

FINANCIAL SERVICES

SECTION 7
ACSA POLICIES & PROCEDURES

Section 7 — Financial Services

A. Budget

Policies:

7.1 Sound Fiscal Operating Procedures

ACSA will follow sound fiscal operating procedures as directed in Article VIII of the bylaws.

7.2 Annual Fiscal Review and Plan

The board shall present an annual fiscal review and plan for the next fiscal year as defined in the procedures.

7.3 Accounting Services for Other Association Entities

ACSA shall provide accounting services to the Foundation for Educational Administration, School Administrators Special Services, School Administrators Special Services Trust, ACSA PAC and SASS Benefit Services Corporation. These entities, except the ACSA PAC, shall reimburse ACSA for providing accounting and administrative services.

Procedures:

7.4 Reserve Funds

The board of directors may establish additional reserve funds other than the general reserve required in Article VIII, 8.012.

7.5 Preliminary Budget

Generally, preliminary budget assumptions will be presented to the board of directors by March each year for the following fiscal year.

7.6 Final Budget

The board of directors shall adopt a final budget for the following year by its last meeting of the current fiscal year.

The chief financial officer will provide periodic reports on the financial condition of ACSA and its affiliates to the Finance Committee of the board at each committee meeting for discussion. These reports will also be included in board and leadership assembly agendas as information items.

These reports will include a comparison of actual results year to date vs. the current year budget and also will include an update on ACSA's reserves per procedure 7.7.

At its discretion the Finance Committee of the Board may also ask the chief financial officer to report on key items, or indicators to watch, related to actual results vs. the annual budget. These items will be part of an annual watch list that could vary from year to year depending on changes in key or major budget assumptions and ACSA programs.

Section 7 — Financial Services

7.7 Annual Balanced Operating Budget and Minimum Cash Reserve

ACSA will strive to establish and maintain operating and short-term reserves that approximate four months of ACSA and FEA combined annual operating expenses.

Operating reserves are unrestricted current assets less current liabilities and will not include cash reserved for SASS or PACs. Short-term reserves are investments that are for short-term (one to three years) needs as designated by the board based on recommendation of the finance committee of the board.

(Revised July 2020 Board of Directors)

B. Income Sources

Policies:

7.8 Membership Dues and Other Sources of Income

The primary source of association income is membership dues.

The executive director is authorized to accept other income, establish fees, establish sales price of materials, rentals and other actions as he/she deems in the best interests of the association and shall annually report to the board.

7.9 Rates for Advertising in ACSA Publications

The executive director is authorized to establish rates for advertising in ACSA, Foundation or SASS publications.

7.10 Endorsement of Management Services/Products

By involving itself with specific services or products, ACSA may provide districts with names of vendors whose performance has proven to be reliable and has received ACSA's endorsement through the endorsement process.

Endorsement by ACSA is interpreted to mean that ACSA, to the best of its ability and using available resources, has investigated the services/products of a particular vendor and determined them to be of possible value to school districts.

While ACSA can realize income by extending endorsement to vendors' services/products, it is never justification in itself to enter into an endorsed relationship. ACSA's reputation for careful screening and monitoring of these relationships has a positive impact on the ability of the vendor to sell the service/product. This reputation must be maintained at all costs.

(Revised: August 1994 Board of Directors)

Section 7 — Financial Services

Procedures:

7.11 Investments

ACSA and its affiliated companies' investments shall be handled in a manner which emphasizes moderate capital growth with some focus on income and preservation of capital.

The following outlines investment objectives and performance review and established restrictions.

7.11.1 Objective

The long range investment goal for the investments is to achieve after fees and expenses a pre-tax absolute return of 7% on average over a 7 – 10 year period consistent with prudent investing principles. This policy focuses on increasing real asset value to maintain purchasing power over time, provide some income, and provide for unexpected cash needs.

Although ACSA staff, finance committee, and full board prefer to limit the investment portfolio's volatility, they understand that there could be fluctuations in value and the possibility of declines in value in order to grow the portfolio over time.

Assets of ACSA and its affiliated companies shall be invested in accordance with this investment policy and in compliance with state and federal laws and regulations.

The primary function of staff and any professional management managing the investments is to secure, with appropriate limitations on the risk of the principal, protection against inflation and provide for growth of long-term asset values. Following are specific objectives that will be balanced by assuming a moderate risk tolerance for the portfolio:

- a) Growth - to provide for growth of principal or real asset value without undue risk.
- b) Income - to produce some continuing income to support special projects and other ongoing activities of ACSA and its affiliated companies.
- c) Safety - to place sufficient limitations on risks associated with the implementation of growth and income objectives and to protect the principal through diversification of assets and the setting of specific quality standards.

7.11.2 Permitted Investments and Benchmarks

Assets of ACSA and its affiliated companies can be invested in a diversified mix of publicly traded domestic equities or stocks ranging from small cap to large cap stocks, US government obligations or bonds, corporate bonds, and liquid assets such as cash, money market funds, or certificates of deposit, investments in international equities and bonds, including emerging markets. Alternative

Section 7 — Financial Services

investments may also be used to help control volatility. Generally, alternative investments do not correlate as much to movements in the bond and stock markets. Examples of such would be hedge funds, gold, real estate investment trusts, commodity pools, and managed futures.

The assets could be held in the portfolio individually, in mutual funds, exchange traded funds, or separately managed accounts. Professional management generally will be used to manage the funds.

The following benchmarks will be used to evaluate performance of any professionally managed assets:

<u>Asset Class</u>	<u>Index</u>
Large Cap Growth	S&P 500
Large Cap Value	S&P 500
Mid Cap Growth	Russell Mid Cap
Mid Cap Value	Russell Mid Cap
Small Cap Growth	Russell 2000
Small Cap Value	Russell 2000 VL
International Equity	MSCI ACWI ex USA Gross
Emerging Markets	MSCI EM Net
US Core Bonds	Barclays Aggregate
International Bonds	Bloomberg Barclays Global Agg. Bond Index
Cash	Global Cash
Alternative Investments	HFRI Fund Weighted Comp

(Revised: July 2020 Board)

7.11.3 Prohibited Transactions

ACSA and its affiliated companies prohibit investments which unduly jeopardize the safety of principal or that are not traded publicly. Unless approved in advance by the board of directors, the following types or methods of investments are prohibited:

- trading in securities on margin
- leveraged buyouts
- venture capital
- private placement
- limited partnerships

7.11.4 Asset Allocation

The asset allocation will be based on a moderate level risk profile. It is understood that the board of directors reserves the right to adjust these types of investments and limits at any time. The allocation will be within the following guidelines:

Section 7 — Financial Services

Investment Type	Minimum %	Maximum %
Cash	3	10
Fixed Income	10	50
Equities – Domestic	25	75
International	10	50
Alternatives	0	20

Cash - This includes saving accounts, money market accounts, certificates of deposit (limited to insured financial institutions), and short term US government securities with a maturity of one year or less, such as 90 day T-bills.

Fixed Income – This includes US government and government guaranteed debt securities with a maturity greater than one year, as well as, bonds, convertibles and preferred stocks of US corporations.

Equity Domestic - This includes primarily common stocks of large, mid, and small cap US Corporations.

International - This includes both fixed income and equity investments of non-US companies of both developed and emerging markets.

Alternatives – This includes alternative investments that do not fit into the above definitions and investments that are not prohibited per this policy.

7.11.5 Reporting and Adjustments

The chief financial officer (CFO) of ACSA will provide an update on ACSA's and its affiliated companies' investments at each meeting of the Finance Committee prior to each meeting of the board of directors. This update will detail current holdings and market value as well as compliance with the asset allocation guidelines in this policy per paragraph 7.11.4.

The Finance Committee and its chair will decide when to report the update/status to the board of directors.

At least on an annual basis, the CFO will provide a report on the performance of ACSA's and its affiliated companies investments to the Finance Committee. This report will detail current holdings, market value, annualized yield, realized gains and/or losses from invested assets. This report will be reviewed in depth by the Finance Committee.

(Revised: February 2014 Board)

At any time the CFO and/ or the Finance Committee can make a recommendation for a change in investment policy or strategy for approval to the board of directors at any of the latter's meetings. Any additional information and/or changes requested by the board of directors shall be referred to the Finance Committee.

Section 7 — Financial Services

7.11.6 Approval/ Oversight

The purchase or sale of investments, outside of current investment policy guidelines, must be recommended by the Finance Committee to the board of directors for approval. Changes in financial institutions for Cash investments as defined above may be approved by ACSA's CFO.

In consultation with the Executive Director of ACSA, the CFO is authorized to purchase and sell investments per paragraphs 7.11.2, 7.11.3, and 7.11.4 and is also authorized to hire investment professionals to purchase and sell such investments either as individual holdings, mutual funds, exchange traded funds, and separately managed accounts.

All investments including changes made directly by the CFO or indirectly through professional investment management will be included in the reporting required by paragraph 7.11.5.

This policy, objectives, permitted and prohibited investments, asset allocation guidelines and definitions, reporting requirements and approvals shall remain in force until modified in writing by the Finance Committee and approved by the board of directors.

(Revised May 2010 Board of Directors)

7.12 ACSA Owned or Leased Facilities

Staff is authorized to rent, sublet, perform maintenance or contract for same, supervise and maintain financial records on any and all space within ACSA owned or leased facilities, as is in the best interests of ACSA.

7.13 Selling of Furniture, etc.

The chief financial officer, with the approval of the executive director, is authorized to sell obsolete or excess furniture, equipment and supplies.

7.14 Mailing Labels and Lists

The executive director is authorized to sell mailing labels and lists to ACSA regions, charters, school service members and establish prices for board approved educationally oriented business concerns.

7.14.1 All requests shall be screened by the executive director or designee to insure use as a direct educational benefit to members.

7.14.2 Individual members wishing their names and addresses to be deleted from these lists may do so by notifying the membership office.

Section 7 — Financial Services

C. Expenditures**Policies:****7.15 Expenditures from Reserve Funds**

Any unbudgeted expenditure from reserve funds in excess of \$25,000 shall require prior approval of the board of directors.

(Revised: February 2014 Board)

7.16 Reimbursement of Expenses

The annual budget shall provide funds for the reimbursement of legitimate and reasonable expenses incurred by members or staff on ACSA business when not reimbursed by other sources.

7.17 Allocation of Funds to Cover Board Motion

Whenever the board appoints ad hoc, special committees, or persons to liaison to committees or commissions, a dollar amount shall be allocated to cover anticipated expenses or the motion of appointment shall state, "no expenses approved."

7.17.1 The annual budget shall provide funds for the operation of regular ACSA committees and for special committee projects.

7.18 Region Rebates and PAC Funding

The association shall annually rebate to each region 15% of adjusted member dues collected in that region for local governance, programs and committees unless temporarily changed by board action. No region shall receive less than \$25,000.

(Revised: July 2020 Board)

7.18.1 Historical note: In order to provide a stable base of funds in ACSA PAC, region rebates have been reduced from 16% to 15%, with the difference matched dollar for dollar by ACSA and the entire amount deposited in the PAC.

7.19 Insurance Coverage for Staff

ACSA will provide insurance coverage for staff as outlined in the Personnel Policies.

Procedures:**7.20 Reimbursement of Expenses**

7.20.1 Expense claims on appropriate forms should be submitted immediately after an event. Blank claim forms will be provided to committee/council and leadership assembly members. They can also be found on ACSA's website.

Section 7 — Financial Services

Expense claims should be submitted within 30 days from the date expenses are incurred. Prompt submission of expenses is especially important at fiscal year-end (June 30).

If the expense is a regular or special committee/council activity the expense claim should be submitted to the committee/council chair immediately after each trip for approval. The approver will forward the claim to ACSA's Financial Services department.

Please be cognizant that the main source of funding for expenses is members' dues. Therefore, travelers are asked to compare costs between air fare, auto rental, and mileage reimbursement and choose the least expensive mode of transportation to ACSA.

Itemized receipts for all expenses must be attached to all claim forms (with the exception of incidentals under \$25 such as tips, tolls, postage, bus fare, and parking). A missing receipt form must be completed if the receipt is missing. Approvers are responsible for ensuring receipts are obtained and policy is followed before approving the claim.

- 7.20.2 Out-of-state travel must be approved in writing by the Executive Director prior to taking the trip and before any out-of-pocket expenses will be reimbursed.
- 7.20.3 Mileage will be reimbursed by the rate determined by ACSA and should not exceed the comparable air travel rate and/or cost of a rental car. Mileage will also be reimbursed to and from the airport if one does fly.
- 7.20.4 Air travel should be used only if it's the least expensive way to travel. It is most cost effective to book flight reservations early. Therefore, ACSA asks that you book your flight at least one month in advance in order to obtain the lowest fare. Costs for first class, business class, or upgraded seat selection on flights as well as TSA pre-check or Global Entry fees will not be reimbursed.

Airport parking, in economy or offsite locations, will be reimbursed.
- 7.20.5 Rental Cars should be utilized in cases where it's more economical than air travel or mileage reimbursement. Select the most economical (yet comfortable) vehicle available. Gasoline costs for rental cars only (vs. personal vehicle) will also be reimbursed.
- 7.20.6 Lodging should be chosen at properties where special ACSA room rates have been established. Reimbursement for overnight accommodations will only be approved if a meeting is more than one day or if travel arrangements

Section 7 — Financial Services

necessitate staying overnight and need to be approved in advance.

If lodging for the meeting is being paid via central billing by ACSA, please do not give the hotel an imprint of your credit card to prevent possibility of duplicate billing by the hotel.

- 7.20.7 Meals – While traveling on ACSA business, reasonable expenses for meals will be reimbursed with a copy of an itemized receipt for each meal. Per IRS requirements, please note on the receipt the names in your party, the business purpose of the meal, and the applicable budget program code.
- 7.20.8 Other – For incidentals such as tips, tolls, postage, bus fare, and parking (other than for meals), receipts for expenses of \$25 or more are required. An explanation must be provided on the expense report as to the nature of the expense.
- 7.20.9 Not Reimbursable – The following expenses will not be reimbursed: early check-in for hotels and flights, first class, business class or upgraded seat selection on flights, TSA pre-check or Global Entry fees, limousine service, hotel mini-bar items, hotel movie rentals, hotel spa services, hotel laundry services, and any personal expenses. (Revised: July 2020 Board)