

Addison Central School District

Policy: Finance Policy
File Code: F20
Warned: October 24, 2017
Adopted: November 6, 2017

Policy: Budget Development

Budget planning and development should make the best use of available resources to maintain or improve educational quality. Public input and engagement is critical to creating and implementing a successful budget. Thorough planning should include thoughtful consideration of the extent to which existing programs, as well as all other school-based programs or activities, contribute to improved student learning, equity, access, and engagement. In addition, consideration must be given to the capacity of our community to support and fund local educational initiatives. Key factors in the budget development process include projected enrollment, facility infrastructure requirements, terms and conditions of applicable negotiated agreements, and state/federal requirements.

Schedule: The superintendent will submit a budget development calendar for approval by the Addison Central School District Board (the Board) in September. The calendar will identify all key dates in the budget development process including:

- State issued spending threshold
- State issued Property and Income dollar equivalent yields
- State issued Equalized pupil counts
- State issued Common Level of Appraisal
- First budget draft

- Second budget draft
- Budget approval deadline
- Annual meeting

Board Guidance: As soon as practical, after approval of the budget calendar, the Board will issue budget guidance to the superintendent.

Finance Committee: A finance committee, made up of members of the Board, shall work closely with the Superintendent and his/her staff to provide further guidance, review early budget drafts and related data. The committee may seek outside experts and stakeholders to participate in committee work.

The Board expects the superintendent to work closely with the principals and directors when preparing the District budget. In developing school and/or department budget submissions the principals and directors are expected to solicit and consider the ideas of staff.

The Board will, after public hearings and/or informational meetings, adopt a budget for consideration by the District's voters. The budget will be presented by the Board for approval by

the voters at the annual meeting of the District. Preparation of the Board's budget presentation and other board strategies for explaining and supporting its budget will be a formal agenda item at a meeting of the Board prior to the annual District meeting.

Policy: Financial Management

The Addison Central School District shall manage its financial affairs in a responsible and transparent manner using acceptable financial practices and providing appropriate accountability. As trustee of local, state and federal funds allocated for use in public education, the Board shall fulfill its responsibility to see that funds are used to achieve the purposes intended.

The Board seeks to achieve the following goals:

1. Manage finances to achieve the greatest educational returns in relation to dollars expended.
2. Establish efficient processes and procedures in all areas of fiscal management.
3. Provide timely and appropriate information and training to staff having fiscal responsibilities.
4. Follow Generally Accepted Accounting Principles (GAAP) and all applicable fiscal management guidelines.

Fiscal Accounting and Reporting

The School District recognizes its responsibilities to ensure accurate and prudent management of its financial affairs. This includes accounting for the receipt and expenditure of federal, state, and local tax dollars, as well as revenues from other sources.

The School District will employ a double entry accrual accounting system and will conform to Generally Accepted Accounting Principles (GAAP). 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 state guidelines.

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.

Financial reports will be provided to the Board on a quarterly basis, and as requested by the Board. These reports will include approved budget, transfers, adjusted budget, expenditures, encumbrances, and unencumbered balances.

Financial reports will be submitted to federal and state agencies as required by applicable state/federal statute/regulation.

The School District will arrange for an annual audit of accounts by a certified public accountant. The final audit report shall be reviewed and accepted by the Board.

Bids, Contracts and Purchases: The purchase of supplies, equipment and services represents a significant expenditure in the District budget. These purchases must be made in an open, fair

and economical manner and must guard against any improprieties. Bids, contracts and purchases will be accomplished following applicable statutes.

Policy: Travel Reimbursement

It is the policy of the Addison Central School District to reimburse the reasonable expenses for travel for school business on a per diem or mileage basis in lieu of actual costs incurred by its employees, school board members and volunteers, to the extent that budgeted funds permit.

Reimbursement will be only for those expenses that are reasonable and necessary for the activities of the School District. The method of reimbursement will be consistent whether expenses are incurred in furtherance of federally funded or non-federally funded activities. Prior approval from the superintendent or his or her designee will be required.

Pursuant to this policy and consistent with relevant collective bargaining agreements, the superintendent or his or her designee will establish written procedures to govern the reimbursement and method of prior approval for the following: air/rail travel, meals, lodging, and mileage.

Policy: Capitalization and Disposal of Assets

In order to provide for the proper control and conservation of Addison Central School District property as well as proper accounting for financial reporting purposes, the Superintendent or his or her designee shall maintain a schedule of capitalized assets reported in conjunction with the annual audit.

Implementation

Capitalization of assets, inclusive of computing devices, equipment, general purpose equipment, information technology systems, special purpose equipment and supplies, occurs when all of the following criteria are met:

1. The asset is tangible and complete. Construction in progress is capitalized but not depreciated until construction is completed;
2. The asset is used in the operation of the District's activities;
3. The asset has a value and useful life at the date of acquisition that meets or exceeds the following:
 - \$5,000 individual component value and one year of useful life
 - All buildings and land must be reported regardless of value and useful life at date of acquisition.

Assets acquired through donation will be recorded at their estimated fair market value on the date of donation and capitalized according to the criteria above.

Annual depreciation will be charged in equal amounts over the estimated useful lives of all capital assets. The assets' estimated useful life will be assigned by management in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) rulings.

School Properties Disposal:

The School District recognizes that in the ongoing operation of the school system, there may be school property (not including real estate) that is no longer useful to the School District, and in the interest of efficiency and operation such property should be properly disposed of. Subject to statutory limitations, administration is authorized to proceed in a proper and orderly manner in disposing of school property that is no longer useful to the School District. Disposal shall include the acts or processes of selling, donating, trading, transferring control to another, discarding, and destroying.

Policy: Investments

It is the policy of the Addison Central School District to invest its endowments, trusts, scholarships, and other special funds to maximize returns with socially responsible investments so the funds may continue to be used as intended.

Objectives

The objectives of the Funds are:

- to invest long-term;
- to protect the purchasing power of the funds; and
- to reinvest any additional growth in the principal.

Asset Allocation Guidelines (as applicable)

The asset allocation strategic norms are 61% equities, 28% fixed income, 5% cash and 5% alternatives while the asset allocation ranges are 55-75% equities, 10-40% fixed income, 0-20% cash and 0-15% alternatives, but the finance committee and Funds' manager(s) have the discretion to amend the investment objective. The finance committee will review the allocation at least every twelve (12) months to consider making changes to the investment objective, if necessary. In making the asset allocation target, all funds in aggregate will be considered.

Portfolio Goals

Performance benchmarks for the Funds' manager(s) will be measured quarterly.

Distributions

Funds will be distributed as dictated in the Fund documents.

Restrictions and Priorities

Investments in foreign securities will only be made through common stocks, bonds, mutual funds, exchange traded funds, and American depository receipts listed on the NYSE, American Stock Exchange, or NASDAQ. Only bonds with ratings of A or better by Moody's, and/or Standard and Poor will be purchased. Investments shall not be made in commodities; commodity contracts; oil, gas, or mineral leases; mineral rights; royalty contracts; or individual parcels of real estate. This restriction is not intended to preclude domestic exchange traded funds (ETFs), or investments in Real Estate Investment Trusts (REITs) or other listed real

estate equities or bonds, for which quotations are readily available. Margin transactions, short sales, options, puts, calls, straddles, and/or spreads shall not be used. Investments shall not be made in equity issues and bond securities for which quotations are not available. No investments shall be made which would require a federal, state, or local tax return. Unsecured personal loans of any of these Funds shall not be made. Investment managers are directed to invest only in stocks/equities, which adhere to the limitations listed below. The managers shall not buy and shall not hold stocks or holdings from entities whose products are not allowed on school premises, which include the following: Adult Content Providers, Adult Entertainment, Adult Movie Producers, Alcohol, Child & Sweatshop Labor, Firearms, Gambling, and/or Tobacco.

Contributions to Funds will be accepted in accordance with the School District's Gift Acceptance Policy.

Policy: Borrowing

The District is responsible to promptly pay employees and vendors for services rendered. At times during the year, funds from federal, state and local sources may not be received in time to meet cash flow requirements. Accordingly, the District may be required to borrow funds in anticipation of revenues. Authority for tax anticipation borrowing will be requested from the respective District electorate. Administration must seek the lowest interest rate through competitive bidding and will borrow the minimum amount necessary to maintain positive cash flow.