# COLCHESTER SCHOOL DISTRICT

## POLICY: FISCAL AND BUSINESS MANAGEMENT POLICY

**DATE ADOPTED:** May 20, 2025

## PURPOSE

In accordance with Title 16 V.S.A. § 563, the School Board is responsible for the School District's fiscal and business management. This policy defines the School Board's compliance with that responsibility.

## POLICY STATEMENTS

### I. GENERAL

The Superintendent, or their designee, shall establish, develop, and maintain a system or systems to ensure the compliance with the financial and auditing requirements of Title 16 V.S.A. § 563. This includes and is not limited to:

**A.** Timely and accurate financial information for decision making.

**B.** Ability to meet reporting requirements of the School Board, State and Federal Governments as well as other grantors.

**C.** Annual audit requirements.

**D.** Budget development, implementation, and management.

**E.** Ensure that financial payments made by the School District are legal, appropriate and in accordance with the budget adopted by the School Board or in accordance with the requirements of a grant accepted by the School District.

All expenses shall be recorded in accordance with the Handbook for Financial Accounting of Vermont School Systems (Handbook II). The fiscal year shall be July 1st to June 30th.

The Superintendent, or their designee, will establish a system for managing miscellaneous accounts as may be necessary to comply with appropriate statutes, regulations, and requirements.

The Superintendent, or their designee, will establish a system for managing all federal, state, or local grant funds. Such funds will not be placed in Student Activity Accounts.

*Legal Reference(s):* *1 V.S.A. § 31316 V.S.A. § 562 and § 563*
*24 V.S.A. § 1571, § 1681 § 1682, and § 1683*

Last Adopted: August 17, 2021
Date Warned: March 28, 2025
First Reading: April 1, 2025
Second Reading: May 6, 2025
Third Reading: May 20, 2025

## II. BUDGET

### A. General

1. The annual budget of the school system shall reflect the needs and goals of the school system.

2. The Superintendent's Office shall be responsible for the process used to collect all data needed for the preparation of the budget.

3. The budget shall meet the requirements of Title 16 V.S.A. and the regulations of the State Board of Education.

4. The School Board shall develop a budget at regular or special meetings.

### B. Budget Preparation

Each year the Superintendent, or their designee, shall develop a budget plan based on ongoing consultations with school employees, parents, students, and other citizens. Public hearings and informational meetings will take place prior to formal adoption of the budget proposal. The objective of this plan is to provide the School Board with a proposed district budget that is in line with the School District's Vision Plan.

## III. BUDGET APPROVAL

The School District's proposed budget will be presented at the annual School District meeting. The budget vote will take place on town meeting day. The budget presentation shall include explaining the School District's budget priorities, the sources and amounts of revenues and expenditures, program changes and the School District's strategies.

## IV. BUDGET MANAGEMENT

The School District's voter approved budget defines its spending plan for each fiscal year. Consistent with state education laws and regulations, it is the responsibility of the Superintendent to implement and manage the School District's budget.

Changes to the budget allocations will be reported to the School Board as a part of the Quarterly Financial Report described in Section V of this policy.

## V. FINANCIAL REPORTS

The Superintendent, or their designee, shall ensure that the School Board is provided with quarterly financial reports which detail budgeted/forecasted revenues and expenditures, as well as financial commitments of the School District.

**A.** The Superintendent, or their designee, shall provide the School Board with a quarterly report for review of the financial status of the School District (Quarterly Financial Report).

**B.** The Superintendent, or their designee, will ensure that all state, federal and other (grantor) reports are filed in accordance with the requirements of the various grantors, state, and federal governments.

**C.** The Superintendent, or their designee, will coordinate with the annual independent audit to ensure the internal controls are in place and function effectively to safeguard the funds and assets of the School District.

## VI. ANNUAL AUDIT

As required by Title 16 V.S.A., the School District will be audited annually by an independent certified public accounting firm.

Annually, the School Board shall meet with the auditor to review the audit report and recommendations and, in conjunction with the Superintendent, evaluate the School District's accounting practices, internal controls, and procedures based upon performance standards.

## VII. RISK MANAGEMENT

The Superintendent, or their designee, shall be responsible for establishing a risk management and insurance program covering all property and program risks related to the operations of the School District. The risk management and insurance program shall include means for identifying, eliminating, reducing, retaining, or transferring risk. When the School District cannot feasibly eliminate or retain a particular risk, it shall be transferred by the purchase of insurance.

**A.** The School District will comply with state statutes and maintain an insurance program to protect it against actions, including fraud, mistakes, and errors of omission by employees.

**B.** The School District shall maintain an adequate insurance program to protect the School District against loss, which may occur due to the many normal and usual hazards which a public school system faces.

**C.** The School District will also carry additional insurance, when needed, to protect the School District against specific and unusual hazards which may occur, from time to time, in the various operations of the School District.

**D.** The insurance program shall include, but not be limited to:

**1.** Fire and Damage Insurance (buildings and equipment)

**2.** Fire and Property Damage Insurance (vehicles)

**3.** Workers' Compensation Insurance

**4.** Fidelity Bond Insurance and Liability Insurance, including School Leaders Errors and Omissions

### E. Bonding

**1.** The School District recognizes that prudent trusteeship of the resources dictates that employees responsible for the safe keeping of the School District's monies and property be bonded.

**2.** The School District shall be indemnified against loss of money and property by bonding of employees holding positions which have access to property and money.

**3.** Such bonds shall be subsumed under a blanket bond. The School District shall bear the cost of bonding each employee required to be bonded by this policy.

## VIII. INVESTMENT MANAGEMENT

The primary objectives of the School District's investment activities are as follows:

**A.** To conform with all federal, state, and other legal requirements;

**B.** To adequately safeguard principal;

**C.** To provide sufficient liquidity to meet all operating requirements; and

**D.** To obtain a reasonable rate of return.

All funds shall be invested at the direction of the Superintendent, or their designee. The School District's investments will be limited to low risk investments to include Certificates of Deposit, Money Market Accounts, Sweep Accounts, or other like investments.

## IX. CASH AND CHECKING ACCOUNTS

### A. Petty Cash

In certain situations, the cost of processing a purchase order could exceed the cost of a single purchase. To remain cost effective, small purchases are occasionally paid for in cash. To facilitate these small expenditures, and to meet emergency needs for cash, a petty cash revolving fund is annually authorized to a school and the Superintendent's Office for purchases.

This is sometimes called a "revolving fund" since it always equals the same dollar amount comprised of cash and/or detailed receipts. Petty cash should not be used to thwart or circumvent established purchasing procedures; instead, it is

convenient accommodation to facilitate immediate necessary acquisition of local low-cost goods and services in an efficient manner.

The School District authorizes but does not require the following petty cash drawn from the General Fund.

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|---|---|---|
| Schools: | High School | $50 |
| | Middle School | $50 |
| | Malletts Bay School | $50 |
| | Union Memorial School | $50 |
| | Porters Point School | $50 |
| | Special Education | $200 |

**1. Petty Cash Checking Account**

In addition to the foregoing, a Petty Cash Checking Account is authorized as follows:

Central Office: $4,500

**B. Deposits and Checking Accounts Using the District Federal Tax Identification Number**

All funds deposited in accounts using the School District's Employer Tax Identification number or in the name of the School District or its component programs are the responsibility of the School District. Organizations who wish to retain control of their funds cannot use the School District's Employer Tax Identification number and retain control over the money on deposit.

No accounts will be established without the written authorization of the Superintendent. Annually, the Superintendent shall create a listing of accounts using this identification and report this to both the School Board and the School District Treasurer. This report shall include the owners and the purpose of each account. In every case, the School District Treasurer shall be an authorized signatory on such accounts.

## X. PURCHASING

The School District's procedure for soliciting and awarding business shall conform to all applicable federal and/or state laws, in particular, Title 16 V.S.A., Section 559 (Public Bids).

For each bid process, when the amount is more than $40,000, the Superintendent, or their designee, shall present the bid results along with a description of the bid process and a recommendation to the School Board for award of the bid.

The School District reserves the right to reject any or all of the bids and to invite other bids on any proposed transaction.

No District employees shall participate in the selection, award, or administration of a purchase or contract if that person has a real or apparent conflict of interest. Any employee with a real, perceived, or apparent conflict of interest shall notify the Superintendent of the conflict and not participate in the selection, award of administration or the purchase of contract at issue. A conflict of interest arises if an employee, immediate family member, partner, or an organization which employs or is about to employ any of the parties indicated herein, has a direct or indirect financial or other interest in, or a tangible personal benefit for a vendor considered for a purchase or contract. Employees will not solicit or accept any favor, gratuity, or anything of monetary value from such vendors which exceeds $100 in value.

Any spending of federal funds should follow the "Federal Procurement Procedures" document and should utilize the related "Procurement Documentation Form."

Purchase orders are the preferred method of making obligations for the School District. When purchase orders are not an option or when savings are gained through electronic/internet purchases, a district issued credit card can be used. The use of a district credit card is not intended to circumvent the district's policy of purchasing. Use of the district credit card should not be used when a purchase order is acceptable.

Often obligations are created, and the invoice is issued in such a way as to make the purchase order process redundant. Examples include and are not limited to: mileage reimbursement, purchases made by employees away from the School District (with approval) or emergency repairs. Additionally, food services, maintenance, and custodial services often are required to make purchases where the purchase order system would create a more cumbersome and expensive process. Such "payments from invoices" can be made provided the appropriate authorization is documented and attached with the invoice for inclusion in the Board Orders. For payment to a vendor, there needs to be an invoice that includes the requested payment with administrative approval to make the payment. In the case of mileage reimbursement, there needs to be a signature of the person requesting reimbursement and an administrative signature verifying that the payment is proper and legal.

## XI. APPROVAL OF BOARD ORDERS

The School Board will comply with the review requirements of Title16 V.S.A. § 563 (8). The review process is intended to ensure that all payments are lawful and in accordance with the budget adopted by the School District.

Pursuant to state statute, the School Board has authorized the Chief Financial and Operations Officer to examine claims against the district for school expenses and draw orders for such as shall be allowed, payable to the party entitled.

An accounts payable warrant report is prepared and distributed electronically to all School Board Directors, the Superintendent, and the School District Treasurer. Prior to distribution, the warrant report and all supporting documentation are thoroughly reviewed and approved by the Chief Financial and Operations Officer.

## XII. DISPOSITION OF SURPLUS PROPERTY

The School District may dispose of surplus or obsolete equipment, materials, and supplies no longer required to accomplish the mission of the school system.

**A.** The building Principal or person in charge of the department where school property is located and is to be disposed of will inform the Superintendent, or their designee, of the availability of the property.

**B.** The Superintendent, or their designee, shall inform all administrators throughout the School District of all property available for disposal. Any department that can use such equipment or supplies may inform the Superintendent. The property will then be reassigned.

**C.** If there is no School District use for the equipment, the Superintendent, or their designee, will contact the Town Manager to see if there is a need in the Town for such equipment.

Surplus items will be classified and disposed of as follows:

**A.** Items determined to have no resale value may be disposed of by the most efficient method by the Superintendent or their designee.

**B.** Items determined to have resale value:

**1.** The Superintendent, or their designee, may dispose of those items having a fair market value of less than $2,500 per item by private sale. A fair process will be followed for such a sale. This process will include posting within the School District and on the District's website that an item is for sale and provide an opportunity to bid on the purchase.

**2.** Items having a fair market value of $2,500 per item or more will be advertised for sale, upon the School Board's approval, and sold to the highest qualified bidder.

**3.** The School District will reserve the right to reject any and all bids.

All money received from the sale of property will be deposited in the general revenue fund of the School District.