

## SECTION D: FISCAL MANAGEMENT

Section D contains policies, on school finances and the management of funds. Policies on the financing of school construction and renovation, however, are filed in Section F, Facilities Development.

<u>Code</u>	<u>Category</u>	<u>Title</u>
DA	R	Fiscal Management Goals/Priority Objectives
DB	R	Annual Budget
DBC	R	Budget Planning, Preparation, and Schedules
DBI	R	Budget Implementation
DC	O	Taxing and Borrowing
DD	O	Funding Proposals, Grants, and Special Projects
DEA	O	Funds from Local Tax Sources
DFA	P	Revenues from Investments
DG	O	Banking Services/Depository of Funds
DGA	R	Authorized Signatures
DH	R	Bonded Employees and Officers
DI	R	Fiscal Accounting and Reporting
DI-R		Fiscal Accounting and Reporting
DID	R	Inventories
DIE	R	Audits/Financial Monitoring
DJ	R	Purchasing
DJB	O	Purchasing Procedures
DJC	R	Petty Cash
DJC-R		Petty Cash
DJD	O	Cooperative Purchasing
DJE	R	Bidding Procedures
DJF	O	Local/Competitive Purchasing
DJG	O	Vendor Relations
DK	R	Payment Procedures
DKA	R	Payroll Procedures/Schedules
DKC	O	Expense Authorization/Reimbursement
DM	R	Cash in School Buildings
DN	R	School Properties Sales/Disposition

### *Categories*

**O = Optional** These policies should be reviewed to determine whether they meet a particular local need. Most are informational in nature.

**P = Priority** The subject matter of these policies is required by state and/or federal law.

**R = Recommended** While these policies are not required by law, they are highly recommended for effective and efficient school board operation.

Adopted March, 2004

**FISCAL MANAGEMENT PLAN**

The Board recognizes the importance of excellent fiscal management in managing public resources to achieve the goals of the educational plan of the district. The board will be vigilant in fulfilling its responsibilities to see that these funds are used wisely to achieve the purpose for which they are allocated.

The district fiscal management plan seeks to achieve the following goals:

1. Engage in thorough advance planning to develop budgets and guide expenditures to achieve the greatest educational returns and the greatest contributions to the educational program.
2. Establish levels of funding which will provide high quality education for the students of the district.
3. Use the best available techniques and processes for budget development and management.
4. Provide timely and appropriate information to the Board and all staff with fiscal management responsibilities.
5. Establish and implement efficient procedures for accounting, audit, risk management, investing, purchasing delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

Revised: November, 1999  
New policy April, 1999

### **ANNUAL BUDGET**

One of the primary responsibilities of the Board is to secure adequate funds to carry out a high-level program of instruction.

The adopted annual school budget is the financial outline of the District's educational program; it is the legal basis for the establishment of tax rates. The annual school budget process is an important function of District operations and should serve as a means to improve communications within the school organization and with the residents of the community.

The Superintendent will be responsible for preparing, and presenting to the Board for adoption, the annual school budget. The Board expects the Superintendent to work closely with the principals and other administrators to assess the needs of the schools. The principals will confer with appropriate staff in getting budgetary requests and information on requirements.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

### **BUDGET PREPARATION**

The Superintendent may establish procedures for the involvement of staff in the development of the budget proposal.

The School Board will adopt guidelines and a schedule each year for the timely submission of the budget to the Board, and budget committee. (where applicable)

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**BUDGET IMPLEMENTATION**

The Superintendent will establish procedures for budget implementation, control, and reporting.

*Statutory References:*  
RSA 32:5; 32:10; 32:3.

Revised: November, 1999  
Revised: July, 1998

Adopted March, 2004

**TAXING AND BORROWING AUTHORITY/LIMITATIONS**

No funds will be borrowed for capital building projects or other major capital items without the expressed approval of the District at an annual or special school district meeting.

**Statutory Reference:**

*RSA Ch. 33:8-a*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**FUNDING PROPOSALS AND APPLICATIONS**

The Superintendent will inform the Board of all possible sources of state, federal, and other funds for the support of the schools and/or for the enhancement of educational opportunities. The Superintendent is to apprise the Board of its eligibility for general or program funds and to make recommendations for Board action.

Revised: July, 1998

### REVENUES FROM LOCAL TAX SOURCES

The major share of all financial support for local school districts is raised by taxing property. Most of the financial support of public education, therefore, is subject to a direct vote of the people.

It is the responsibility of the Board is to explain the objectives and needs of the schools to appropriate community bodies that have a role in school budget adoption, and to the voters of the District.

The Board, administration, and the professional staff will work with the taxpayers toward the solution of problems in the operational funding of the School District.

The Board will:

Accept all available state funds to which the District is entitled by law or through rules of the State Board of Education, and

Accept all federal funds which are available providing there is a specific need for them and that matching funds required are available.

The Board may accept revenues on a case-by-case basis consistent with the goals, policies and programs of the District.

**Statutory Reference:**

*RSA 198:20-b*

Revised: November, 1999

Revised: July, 1998

## Windham School District Policy

DFA

### INVESTMENT

The School Board authorizes the School District Treasurer working in conjunction with the Superintendent and his/her designee and pursuant to RSA 197:23-a to invest the funds of the District subject to the following objectives and standards or care.

#### OBJECTIVES

The three objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

1. Safety of principal is the foremost objective in this policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital by mitigating credit and interest rate risk. This will be accomplished by limiting the type of the investments and institutions to those stipulated by statute and fully covered by FDIC insurance or collateral approved pursuant to RSA 366:57.
2. Liquidity of the investment portfolio shall remain sufficient to meet all operating requirements that may be reasonably anticipated.
3. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

#### STANDARDS OF CARE

1. Prudence. The standard of prudence to be used by the District Treasurer and Superintendent or his/her designee involved in the investment process shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. They are directed to use the GFOA\* Recommended Practices and Policy Statements Related to Cash Management as a guide to the prudent investment of public funds.



**INVESTMENT**

(continued)

2. Ethics and conflicts of interest. The School District Treasurer and Superintendent or his/her designee involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Employees and Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officials shall subordinate their personal investment transactions to those of the School District particularly with regard to the timing of purchases and sales.

3. Internal Controls. The District Treasurer and Superintendent or his/her designee shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the School Board and an independent auditor.

**Statutory Reference:**

RSA 197:23-a

RSA 383:22

Appendix: DFA-R

Revised: November, 1999

Revised: July, 1998

## COLLATERALIZATION OF PUBLIC DEPOSITS

This agreement is between the \_\_\_\_\_ School District and the \_\_\_\_\_ Bank of \_\_\_\_\_. The \_\_\_\_\_ School District requires collateralization of deposits of school district funds pursuant to Chapter 383 of New Hampshire Laws of 1991 in accordance with the rules of the collateralization of Public Deposits, Chapter Ban 1400, and PART Ban 1450, as adopted by the Bank Commissioner and approved by the Joint Legislative Committee in Administrative Rules on September 18, 1992.

The \_\_\_\_\_ Bank hereby agrees to provide permanent collateral in the amount of \$ \_\_\_\_\_ to secure all of the School District's deposit amounts. If additional collateral is required, the District's Treasurer, or other district agent, agrees to contact the Bank's CFO, treasurer by telephone, fax, or mail with the request. The Bank's CFO/treasurer agrees to then purchase the additional collateral requested to secure all of the School District's deposit account.

This agreement shall remain in effect until the Treasurer of the School District provides \_\_\_\_\_ Bank with a written notice canceling this agreement or until the \_\_\_\_\_ Bank no longer accepts municipal deposits. The \_\_\_\_\_ Bank must provide the School District with a 90-day written notice before this agreement can be cancelled by the bank. The collateralization of the municipal deposits will remain in effect until the day of cancellation.

**Statutory Reference:**

RSA 197:23-a

RSA 383:22

Revised: November, 1999

Revised: July, 1998

**DEPOSITORY OF FUNDS**

All income payable to the District and all revenue received will be deposited with the Treasurer, who will credit it to the appropriate account.

Revised: July, 1998

Adopted March, 2004

### AUTHORIZED SIGNATURES

Checks drawn on the general fund or any special fund (with the exception of the activity fund) will require the signature of the School District Treasurer, who is authorized to sign only after approval of manifests by the Board. Checks drawn on an activity fund will require two signatures.

The checks used by the District will be pre-numbered.

**Statutory Reference:**

*RSA 197:23-a*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**BONDED EMPLOYEES**

The Board requires that the Treasurer and Assistant Treasurer be bonded. The District will arrange a Public Officials Bond to cover the Treasurer and each assistant, if any, in the amount of \$100,000. It is the practice that any employee who administers student activity money shall be bonded.

Any employee who administers funds for the District will be bonded appropriately. The District will arrange a Blanket Position Bond, including a Faithful Performance endorsement, in the amount of \$100,000 on all employees who administer funds for the District.

### **FISCAL ACCOUNTING AND REPORTING**

The District's accounting system will be in conformance with the New Hampshire Financial Accounting Handbook published by the State Department of Education. An adequate system of encumbrance accounting will be maintained.

The Board shall receive financial reports and statements showing the financial condition of the School District. These statements/reports shall be prepared on a scheduled basis during the school year. The School Board may ask for a statement or report at any time.

*Appendix: DI-R*

## FISCAL ACCOUNTING AND REPORTING REGULATIONS

The following purposes must be satisfied by the accounting system:

1. Administrative Control: The financial records must be adequate to guide the making or deferring of purchases, the expanding or curtailing of programs, and the controlling of expenses. Current data should be immediately available and in such form that periodic summaries may be readily made from the data.
2. Budget Preparation: The financial records must be adequate to serve as a guide to budget estimates of subsequent years, and to hold expenditures to the amounts appropriated. Accounts are to be kept for each item for which separate budget estimates must be made. An adequate code of expenditure accounts will be used.
3. Accounting for Stewardship: The financial records of the district must be adequate to show that those in charge have handled funds within the framework of law and in accordance with Board policy.

The district's financial records will provide the following information:

1. For each account in the district's budget: the appropriation, appropriation transfers, expenditures, encumbrances, and unencumbered balance.
2. For each purchase order: the name of vendor, description of the item involved, the amounts, the call for bids if required, and an abstract of the bids received. Purchase order sets will be numbered and each shall be accounted for.

*See Policy: DI*  
Revised: July, 1998

**FIXED ASSETS**  
(Inventories)

To serve the functions of conservation and control, a running inventory of fixed assets with appraised values will be maintained by the Superintendent's office on buildings and contents including (1) buildings and grounds equipment, (2) furniture, (3) administrative equipment, (4) educational equipment, (5) vehicles.

The Superintendent will designate the person responsible for maintaining an inventory of equipment, materials and supplies in his/her shop, laboratory, or classroom.

These inventories will be brought up-to-date as needed, but no less than once per fiscal year.

Revised: July, 1998

Adopted March, 2004

Adopted March, 2004

**AUDITS**

The books and accounts of the District shall be audited yearly. The audit to be performed will meet the basic audit procedures prescribed by CPA standards.

The Board shall select the auditors after hearing the recommendation from the Superintendent or business administrator. Such audit will be made in accordance with RSA 197:25.

**Statutory Reference:**

*RSA 197:25*

*RSA 671:5.*

Revised: July, 1998

Adopted March, 2004

Adopted March, 2004

## PURCHASING

The acquisition of supplies, equipment, and services will be centralized in the business office, which functions under the supervision of the Superintendent, and through whose office all purchasing transactions are conducted.

The Board assigns the Superintendent the responsibility for the quality and quantity of purchases made. The prime guidelines governing this responsibility are that all purchases fall within the framework of budgetary limitations and that they be consistent with the approved educational goals and programs of the District.

The business administrator will be solely responsible for the final approval of all purchases. The Superintendent or his/her designee will approve educational purchases beyond budget limitations.

The business administrator shall be responsible for all phases of purchasing in accordance with Board Policy; for requisitions, current order purchasing, writing of specifications for bids, deliveries, storage, and other tasks related to the purchases, acceptance and distribution of supplies.

**Statutory Reference:**  
*RSA 196-C-4 a*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

## PURCHASING PROCEDURES

Procedures for purchasing will be developed by the Superintendent or his/her designee

Purchasing procedures will be designed to avoid assumption of risk and to ensure the best possible price for the desired products and services.

These procedures will require that all purchases are made on properly approved purchase orders and that for items not put to bid, price quotations will be solicited.

Special arrangements may be made for ordering perishable and emergency supplies.

**Statutory Reference:**

*RSA 194-C:4,II a*

*Ed. 303.01 (b)*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**PETTY CASH ACCOUNTS**

Petty cash funds may be established for schools, the SAU office, and special programs in such instances as they will expedite the purchase of minor items and/or provide immediate payment for minor services.

Expenditures against these funds must be itemized and documented with receipts and will be charged to the applicable budget code. After a budget item is exhausted, no expenditures against the item may be made from petty cash.

The custodian for such accounts at the schools will be the principal. These authorized custodians are authorized to sign checks drawn against petty cash accounts.

**Regulatory Reference:**  
RSA 304.01 (d)

*Appendix: DJC-R*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

## PETTY CASH ACCOUNTS

Building principals will administer petty cash funds established for their school as follows:

1. Petty cash may be used to purchase items costing less than \$100.00.
2. No purchase will be reimbursed through a petty cash account unless accompanied by a receipt and noted on the petty cash report.
3. The petty cash report and accompanying receipts should be turned in periodically to the business office to reimburse the fund. The report must be filled out completely.
4. When the petty cash account is reimbursed, the appropriate account will be charged.

*See Policy: DJC*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

### COOPERATIVE PURCHASING

The Board, at its option, may join in cooperative purchasing with other school districts or governmental agencies to take advantage of lower prices for bulk purchasing and to reduce the administrative costs involved in bidding.

The Superintendent is directed to contact nearby superintendents from time to time to assess whether such an arrangement is feasible and appropriate.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

Adopted March, 2004

### BIDDING REQUIREMENTS

All contracts for, and purchases of supplies, materials, equipment, and contractual services in the amount of \$5,000 or more, shall be based, when feasible, on at least three competitive bids. All purchases less than \$5,000 in amount may be made in the open market but shall, when possible, be based on at least three competitive quotations or prices. All purchases made in the open market shall be completed after careful pricing.

When bidding procedures are used, bids shall be advertised appropriately. Suppliers shall be invited to have their names placed on mailing lists to receive invitations to bid. When specifications are prepared, they will be mailed to all merchants and firms who have indicated an interest in bidding.

All bids must be submitted in sealed envelopes and plainly marked with the name of the bid and the time of the bid opening. Bids shall be opened at the time specified and all bidders and other persons shall be invited to be present.

The Board reserves the right to reject any or all bids and to accept that bid which appears to be in the best interest of the District. The Board reserves the right to waive any formalities in, or reject, any or all bids or any part of any bid. Any bid may be withdrawn prior to the scheduled time for the opening of bids. Any bid received after the time and date specified shall not be considered. The Board also reserves the right to negotiate with a bidder when all bids exceed the budgeted appropriation.

The bidder to whom the award is made shall be required to enter into a written contract with the District.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**LOCAL PURCHASING**

It shall be the policy of the District to purchase locally available goods of equal quality when such goods are available and at competitive prices.

The District should not feel bound to purchase any item locally that can be secured at a saving to the District from outside sources, nor shall he or she feel bound to purchase locally unless adequate service and delivery can be given by the local supplier.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

VENDOR RELATIONS

In all purchasing activities, of the Board shall:

1. Consider first the interests of the school system and the betterment of its educational program.
2. Endeavor to obtain the greatest value for every tax dollar expended.
3. Give all responsible bidders equal consideration and assurance of unbiased judgment in determining whether their products meet specifications and the educational needs of the school system.
4. Discourage the offer of, and decline, gifts which in any way might influence the purchase of school supplies and equipment.
5. Accord a prompt and courteous reception, insofar as conditions permit, to all who call on legitimate business missions.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**PAYMENT PROCEDURES**

All manifests, supported by original invoices, must be approved and signed by the majority of the School Board.

The District's Treasurer will sign all checks that will be mailed from the central office.

**Statutory Reference:**

*RSA 197:23-a*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

## **PAYROLL PROCEDURES**

All salaries and supplements paid regular staff members, substitute or part-time personnel, and student workers will be paid through the business office.

Proper payroll procedures are dependent on staff attendance accounting and on the signing-in and signing-out of part-time and hourly workers. The necessary procedures for this will be established by the Superintendent and carried out by the administrative personnel.

Compensation records kept by the business office will reflect an accurate history of the compensation and related benefits paid to each employee.

### **Pay Day Schedule**

The School District pays salaries on a regular schedule throughout the school year. There shall be no salary advances.

### **Salary Deductions**

There will be no advance salary for any staff member.

Salary deductions are allowed. They are subject to the limitation of the accounting equipment. Authorized payroll deductions include:

1. Credit Union
2. Tax-Sheltered Annuities
3. Union Dues
4. Insurance Premium Contributions

All salary deductions, other than those regulated by federal or state laws, will be deducted only upon written approval of the employee.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**EXPENSE REIMBURSEMENTS**

District personnel and officials who incur expenses in carrying out their authorized duties may be reimbursed by the District upon submission of a properly filled out and approved voucher and such supporting receipts as required.

When official travel by personally owned vehicle has been authorized, mileage payment shall be made at the rate currently approved by the Board.

All travel outside New Hampshire must have the prior written approval of the Superintendent.

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004

**CASH IN SCHOOL BUILDINGS**

Monies collected by school employees and by student treasurers shall be handled with good and prudent business procedures. All monies collected shall be receipted, accounted for, and deposited daily.

In no case shall monies be left overnight in schools, except in safes provided for safekeeping of valuables, and even then not to exceed more than a few dollars. All schools shall provide for making bank deposits after regular banking hours in order to avoid leaving money in school overnight. This policy shall be well publicized to deter burglary attempts.

Revised: July, 1998

Adopted March, 2004

### EQUIPMENT AND SUPPLIES SALES

No equipment or supplies shall be disposed of until permission has been received from the School Board. The Board shall determine whether the material involved has salable value, and if such shall be the case, it shall authorize the sale of the material. If the material does not have salable value, the proper disposal of the books, equipment, and/or supplies shall be determined by the Superintendent or his/her designee.

### SCHOOL PROPERTIES DISPOSAL PROCEDURE

The Board authorizes disposition of obsolete items according to the following priority actions:

1. By selling to the highest bidder or whatever other business arrangement is in the best interest of the School District.
2. When practicable, the Board shall donate such items to charitable organizations and schools.
3. By giving such items to local citizens.
4. By removal to the recycling and transfer station.

Sale of real estate will be by the vote of the electorate of the School District at an annual or special School District meeting, and the revenue derived therefrom will be returned to the general fund to defray costs of current expenses.

Fixed asset inventories will be amended to reflect changes in values through disposal.

**Reference:**

*CFR 34, Sec. 80.32*

Revised: November, 1999

Revised: July, 1998

Adopted March, 2004