

FINANCE COMMITTEE - NEW BOARD MEMBER ORIENTATION

(Date)

School Finance

1. Audit

- a. School Districts are required to have an audit performed each year, at the end of the fiscal year, June 30.
- b. There are several funds, or essentially several sets of books that are kept. These include:
 - General Fund – All transactions related to the operation of the school district, except those transactions required by law to be entered in other funds, are recorded in the General Fund.
 - Debt Service Fund – The receipt of funds for the payment of interest, principal, and other expenditures on long-term bonded debt are recorded in the Debt Service Fund. Primary sources of revenue for this fund are debt retirement tax levies and earned interest.
 - Capital Project Funds – The purpose of the Capital Project Fund is to account for receipt and disbursement of monies used for the acquisition of capital assets, including equipment. Principal sources of revenues are from the sale of bonds, tax levies, and earned interest.
 - Special Revenue Funds – Used to account for activities where there is a need to determine the results of an operation, such as food service, athletic fund and latchkey fund.
 - Trust & Agency Funds – Custodial in nature, in that they are used to report assets received and disbursed for student groups and other groups. The school district strictly acts as a paying agent for these groups. Also includes scholarship funds under the administrative control of the school district.

2. Budget Preparation

- a. The Superintendent and the Director of Business Services are responsible for developing the budget for presentation to the school board.
- b. The Board of Education has the responsibility of reviewing the budget presented, holding a public hearing, modifying it as necessary, and approving it for implementation prior to the beginning of the fiscal year.
- c. The Superintendent has responsibility for implementation of the budget plan. Only the Board has the authority to alter the budget during the fiscal year, although our Board policy gives the Superintendent the right to spend within a spending function, providing the expenses in that function do not exceed what the Board approved.

3. Purchasing

- a. Board policy gives the Superintendent the ability to approve purchase orders in any amount, as long as it does not exceed the State limit, which requires a formal bid.
- b. The Director of Business Services and the Superintendent both sign-off on all purchases prior to purchase orders being issued or before payment is made.
- c. A list of bills is then presented to the Board of Education each month at the board meeting. The Finance Committee reviews the bills and makes a recommendation to pay at such time.
- d. The Board gives authorization to pay certain bills in advance of their approval at the board meeting. These types of payments are typically utility payments, or other payments, which would be considered delinquent if they were not paid until after Board approval.