

**Policy Subcommittee  
Financial Policy Update – Updated Recommendation  
December 23, 2022**

Attached

- MASC Section D Model Financial Management Policies, Revised December 23, 2022, based on Committee input

**Review:** The MERSD policy manual is based on MASC model manual but does include some local and customized policies. The September MASC Policy Newsletter included recommended updates to Section D Financial Management model policies which reflect recent changes in state legislation. The MERSD Policy subcommittee reviewed the MASC revised model policies against our current policies as they appear in the policy manual and the MERSD Regional agreement and made and submitted a recommended set of policies for a First Read at the November 15, 2022 School Committee Meeting. Attached for a second read is an updated set of recommended policies with updates based on member input.

**Note: *Highlighted Policies have language updates. All others remain consistent with first recommendation.***

Revised (MASC Fall 22) Policies for Adoption

- DA FISCAL MANAGEMENT GOALS
- **DB-1 REGIONAL SCHOOL DISTRICT ANNUAL BUDGET**
- DB-1-R BUDGET - APPORTIONMENT OF EXPENSES FOR REGIONAL SCHOOL DISTRICT
- **DBD BUDGET PLANNING**
- DBG-1 REGIONAL SCHOOL BUDGET ADOPTION PROCEDURES
- **DBJ-1 REGIONAL SCHOOL DISTRICT BUDGET TRANSFER AUTHORITY**
- DD GRANTS, PROPOSALS, AND SPECIAL PROJECTS
- *DEC FEDERAL FUNDS SUPPLEMENT NOT SUPPLANT POLICY (New Policy for MERSD: aligned with recent legislation)*
- DH-1 REGIONAL SCHOOL DISTRICT BONDED EMPLOYEES AND OFFICERS
- DI FISCAL ACCOUNTING AND REPORTING
- **DIE-1 REGIONAL SCHOOL DISTRICT AUDITS**
- DJ PURCHASING
- *DJA PURCHASING AUTHORITY (New Policy for MERSD: aligned with recent legislation)*
- **DJE PROCUREMENT REQUIREMENTS**
- DKC EXPENSE REIMBURSEMENTS

### **For Reference - First Read Recommendations:**

Please note that some policy changes are based on a newer version of the policy than is currently in the District Policy Manual. The subcommittee reviewed the changes relative to our existing policies and are recommending advancing directly to the most current update.

The Policy Subcommittee further recommends that the following polices, related to single-signer authority, be tabled for now and revisited again during the summer of 2023.

#### Revisit Summer 2023

- DGA-1 REGIONAL SCHOOL DISTRICT AUTHORIZED SIGNATURES
- DK-1 REGIONAL SCHOOL DISTRICT PAYMENT PROCEDURES

Finally, the Policy Subcommittee recommends that we maintain the current version of policy DBC, relative to budget process schedules, as our existing language is specific to our Regional Agreement.

#### Maintain Existing Version

- DBC BUDGET DEADLINES AND SCHEDULES

## **FISCAL MANAGEMENT GOALS**

As the trustee of local, state, and federal funds allocated for use in public education, the Committee will use these funds wisely in pursuit of the district's goals.

The quantity and quality of the district's educational programs are dependent on the effective, efficient management of allocated funds. Achievement of the district's purposes can best be achieved through excellent fiscal management.

It is imperative that the educational program be held of paramount importance. Decisions made due to resource limitations must center on the educational goals of the district.

This prioritization will be incorporated into all aspects of district management and Committee decision making.

Regarding the district's fiscal management, it is the Committee's intent:

1. To allocate public funding, centering equity while achieving the greatest educational returns and the greatest contributions to the educational program in relation to dollars expended.
2. To engage in thorough advance planning, with staff and community involvement, in order to develop budgets
3. To advocate for levels of funding that will provide high quality education for all students.
4. To support the use of the best techniques for budget development and management.
5. To provide timely and appropriate information to the community.

SOURCE: MASC 2021

**NOTE: References to portions of a town or city charter may be appropriate here. The charter should be reviewed.**

**File: DB-1**

## **REGIONAL SCHOOL DISTRICT ANNUAL BUDGET**

The annual budget is the financial expression of the goals to the School Committee in meeting the needs of all students.

The budget then requires an orderly and cooperative effort by the Committee, the staff, and the regional community to achieve the goals of the district.

Public school budgeting is regulated and controlled by legislation, state regulation, regional agreement, and local Committee policy. The operating budget will be prepared and managed in line with the above.

In developing a budget, care shall be taken to make the documents associated with the budget clear and understandable to School Committee members, to municipal officials of member communities, and to the general public.

At the discretion of the ~~Finance Subcommittee~~ **School Committee**, an informal public information meeting may be held to solicit input from the general public. In accordance with the District Agreement, a public hearing shall be heard prior to the adoption of the Final Operating and Maintenance Budget by the District Committee. The Superintendent and members of the ~~Finance Subcommittee~~ **School Committee** will make every effort to fully inform all member communities and their officials of the budget plans of the District.

The budget shall be in compliance with the foundation ~~budget, it is acknowledged that the foundation budget which~~ reflects the minimum recommended spending for a District, and excludes transportation costs, debt service costs, and costs associated with the acquisition of fixed assets. The aforementioned items must, therefore, be budgeted in addition to the foundation budget, and funds to support those expenditures must be raised from the member communities, after the use of any offsetting revenues received from the state.

Assessments to member communities shall be made in compliance with the foundation budget, which may, in certain instances, differ from the apportionment under the District Agreement. When there is a conflict, state law shall prevail. In assessing for expenditures which are excluded from the foundation budget, the District Agreement shall determine the apportionment of assessments after the District Committee has applied all applicable state aid. The District Agreement notwithstanding, there shall be no requirement for the annual operation and maintenance budget for the District to be adopted prior to the receipt of funding estimates from the state.

The Superintendent will serve as budget officer but ~~they~~ may delegate portions of this responsibility to members of their staff, as they deem appropriate. The three general areas of

responsibility for the Superintendent as budget officer are budget preparation, budget presentation, and budget administration. A budget is a spending plan, which is developed well in advance of the fiscal year. Circumstances may occur which necessitate changing spending priorities and redirecting funds within the budget accordingly. Revisions to the budget may be made from time to time by the Committee, upon the recommendation of the Superintendent.

The annual budget for each school operated by the District shall be developed with input from the School Council, and shall reflect the priorities established in the Annual School Improvement Plan.

SOURCE: MASC 2021

LEGAL REFS.: M.G.L. [71:16B](#); [71:34](#); [71:37](#) and [71:38N](#)

**BUDGET - APPORTIONMENT OF EXPENSES FOR REGIONAL SCHOOLS**

The Regional District School Committee shall annually determine the amounts necessary to be raised, after deducting the amount of aid such district is to receive by state formula, to maintain and operate the District school or schools during the next fiscal year, and amounts required for payment of debt and interest incurred by the District which will be due in the said year, and shall apportion the amount so determined among the several municipalities in accordance with the terms of the agreement.

The amounts so apportioned for each municipality shall be certified by the Regional School District treasurer to the treasurers of the several municipalities within thirty days from the date on which the annual budget is adopted by a two-thirds vote of the all members of the School Committee, but no later than April thirtieth.

The Regional School District treasurer shall include in the certification to each municipality a statement setting forth the amount which the District is to receive by state formula for the ensuing fiscal year and the proportionate share of such aid for such municipality.

In addition to amounts appropriated for long-term debt service, school lunches, adult education, student transportation, and tuition revenue, each municipality that belongs in the Regional School District shall annually appropriate for the support of the Regional School District, an amount equal to but, not less than the sum of the minimum required local contribution.

Notwithstanding the provisions of the Regional School District agreement, each member municipality shall increase its contribution to the Regional District each year by the amount indicated in that district's share of the municipalities' minimum regional contribution in that fiscal year. The District shall appropriate the sum of the minimum regional contributions of its member districts as well as all state school aid received on behalf of member municipalities. The District may choose to spend additional amounts; such decision shall be made and such amounts charged to members according to the District's required agreement.

Except as required by General Law, each school district may determine how to allocate funds appropriated for the support of public schools without regard to the categories employed in calculating the foundation budget.

SOURCE: MASC 2021

LEGAL REF.: M.G.L. [71:16B](#); [71:16D](#)

## BUDGET PLANNING

A sound budget development process must be established to ensure that the annual operating budget accurately reflects the District's goals. The budget is a financial planning tool that grounds itself in careful analysis of student achievement, enrollment, mandated services, and community values to allocate resources towards the goals set by the Committee. The first priority in the development of an annual budget will be the educational welfare of the children in our schools.

The Committee also holds in balance the valid interest of the taxpayers.

The budget document shall reflect all sources of revenue. It shall clearly explain how those funds will be used.

In the budget planning process for the school district, the Superintendent will:

- 1) Engage in thorough advance planning, with staff and community involvement, in order to develop budgets and guide expenditures in a manner that will achieve the greatest educational returns and contributions to the educational program in relation to dollars expended.
- 2) Establish levels of funding that will provide high quality education for all students.
- 3) Use the best available techniques for budget development and management.

The Superintendent will have overall responsibility for budget preparation, including the construction of, and adherence to, a budget calendar which will be shared publicly with the community. Such calendar will take into consideration the requirement that School Councils ~~are to be consulted in developing school budgets.~~ **review school budget in relation to the school improvement plan.**

SOURCE: MASC 2021

**NOTE: Include in this category statements on the general plan for budget development and on staff/student/public participation in the process (but not the official hearings). If advisory committees take part, this might be included in the policy, with details on their functioning presented as an accompanying regulation.**

**BUDGET ADOPTION PROCEDURES FOR REGIONAL SCHOOLS**

The regional district budget is adopted by the School Committee at the cost center level. Cost centers should represent appropriate levels of transparency for the Committee to oversee goal implementation while allowing for administrative day-to-day work. Cost centers will be agreed upon by the Committee and administration.

All revenue sources are subject to adoption by the School Committee.

The annual regional district budget as adopted by two-thirds vote of all members of the Regional School District Committee shall require the approval of two-thirds of the local appropriating authorities of the member municipalities.

In the event the regional school budget is not approved by at least two-thirds of the member municipalities as required, the Regional School District Committee shall have thirty days to reconsider, amend, and resubmit a budget on the basis of the issues raised.

SOURCE: MASC 2021

LEGAL REF.: M.G.L. Ch. 71:37; [71:16B](#)

[Cross reference: DBJ](#)





**File: DEC**

### **FEDERAL FUNDS SUPPLEMENT NOT SUPPLANT POLICY**

The **Manchester Essex Regional** School District is committed to utilizing federal grant funds to supplement instructional programs funded by local, state, and other sources as required by law and regulation. Federal funds will be used to complement and extend district-funded programs, not to take the place of (supplant) programs previously funded by the district, except as provided by the granting program.

The Superintendent or designee will ensure that federal grant funds are disbursed appropriately and that associated record-keeping and reporting complies with required guidelines and mandates.

SOURCE: MASC 2021

LEGAL REF: Elementary and Secondary Education Act, as amended

**REGIONAL SCHOOL DISTRICT BONDED EMPLOYEES AND OFFICERS**

Each employee of the school district including the Treasurer and Assistant Treasurer who is assigned the responsibility of receiving and disbursing school funds will be bonded individually or covered by a blanket bond.

The cost of the bond will be paid by the District.

SOURCE: MASC 2021

LEGAL REF.: M.G.L.41:35; 41:109A;71:16A; 71:47

CROSS REFS:       DI Fiscal Accounting and Reporting  
                      JJF Student Activity Funds

## REGIONAL SCHOOL DISTRICT AUDITS

An independent audit of the school department's accounts shall be conducted annually within nine months of the close of the fiscal year. This review shall be conducted by an independent public accounting firm in accordance with the generally accepted accounting principles and the Government Auditing Standards issued by the U. S. Comptroller General.

Upon the completion of each audit, the resulting report shall be made to the ~~Chair of the School Committee, and a copy sent to the Chair of the Select Board or City Council and the Chair of the School Committee in the~~ **and made available to the member municipalities**. The Committee will consider recommendations made by the auditor for maintaining an efficient system for recording and safeguarding the school department's assets.

Additionally, the district is also subject to the following:

- End of Year Financial Compliance Report: Every Massachusetts school district must submit the results of this report to the Department. This End of Year report must be submitted to the Department on or before September 30 each year.
- Government Accounting Standards Board 34: The District is covered in these government financial statements of revenue and expenditures of the municipality.
- Federal grant audits: As a district that spends above thresholds required, the district is subject to the Single Audit Act.
- Student Activity Account: As required by state law, student activity accounts are audited annually. For accounts exceeding \$25,000, the Committee shall consider an audit conducted by an outside firm every three years.

In addition, the Committee may request an additional audit of the school district's accounts at its discretion.

SOURCE: MASC 2021

LEGAL REF: MGL 44:38-40; 71:47; 71:16E; 72:3

Cross reference:     DI, Fiscal Accounting and Reporting  
                          JJF, Student Activity Accounts

**NOTE: Not every district is subject to the single audit act; check thresholds.**

## **PURCHASING**

It shall be the responsibility of the Superintendent:

- To procure materials, supplies, equipment, and services at the lowest possible cost consistent with the quality necessary for the proper operation of the District, thereby attaining the maximum value for each public dollar spent;
- To maintain the District's reputation for fairness and integrity and to promote impartial and equal treatment to all who wish to conduct business with the District;
- To encourage a mutually cooperative relationship with requesting departments, recognizing that successful purchasing is a result of team planning and effort;
- To promote social and economic goals such as encouraging local, small, minority, and women-owned businesses to participate in bidding for District purchases.

The acquisition of materials, equipment, and services will be centralized in the Superintendent's office of the school district.

The Superintendent will designate the District's purchasing agent. They will develop and administer the purchasing program for the schools in keeping with legal requirements and within the adopted school budget.

School purchases will be made only on official purchase orders approved for issuance by the appropriate unit head and signed by the Superintendent or designee, with such exceptions as may be made by the latter for emergency purchases.

SOURCE: MASC 2021

LEGAL REF.: M.G.L. 30B; 71:49A

## PURCHASING AUTHORITY

Authority for the purchase of materials, equipment, supplies, and services is extended to the Superintendent through cost-center appropriation as part of the District budget process. The purchase of items and services within the cost-center appropriation requires no further Committee approval except when by law or by Committee policy.

SOURCE: MASC 2021

LEGAL REFS.: M.G.L. [30B](#)

CROSS REF.: [DJE](#), Bidding Requirements

**NOTE: The cross reference is to a closely related policy in this manual. Local town and city charters may have additional purchasing language, which should be referenced as necessary.**

## PROCUREMENT REQUIREMENTS

All purchases of materials and equipment and all contracts for construction or maintenance will conform to the requirements of law.

To foster greater efficiency, the District will enter into state and local intergovernmental agreements where appropriate for procurement or use of common or shared services.

For any supply or service over \$50,000, bids will be advertised appropriately. Suppliers will be invited to have their names placed on distribution lists to receive invitations to bid. When specifications are prepared, they will be distributed to all merchants and firms who have indicated an interest in bidding. **The District shall inform the Committee of the results of such bids.**

All bids will be submitted in sealed envelopes, addressed to the Superintendent and plainly marked with the name of the bid and the time of the bid opening. Bids will be opened in public at the time specified, and all bidders will be invited to be present.

The Committee reserves for the District the right to reject any or all bids and to accept the bid that appears to be in the best interest of the school district. The Committee reserves for the District the right to waive any informality in, or reject, any or all bids or any part of any bid. Any bid maybe withdrawn prior to the scheduled time for the opening of the bids.

Any bid received after the time and date specified will not be considered. All bids will remain firm for a period of 30 days after opening.

The bidder to whom an award is made may be required to enter into a written contract with the school district.

A procurement for a supply or service in the amount of \$10,000 or greater by not more than \$50,000 shall be awarded to the responsible party offering the needed quantity or supply among three written quotations sought and retained by the procurement officer.

A procurement in the amount of \$10,000 or less shall be obtained through the exercise of sound business practices.

SOURCE: MASC 2021

LEGAL REF.: M.G.L. [7:22A](#); [7:22 B](#); [30:39M](#); 30B

CROSS REF.: [DJA](#), Purchasing Authority

**File: DKC**

### **EXPENSE REIMBURSEMENTS**

Personnel and school department officials who incur authorized expenses in carrying out their duties will be reimbursed by the school department upon submission of a properly completed and approved voucher and any supporting receipts required by the Superintendent.

When official travel by a personally owned vehicle is authorized, mileage payment will generally be made at the rate currently approved by the Committee, aligned with the Internal Revenue Service standard mileage rate.

To the extent budgeted for such purposes in the school budget, approval of travel requests by School Committee members must have prior approval of the School Committee. Staff travel requests within budgetary limits may be approved by the Superintendent. Staff travel requests that exceed budgetary limits will require the approval of the School Committee and the identification of funding sources by administration. Each request will be judged on the basis of its benefit to the school district.

SOURCE: MASC 2021

LEGAL REF.: M.G.L. [40:5](#); [44:58](#)