesser of: 1) 20 percent of the after-tax paycheck for that week; or 2) the amount by which the after-tax paycheck exceeds 30 times the federal minimum wage for that week.



63

More Payroll Deductions

- **Child support/alimony;** All employers in West Virginia have four basic responsibilities in conjunction with the West Virginia Bureau for Child Support Enforcement (BCSE): 1. reporting new hires and responding to employment verification requests; 2. withholding income and premiums for medical insurance; 3. sending payments to the BCSE, and 4. reporting employment terminations when there are existing orders. In addition, employers are also required to report to the BCSE when they contract with an independent contractor for services in West Virginia and the costs of these services exceed \$2,500 or more.
- **Retirement;** All eligible employees are required to participate in one of two statewide, cost sharing, multiple-employer retirement benefit plans: the Teachers' Defined Benefit Retirement System (TRS) or the Teachers' Defined Contribution Retirement System (TDC).



64

Voluntary Payroll Deductions

- **Wage assignment;** in cases of overpayment to employees, LEAs may set up a wage assignment plan with the employee in order to recoup the overpayment. Cannot exceed 1-year.
- **PEIA;** permanent employees who work at least an average of 20 hours per week are also eligible to participate in the state group medical insurance plan. West Virginia PEIA qualifies for favorable tax treatment under Section 125 of the Internal Revenue Code. Payroll deducted PEIA health and certain life insurance premiums are exempt from federal and state income taxes and FICA taxes.
- **Dental/Optical;** board approved local plan. Funding may be provided solely by the board, or partially or completely funded by employee premiums that are payroll deducted.
- **403B/457 Deferred Compensation;** board approved optional investment plan. Must comply with IRS regulations.



65

Other Voluntary Payroll Deductions

- These deductions include, but are not limited to: disability insurance, life insurance, cancer insurance, and other similar type policies, and credit unions.
- Must be offered to all employees.



66

Non-cash fringe benefits

- An example of a fringe benefit is when an employee is allowed to use a business vehicle to commute to and from work.
- The value of this benefit must be included in the employee's W-2 form.
- The fair market value of such benefit is subject to income tax withholding, Social Security, and Medicare taxes



67

Tuition Reimbursement

- W. Va. Code §18A-3-3a provides that certain educators may qualify for state tuition reimbursement. Reimbursement requests are processed and approved by the WVDE Office of Certification.
- If the tuition reimbursement request is denied by the WVDE Office of Certification because no state funds are available, applicants may seek tuition reimbursement from the board to be paid by federal or local sources. These funds must be applied for and utilized first, before any reimbursements are funded using federal grants (i.e., Title II).
- The board must also have a local policy to address tuition reimbursement.
- Refer to IRS Publication 970 for potential tax consequences.



68

Unemployment Compensation

- In accordance with W. Va. Code §21A-5-3a, an LEA is invoiced the actual cost of benefits provided, plus one half of the amount of extended benefits paid on a quarterly basis for eligible individuals.
- A quarterly wage report must be submitted for use in determining unemployment eligibility and benefits. These reports are to be submitted electronically by uploading to WorkForce WV's webpage.



69

Workers Compensation

- LEAs must obtain coverage through private providers.
- Premiums are based on gross payroll amounts.
- It is recommended that the LEA also develop a return-to-work policy to help reduce premiums.



70

Section 125 Plans

- Because of the complexity of compliance, it is recommended that boards have a third-party administrator if they participate in a Section 125 Plan.
- Without a third-party administrator, the board may utilize the West Virginia PEIA plan for Section 125 benefits but cannot offer other plan benefits that are not supported by the PEIA plan.
- Boards can either use a third-party administrator or the West Virginia PEIA plan to administer Section 125 benefits.



71

Direct Deposit

- Must be done so at the written request of the employee.
- An LEA cannot require direct deposit.



72

Travel Reimbursement

- Must have a local policy in place describing the process.
- The policy should require that travel expenditures should be reasonable in nature and relevant to the duties of employment.
- Mileage shall be at the least the lesser of, and not more than the greater of, the standard federal mileage rate and the rate authorized by the travel management rule of the West Virginia Department of Administration.
- Travel may only be reimbursed to board employees. Contracted service providers must include travel in their sum certain or hourly rate.




73

Uniforms

- W. Va. Code §18-5-13 authorizes the board to provide appropriate uniforms for school service personnel.
- Boards electing to provide uniforms must establish policy surrounding the issuance.
- The policy should also address any applicable IRS regulations as uniforms are sometimes considered taxable fringe benefits.



74



West Virginia DEPARTMENT OF
EDUCATION

Section 5 – Budgeting

75

Fundamentals

- Proposed budget must be submitted to WVDE through WVEIS by May 30th.
- A hearing must be held prior to this date in order for the board to adopt the budget pending approval by WVDE.
- General items needed to prepare the budget include, but are not limited to: goals established by the board; enrollment data; program information; personnel items such as assignments of staff, staffing requirements, salary information, and fringe benefit amounts; information regarding facilities, construction, utilities, etc.; property tax and levy amounts; any other items affecting revenues and expenditures; and state aid computations and related schedules (PEIA, Retirement, etc.) as per WVDE instructions.
- Budget instructions published on WVDE website.
- Actual expenditures are not to exceed the amounts reflected in the approved budget at the function level.



76

Budget Revision Process

- WVC specifies that the board may expend funds or incur obligations only in accordance with the approved budget and expenditure schedule and make transfers between items of appropriation or expenditure only with prior written approval of WVDE.
- BJE's are established in WVEIS and submitted to applicable WVDE staff via WOW.
- Auditors and federal monitors will request a sample of BJE's to ensure authorization was granted.



77

Budget Revision Process Cont.

- The agency must submit proposed budget revisions to WVDE and receive prior approval from the board whenever any of the following changes are anticipated involving unrestricted funds.
 1. Any revision in which funds are being supplemented into, or removed from, the budget.
 2. All transfers involving revenue or expenditure account codes in which the revision affects the first three digits of the program/function code element and/or the first two digits of the object code element.
 3. Cumulative transfers among direct cost categories, or, if applicable among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget.



78

Budget Revision Process Cont.

- For all restricted federal and state projects, other than the ones included in the paragraph above, LEAs must comply with the budget change requirements specified in 2 CFR Part 200 and obtain the prior approval of WVDE or awarding agency, when applicable.



79



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EDUCATION

Section 6 – Auditing

80

Overview

- An examination shall be made annually, if required, to comply with the Single Audit Act and when otherwise required by law or contract.
- Chief Inspector to complete the audit unless the board takes action to bid out the services and select an independent firm of their choosing. This selection must take place by May 1st annually. Must be filed with Chief Inspector.
- Audit procedures outlined under the Single Audit Act and the State Compliance Supplement for Auditing County Boards of Education in the State of West Virginia must be followed.
- If findings are noted, the corrective action plan will be reviewed by the WVDE Office of School Finance.



81

Examination of Individual Schools

- Examinations of individual schools can be conducted by personnel employed by the board, a certified public accountant, or the West Virginia State Auditor's Office.
- Individual school examinations must be completed within nine months of the fiscal year end, except those boards that have 20 or more schools and conduct the examinations with their own personnel may have an additional three months in which to complete the exam.
- Examination should include all funds maintained by the school and should be completed in accordance with applicable federal, state, and local guidelines.



82

Monthly Reports

- The Treasurer should make monthly reports to the board detailing the following: the cash balance, year-to-date revenues, year-to-date expenditures, and current budget, by fund. (Appendix F includes example reports that are exportable from ZOOM Finance)
- The monthly WVEIS data file should be closed by the 8th of the following month.
- Treasurers should also generate reports using WVEIS and/or the project financial report module available on WVEIS web and provide them to directors and other decision makers in order to maintain budgets within those specific projects managed by board staff.



83

Annual Report

- The annual financial statements are statutorily required to be prepared within 90 days of fiscal year end.
- New financial statement publication law goes into effect fiscal year end 2024 which allows the statements to be **published** within **120 days**. Additionally, the board may choose to publish on the board's website in lieu of the newspaper, under certain requirements:
 1. Must hold a public hearing at which interested persons may express their views on whether the LEA should publish the statement as a Class I-0 legal advertisement or on the LEA's website.



84

Annual Report Continued

2. Public notice of the availability of such website posting shall be published once a week in a qualified newspaper of general circulation for two successive weeks.
3. Shall remain posted on the county board's website at least until publication of the next annual statement.
4. All other required supplemental information to be included with the legal publication.



85

Annual Report Continued

- If choosing to publish the financials as in the newspaper, the following must be included in addition to the statements:
 1. The receipts and expenditures of the board during the previous fiscal year arranged under descriptive headings.
 2. The name of each firm, corporation, and person who received more than \$250 in the aggregate from all funds during the previous fiscal year, together with the aggregate amount received from all funds and the purpose for which paid.
 3. All debts of the board, the purpose for which each debt was contracted, its due date, and to what date the interest has been paid.



86

Annual Report Continued

- Financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP). This includes completion of the government-wide statements, the fund basis statements, the reconciliation schedules, the fiduciary statements, the notes to the financial statements, management discussion and analysis, and required supplementary information.



87



West Virginia DEPARTMENT OF
EDUCATION

Section 7 – Excess/Bond Levies/Other Funding Sources

88

Excess/Bond Levies Overview

- County boards can no longer hold special elections. Must hold in conjunction with a primary or general election.
- The West Virginia Secretary of State recommends setting the election date 12-15 months in advance.
- It is also recommended that the order calling for the election be submitted to the State Auditor and legal counsel for review prior to adoption by the governing body.
- Board employees are prohibited from advocating for a levy or bond election during their daily work schedule.



89

Excess/Bond Levies Overview

- Boards may provide strictly factual information about the upcoming bond or excess levy.
- The excess levy and bond elections must be certified to the State Auditor's Office. The Local Government Services Division of the WWSAO should be consulted on all applicable deadlines.
- The West Virginia Secretary of State provides an election calendar which should be used to ensure that all required documentation is presented, and deadlines are met.



90

Excess Levies

- Purpose is to provide additional operating revenues to the county board.
- Can be for a term of up to 5 years.
- Maximum rates are established by the Legislature. Currently 22.95 cents/\$100 Class 1.
- Must establish an order that includes the following: (1) the purpose for which additional funds are needed; (2) the amount for each purpose; (3) the total amount needed; (4) the separate and aggregate assessed valuation of each class of taxable property within its jurisdiction from the most recent certificate of valuation provided by the county assessor; (5) the proposed additional rate of levy in cents on each class of property; (6) the proposed number of years, not to exceed five, to which the additional levy applies; and (7) the fact that the local levying body will or will not issue bonds.



91

Bond Levies

- The amount of the bond shall not exceed the aggregate of five percent of the most recent value of taxable property in the county.
- The bond levy shall be in effect for a maximum of thirty-four years.
- Rates of levy are computed to calculate the total tax levy required to pay the principal and interest on such bonds. These amounts are provided by the Municipal Bond Commission and the rate calculation process must take place annually.
- Can only be levied for construction related projects. Not current expense.
- Similar to excess levy requirements, bond orders must be established as well.



92

SBA Grants

- The SBA provides capital improvement grants for school construction projects.
- “Needs” grants – maximum \$1 million per project. There is a hearing process that occurs prior to awarding to county boards.
- Emergency Funds to assist with natural disasters - maximum \$2,000,000 per project.
- An additional \$600,000 is afforded in statute for the SBA to award to “financially distressed” county boards of education in a competitive format.



93

Lease/Purchase

- A lease purchase agreement extending beyond the fiscal year must contain a non-funding cancellation clause where the contract can be terminated at the end of each fiscal year.
- Allows for certain exemptions to procurement procedures.



94

Energy-Savings Contracts

- Contracts tied to procurement of goods or services, or both, to reduce energy consumption and operating costs of school facilities.
- These contracts may be for no more than 15 years and the contract must contain language that allows the board to terminate the agreement during any year of the contract.
- The contracts must contain the following:
 1. a guarantee of a specific minimum amount of money that the board will save in energy operating costs each year during the term of the contract; and
 2. a statement of all costs of energy-conservation measures, including the costs of design, engineering, installation, maintenance, repairs, and operations.



95



West Virginia DEPARTMENT OF
EDUCATION

Section 8 – Construction

96

Overview

- A construction project is defined in W. Va. Code §5-22-1 as “the act, trade, or process of building, erecting, constructing, adding, repairing, remodeling, rehabilitating, reconstructing, altering, converting, improving, expanding, or demolishing of a building, structure, facility, road, or highway.”
- Can also include the acquisition and necessary site preparation of land, as well as the acquisition, installation, or substantial upgrading of existing equipment, machinery, furnishings, utilities, or other similar items.



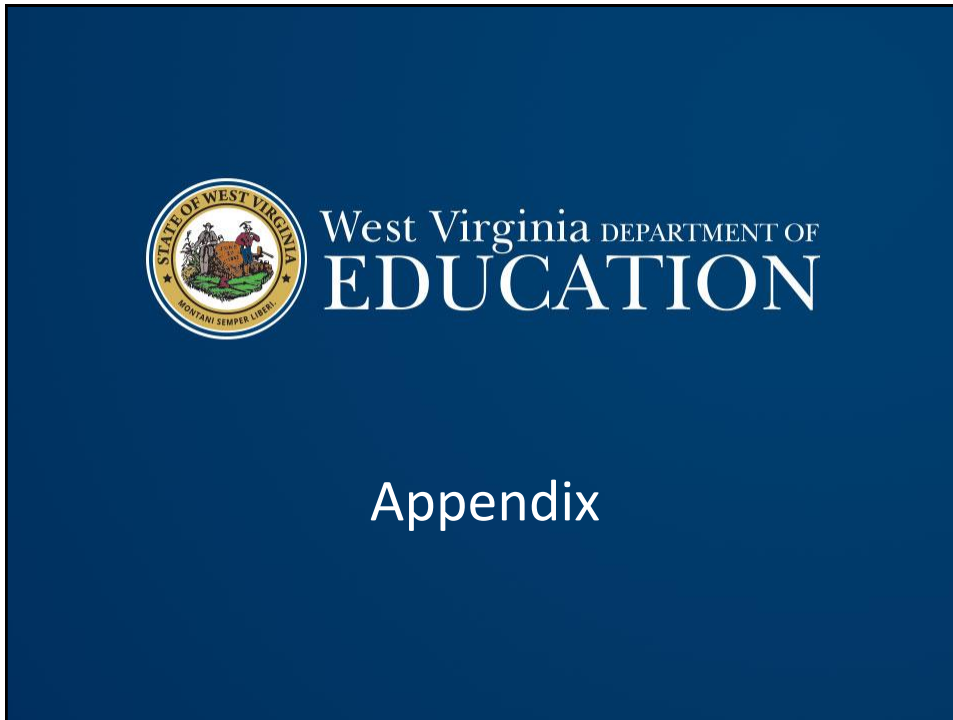
97

Overview Continued

- All construction projects exceeding \$25,000 in total cost must solicit competitive bids.
- The board must procure architectural or engineering services for projects costing more than \$250,000, on the basis of demonstrated competence and qualifications for the type of professional services required.
- County boards may be required to contract with a clerk of the works whose role is primarily to represent the interests of the board by ensuring the quality of both materials and workmanship are in accordance with the design information, such as specification and engineering drawings, in addition to recognized quality standards.
- Depending on the size of the construction project, a Construction Manager or Construction Analyst may be required by the SBA on a project-by-project basis in lieu of a CW.



98



99

Appendix Table of Contents

- A.1 - Examples of Segregation of Duties
- B.1 - Example of Computation of Cost Per Pupil for Tuition Charged to Out of State Students
- B.2 - Bank Statement Reconciliation Form
- C.1 - Independent Contractor Checklist
- C.2 - Temporary Part-Time Employment Agreement
- C.3 - Intern Employment Agreement
- D.1 - What Must be Included in Bond Election Orders (W. Va. Code §13-1-4)
- D.2 - Election – Bond Sample Ballot Form
- E.1 – School Finance Definitions
- F.1 - Example of Monthly Treasurer's Report



100

Other Questions/Discussion



West Virginia DEPARTMENT OF
EDUCATION

101