

## **Non-Instructional Operations and Business Services**

### **Establishment, Adoption and Modification of School District Budget**

#### **I. Purpose**

This policy establishes lines of authority and procedures for the establishment, adoption and modification of the school district's revenue and expenditure budgets.

#### **II. General Statement of Policy**

The school district will establish, adopt and modify its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the district.

#### **III. Requirements**

- A. The superintendent or other administrators, as designated by the superintendent or the school board, will each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee. The preliminary budgets are accompanied by written commentary as necessary for the budgets to be clearly understood by the members of the school board and the public.

The school board will review the projected revenues and expenditures for the school district for the next fiscal year and make adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected.

- B. The district must maintain separate accounts to identify revenues and expenditures for each building. Expenditures are reported in compliance with Minn. Stat. § 123B.76.
- C. [In accordance with Minn. Stat. § 123B.77](#), prior to July 1 of each year, the school board must approve and adopt its initial revenue and expenditure budgets for the next fiscal year. The adopted expenditure budget document is the school board's expenditure authorization for that fiscal year. No funds may be expended for any purpose in the fiscal year prior to the adoption of the expenditure budget document that authorizes the expenditure for the fiscal year or prior to the adoption of an amendment to the expenditure budget document by the school board to authorize the expenditure for the fiscal year.

- D. [To comply with Minn. Stat. § 275.065B](#), each year the district will provide the

county auditor with supplemental information to be included in the notice of proposed property taxes for the subsequent calendar year. The manner and form of the information will be prescribed to the district by the county auditor.

- E. Each year, the district will publish its adopted revenue and expenditure budgets for the current fiscal year; the actual revenues, expenditures and fund balances for the prior fiscal year; and the projected fund balances for the current fiscal year in the form prescribed by the Minnesota Commissioner of Education (“Commissioner”) within one week of the acceptance of the final audit by the school board, or November 30, whichever is earlier.

A statement will be included in the publication that the complete budget in detail may be inspected by any resident of the district upon request to the superintendent. A summary of this information and the address of the district’s website where the information can be found must be published in a newspaper of general circulation in the district. At the same time as this publication, the district will publish the other information required by Minn. Stat. § 123B.10.

- F. At the public hearing on the adoption of the district’s proposed property tax levy, the school board will review its current budget and the proposed property taxes payable in the following calendar year.

#### IV. Implementation

- A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate budgetary duties to other administrators, but maintains the ultimate responsibility for this function.
- B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for by the [Government Accounting Standards Board \(GASB\)](#) and in state law through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (“UFARS”).
- C. The superintendent or designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.
- D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved by the school board. Other funds to be expended in a subsequent fiscal year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- E. The district will make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue, and expenditures of funds.

## V. Modification of the Budget

- A. If revisions or modifications in [to](#) the adopted [revenue and](#) expenditure budgets are determined to be advisable by the administration, the superintendent will recommend the proposed changes to the school board. The proposed changes will be accompanied by sufficient and appropriate background information on the revenue and [expenditure](#) policy issues involved to allow the school board to make an informed decision.

The ~~Board Finance Committee~~ [board Finance and Facilities Committee](#) will review the proposed modifications. ~~Upon approval from the committee, t~~[The](#) modifications will be sent to the board for approval.

- B. If sufficient funds are not included in a particular fund within the expenditure budget to allow the proposed expenditure, funds for this purpose may not be expended from that fund prior to the adoption of an expenditure budget amendment by the school board to authorize that expenditure for that fiscal year. An amended expenditure will not exceed the projected revenues available for that purpose in that fund.
- ~~C. The school district's revenue budget may be periodically amended during a fiscal year to reflect updated or revised revenue estimates. The superintendent will make recommendations to the school board for appropriate revisions. If necessary, the school board will also make necessary revisions in the expenditure budget if it appears that expenditures would otherwise exceed revenues and fund balances in a fund.~~

### Legal References:

Minn. Stat. § 123B.10 (Publication of Financial Information)

Minn. Stat. § 123B.76 (Expenditures; Reporting)

Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirements)

~~Minn. Stat. § 126C.23 (Allocation of General Education Revenue)~~

[Minn. Stat. § 275.065 \(Proposed Property Taxes; Notice\)](#)

### Cross Reference:

Policy 703 (Accounting)

### Policy

adopted: 9/27/10

Revised: 9/23/14

Revised: 12/12/16

INDEPENDENT SCHOOL DISTRICT [NO. 273](#)

Edina, Minnesota

## Non-Instructional Operations and Business Services

### Fund Balances

#### I. Purpose

This policy ~~creates new~~ defines fund balance classifications that allow for proper more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB) and the Minnesota Uniform Financial Accounting and Reporting Standards (UFARS).

#### II. General Statement of Policy

The school district recognizes that maintaining adequate fund balances reserves is critical to being fiscally responsible and ensures the district's long-term ability to meet its financial obligations in order to and provide appropriate educational services and programs to all. ~~The district adheres to GASB Statement No. 54.~~ To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54 or the UFARS, the GASB Statement and the UFARS prevails.

#### III. Definitions

- A. "Assigned" fund balance amounts are comprised of unrestricted funds constrained by the school district's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the district's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. "Committed" fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.

- C. "Enabling legislation" means legislation that authorizes a district to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. "Fund balance" means the arithmetic difference between the assets and liabilities reported in a district fund.
- E. "Nonspendable" fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- F. "Restricted" fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- G. "Unassigned" fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any [lawful](#) purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.
- H. "Unrestricted" fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

#### IV. Classification of Fund Balances

The school district classifies its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

## V. Minimum Fund Balance

The school district will strive to maintain a minimum unassigned general fund balance of ~~between six and ten~~ percent of the ~~unassigned expenditures of the subsequent fiscal year annual budget~~. The fund balance is used for the purposes of cash flow, legislative shortfalls, innovation, tax abatement, and catastrophic needs. Fund balance reserves are not intended to be used for ongoing personnel or operational expenditures. ~~If the operations of the district result in a general fund balance of less than six percent, the administration must present a plan to the school board to reestablish the fund balance to the acceptable level in the immediate subsequent fiscal year.~~

## VI. Order of Resource Use

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

## VII. Committing Fund Balance

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board. The board will commit an additional ~~two one~~ percent to be used for cash flow ~~purposes~~.

## VIII. Assigning Fund Balance

~~The school board, by majority vote, may assign fund balances (e.g. site decentralized carry over, severance pay) to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the superintendent and the director of business services. Assignments so made must be disclosed to the school board at the time of budget adoption or revision and when presenting the audited financials of the school district. are reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the Board Finance Committee, if other than the school board.~~

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

## IX. Review

The school board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

Legal Reference:

Statement No. 54 of the Governmental Accounting Standards Board

[Minn. Stat. § 123B.77 \(Accounting, Budgeting, and Reporting Requirement\)](#)

Policy

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revised: 12/12/16

revised: 4/9/18

INDEPENDENT SCHOOL DISTRICT [NO.](#) 273  
Edina, Minnesota

## Non-Instructional Operations and Business Services

### Accounting

#### I. Purpose

This policy adopts the Uniform Financial Accounting and Reporting Standards for Minnesota school districts provided for in guidelines adopted by the Minnesota Department of Education.

#### II. General Statement of Policy

The school district will comply with the Uniform Financial Accounting and Reporting Standards (the UFARS) for Minnesota public school districts.

#### III. Maintenance of ~~Books and~~ Accounts

The school district will maintain its ~~financial records~~ ~~books and records~~ and ~~record all financial transactions~~ ~~do its accounting~~ in compliance with the UFARS Uniform Accounting and Reporting Standards for Minnesota school districts (UFARS) provided for in the guidelines adopted by the Minnesota Department of Education and in compliance with applicable state laws relating to reporting of revenues and expenditures.

#### IV. Expenditures

The director of business services will provide expenditure guidelines for appropriate and inappropriate expenditures to the district administration (see Appendix I). An administrator is required to approve all expenditures of school district funds, including UFARS accounting codes.

#### V. School Site and Program Carryover Allocations

The school district enables school sites and programs to carry over any unspent funds from its total general fund allocation. If the school site or program over-spends its allocation, the deficit will also be carried over and taken from the next year's allocation. The administration is responsible for monitoring the budget allocations. The director of business services will develop guidelines for applying the procedures (Appendix II).

#### VI. Instructional Materials and Class Activity Fees

The school district may request instructional materials and class activities fees, as permitted by state law, (Appendix III) from district families when preapproved by the director of teaching and learning. The accounting of these fees will be in accordance with district guidelines.



## VII. Permanent Fund Transfers

Unless otherwise authorized pursuant to Minn. Stat. § 123B.80, as amended, or any other law, fund transfers will be made in compliance with UFARS and permanent fund transfers will only be made in compliance with Minn. Stat. §123B.79, as amended, or other state law.

## VIII. Reporting

The school board will provide for an annual audit of the ~~financial books and records~~ [and transactions](#) of the district to ensure compliance of its records with UFARS. Each fiscal year, the district will also provide for the publication of the financial information as specified in state law.

### Legal References:

Minn. Stat. § 123B.02 (~~School District Powers~~ [General Powers of Independent School Districts](#))

Minn. Stat. § 123B.09 (~~School Board Powers~~ [Boards of Independent School Districts](#))

Minn. Stat. § 123B.10 (Publication of Financial Information)

Minn. Stat. § 123B.14, Subd. 7 (~~Duties of School Board Clerk~~ [Clerk Records](#))

Minn. Stat. § 123B.75 (Revenue; [Reporting](#))

Minn. Stat. § 123B.76 (Expenditures; [Reporting](#))

Minn. Stat. § 123B.77 (Accounting, Budgeting, and Reporting Requirements)

Minn. Stat. § 123B.78 (Cash Flow, ~~Revenues, Borrowing, Deficits~~; [School District Revenues; Borrowing for Current Operating Costs; Capital Expenditure Deficits](#))

Minn. Stat. § 123B.79 (Permanent Fund Transfers)

Minn. Stat. § 123B.80 (Exceptions for Permanent Fund Transfers)

[Minn. Stat § 475. \(Municipal Debt\)](#)

### Cross Reference:

Policy 704 (Annual Audit)

[Policy 705 \(Development & Maintenance of an Inventory of Fixed Assets & a Fixed Asset Accounting System\)](#)

Policy  
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INDEPENDENT SCHOOL DISTRICT [NO. 273](#)  
Edina, Minnesota

revised: 9/22/14  
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## Appendix I to Policy 703

### EXPENDITURES

#### A. Appropriate Expenditures

District funds may only be expended in ways that serve a public purpose related to district functions. Examples of appropriate expenditures include, but are not limited to:

1. Classroom or office supplies, furniture, reference materials and equipment;
2. Costs of employees participating in approved workshops, conferences and seminars, including registration fees, transportation, lodging, meals and materials;
3. Costs of ~~remodeling~~ **betterment**, repairing or maintaining district buildings, grounds and equipment;
4. Costs of professional services such as auditors, attorneys, engineers, interpreters and consultants;
5. Costs of contracted services such as election judges, trash removal and electricians;
6. Reimbursement of employee's expenses incurred while performing duties such as mileage, parking fees and work-related telephone calls;
7. Purchases of services, supplies and equipment to provide student food and transportation services;
8. Costs incurred to hold meetings related to district issues including facility rental, speakers, and materials; and
9. Costs of meals for employees and other invited participants at district-sponsored or school-sponsored workshops or meetings that occur over a meal hour when staff is required to stay during the meal time.

## B. Inappropriate Expenditures

District funds may not be expended in ways that do not serve a public purpose related to district functions. Examples of inappropriate expenditures include, but are not limited to:

1. Gifts, flowers, meals or similar items for personal employee events such as birthdays, anniversaries, [Administrative Professionals' Secretary's Day](#), Boss' Day, including contributions to "sunshine" funds, social activities and retirement parties;
2. Alcoholic beverages;
3. Donations or contributions;
4. Entertainment or recreation costs incurred by an employee while attending a conference, seminar, workshop or other staff development activity;
5. Meals and mileage costs incurred related to non-district functions such as visiting convalescent coworkers, funerals and retirement parties;
6. Decorations, such as plants and pictures, for an employee's individual work space as opposed to decorations that enhance the work area as a whole;
7. Costs of individuals, who are not district employees, accompanying a district employee to a seminar, workshop, conference or other event related to district business;
8. Personal telephone calls, faxes, mail or email; and
9. Food for meetings unless participants are required to stay at meetings over a meal period.

## Appendix II to Policy 703

### SCHOOL SITE AND PROGRAM CARRYOVER ALLOCATION PROCEDURES

- A. In the general fund, [at the discretion of the superintendent or director of business services](#), school sites and programs are able to carry over any unspent funds from their total allocation. If the school site or program over-spends its allocation, the deficit will be carried over and taken from next year's allocation.
- B. The guidelines and parameters for the carryover of excess/deficit allocations are:
  - 1. The carryover applies only to codes for which administrators receive allocations. It includes only the general fund. It does not include salaries and benefits, special education, and operations and maintenance.
  - 2. Administrators will be informed of the excess/deficit carryover after the audit for the prior year has been completed. Similar to the original allocation, the carryover/deficit can only be used for services, supplies and miscellaneous expenditures.
  - 3. Calculation of the carryover will be done on a building or program level in comparison with the total allocation given at budget time. The carryover will not be calculated on a line item or code basis, but rather within an allocation area.
  - 4. If an organization or program accumulates a 15% or more savings in one year or has an accumulated savings that totals more than 25% of its annual allocation, an explanation as to the intended purpose of the accumulated funds will be required. The explanation should be submitted to the district's business office to be presented to the Board Finance Committee, no later than November 1 of the following fiscal year.
  - 5. Capital budgets will not carry over. Application may be made to the district's business office to be presented to the Board Finance Committee for approval to carry over capital funds for special projects.

## Appendix III to Policy 703

### INSTRUCTIONAL MATERIALS AND CLASS ACTIVITY FEES

- A. The purchase of instructional materials and technology may be requested of a student, as permitted by state law and preapproved by the director of teaching and learning.
- B. The district will provide copies for use, to be returned, when instructional materials are required for course completion and student purchase is not desired. A student may be permitted by the district to purchase district materials, if the student desires.
- C. An employee who recognizes a possible financial need for instructional materials and/or class activity fees for a student served by the district will contact ~~their~~ ~~his or her~~ building administrator or school social worker to determine possible next steps in providing assistance.
- D. A student is responsible for the cost of replacing any district materials or property lost or damaged by the student.
- E. If a student elects a classroom project which exceeds the minimum requirements of the class, the district may charge the student who makes that election the amount of the excess expense. A project will always be available that meets the classroom requirements with no charge to a student.
- F. Fees for classroom activities (e.g. field trips) are acceptable student expenditures provided that the class activity is (a) supplementary to the basic course requirement and (b) no student is penalized for choosing not to participate in such activity.
- G. Personal or consumable items (e.g. physical education attire, instrumental rental fees, notebooks, pencils) are considered routine expenses paid by the student. For financial assistance students and families should work with the administrator at the site.
- H. The district will not require or recommend private tutoring, lessons, or the provision of supplies for a grade or portion thereof, class prerequisite, or any other classroom benefit.
- I. Building administrators will review at the conclusion of each school year the student supply list for the following year. This review will ensure the student supply requests are ecologically and financially responsible containing only items that are consumable by the students.
- J. Employees who collect fees on behalf of the district must have the fees pre-approved by the district. Personal checks need to be made out to Edina Public Schools. Collected fees ~~school~~ must be submitted to the building office on a daily basis for security purposes.

## Non-Instructional Operations and Business Services

### Annual Audit

#### I. Purpose

This policy provides for an annual audit of the **financial statements and internal controls** ~~books and records~~ of the school district in order to comply with **state and federal laws**, to provide a permanent record of the financial position of the district, and to provide guidance to the district to correct any errors and discrepancies in its practices.

#### II. General Statement of Policy

The school district will comply with all **state and federal laws** relating to the annual audit of the **financial statements and internal controls** ~~books and records~~ of the district.

#### III. Requirement

- A. The school board will appoint **an** independent certified public **accounting firm** ~~accountants~~ to audit, examine and report upon the **financial statements and internal controls** ~~books and records~~ of the school district. ~~The school board may enter into a contract with a person or firm to provide the agreed-upon services.~~
- B. After the close of each fiscal year; the **financial statements, transactions, account, and internal controls** ~~books, records and accounts~~ of the district will be audited by the appointed independent certified public accounting firm ~~accountants~~, in accordance with applicable standards and state and federal laws. The superintendent and district administration will cooperate with the auditors.
- C. The district will submit, prior to September 15 of each year, unaudited financial data for the preceding year to the Minnesota Commissioner of Education ("Commissioner") on forms prescribed by the Commissioner. The report will also include those items required by state law.
- D. The district will, prior to November 30 of each year, provide audited financial data for the preceding fiscal year to the Commissioner. The district will provide to the Commissioner and the state auditor, prior to December 31 of each year,

an audited financial statement in a form that will allow comparison with and correction of material differences in the unaudited data. The audited financial statement must also provide a statement of assurance pertaining to compliance with uniform financial accounting and reporting standards and a copy of the management letter submitted to the district by its auditor.

- E. The audit must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act and the Minnesota Legal Compliance Guide issued by the ~~office of the state auditor~~ [Office of the State Auditor](#).
- F. The school board must approve the audit report by resolution or require a further or amended report. [Approval of the audit includes approving the district administration's recommended assigned general fund balances](#).
- G. The administration will report to the school board regarding any actions necessary to correct any deficiencies or exceptions noted in the audit.
- H. The accounts and records of the district will also be subject to audit and inspection by the state auditor to the extent provided in state law.

Legal References:

Minn. Stat. Ch. 6 (State Auditor)

Minn. Stat. § 123B.02 (~~School District Powers~~ [General Powers of Independent School Districts](#))

Minn. Stat. § 123B.09 (~~School Board Powers~~ [Boards of Independent School Districts](#))

Minn. Stat. § 123B.14, Subd. 7 (~~Duties of School Board Clerk~~ [Clerk Records](#))

Minn. Stat. § 123B.77, Subds. 2 and 3 (Audited Financial Statements; Statement for Comparison and Correction)

Cross Reference:

[Policy 702 \(Fund Balances\)](#)

[Policy 703 \(Accounting\)](#)

[Policy 705 \(Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System\)](#)

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Revised: 9/22/14

INDEPENDENT SCHOOL DISTRICT [NO. 273](#)  
Edina, Minnesota



Reviewed: 12/12/16

## **Non-Instructional Operations and Business Services**

### **Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System**

#### **I. Purpose**

This policy provides for the development and maintenance of an inventory of the fixed assets of the school district and the establishment and maintenance of a fixed asset accounting system.

#### **II. General Statement of Policy**

The school district will have a fixed asset accounting system and an established inventory of fixed assets to be developed and maintained.

#### **III. Definitions**

A. "Fixed assets" or "capital assets" are defined as land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, technology hardware, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period and meet the capitalization criteria defined by the director of business services. The capitalization criteria will be shared with the school board annually.

#### **IV. Development of Inventory and Accounting System**

The superintendent or other administrative designee will be responsible for the development and maintenance of an inventory of the fixed assets of the school district, and for the establishment and maintenance of a formal fixed asset accounting system.

The accounting system will be operated in compliance with the applicable provisions of the Uniform Financial Accounting and Reporting Standards for Minnesota public school districts (UFARS). In addition, the inventory will specify the location of all continued abstracts showing the conveyance of the property to the district; certificates of title showing title to the property in the district; title insurance policies; surveys; and other property records relating to the real property of the district.

## V. Report

The administration will annually update the property records of the school district and provide an inventory of the fixed assets of the district to the school board through the district's annual financial audit.

### Legal References:

Minn. Stat. § 123B.02 (~~School District Powers~~ General Powers of Independent School Districts)

Minn. Stat. § 123B.09 (~~School Board Powers~~ Boards of Independent School Districts)

Minn. Stat. § 123B.51 (Schoolhouses and Sites; ~~Access for Noncurricular Purposes~~ Uses for School and Nonschool Purposes; Closings)

### Cross Reference:

Policy 703 (Accounting)

Policy 704 (Annual Audit)

### Policy

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INDEPENDENT SCHOOL DISTRICT NO. 273

Edina, Minnesota

## Non-Instructional Operations and Business Services

### Investments

#### I. Purpose

This policy establishes guidelines for the investment of school district funds.

#### II. General Statement of Policy

The school district will comply with all state and federal laws relating to investments and to guarantee that investments meet certain primary criteria.

#### III. Scope

This policy applies to all investments of the funds of the school district, regardless of the fund accounts in which they are maintained, unless certain investments are specifically exempted by the school board through formal action.

#### IV. Authority; Objectives

- A. The funds of the school district will be deposited or invested in accordance with this policy, ~~Minn. Stat. Ch. 118A~~ Minn. Stat. § 118A and any other applicable law or written administrative procedures.
- B. The primary criteria for the investment of the funds of the district, in priority order, are as follows
  - 1. Safety and Security. Safety of principal is the first priority. The investments of the district will be undertaken in a manner that seeks to ensure the preservation of the capital in the overall investment portfolio.
  - 2. Liquidity. The funds will be invested to assure that funds are available to meet immediate payment requirements, including payroll, accounts payable and debt service.
  - 3. Return and Yield. The investments will be managed in a manner to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

## V. Delegation of Authority

- A. The director of business services of the school district is designated as the investment officer of the district and is responsible for investment decisions and activities under the direction of the school board. The investment officer will operate the district's investment program ~~consistent in a manner that is consistent with this policy~~ ~~with this policy~~. The investment officer may delegate certain duties to a designee or designees, but will remain responsible for the operation of the program.
- B. The investment officer must follow the established limits on allowable investments as authorized by the school board (see Appendix I). The school board will periodically review the limits and consider possible modifications.
- C. All officials and employees that are a part of the investment process will act professionally and responsibly as custodians of the public trust, and will refrain from personal business activity that could conflict with the investment program or which could reasonably cause others to question the process and integrity of the investment program. The investment officer will avoid any transaction that could impair public confidence in the district.

## VI. Investment Guidelines

### A. Standard of Conduct

The standard of conduct regarding school district investments to be applied by the investment officer will be the "prudent person standard." Under this standard, the investment officer will exercise that degree of judgment and care, under the current circumstances, that persons of prudence, discretion and intelligence would exercise in the management of their own affairs, investing not for speculation and considering the probable safety of their capital as well as the probable investment return to be derived from their assets. The prudent person standard will be applied in the context of managing the overall investment portfolio of the district. The investment officer, acting in accordance with this policy and exercising due diligence, judgment and care commensurate with the risk, will not be held personally responsible for a specific security's performance or for market price changes. Deviations from expectations will be reported in a timely manner and appropriate actions will be taken to control adverse developments.

### B. Monitoring and Adjusting Investments

The investment officer will routinely monitor existing investments and the contents of the district's investment portfolio, the available markets and the relative value of competing investment instruments.

### C. Internal Controls

The investment officer will establish a system of internal controls which will be

documented in writing. The internal controls will be reviewed by the school board and will be annually reviewed for compliance by the district's independent auditors. The internal controls will be designed to prevent and control losses of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions by officers, employees or others. The internal controls may include, but will not be limited to, provisions relating to controlling collusion, separating functions, separating transaction authority from accounting and record keeping, custodial safekeeping, avoiding bearer form securities, clearly delegating authority to applicable staff members, limiting securities losses and remedial action, confirming telephone transactions in writing, supervising and controlling employee actions, minimizing the number of authorized investment officials, and documenting transactions and strategies.

#### D. Reporting Requirements

1. The investment officer will generate daily and monthly transaction reports for management purposes. In addition, the school board will be provided a monthly report that will include data on investment instruments being held as well as any narrative necessary for clarification.
2. The investment officer will prepare and submit to the school board a semi-annual investment report that summarizes recent market conditions, economic developments, and anticipated investment conditions. The report will summarize the investment strategies employed in the most recent semester and describe the investment portfolio in terms of investment securities, maturities, risk characteristics, and other features. ~~The report will summarize changes in investment instruments and asset allocation strategy approved by the investment officer for an OPEB trust in the most recent semester.~~ The report will explain the semester's total investment return and compare the return with budgetary expectations. The report will include an appendix that discloses all transactions during the past semester. Each semi-annual report will indicate any areas of policy concern and suggested or planned revisions of investment strategies. Copies of the report will be provided to the district's auditor.
3. Within ninety (90) days after the end of each fiscal year of the district, the investment officer will prepare and submit to the school board a comprehensive annual report on the investment program and investment activity of the district for that fiscal year. The annual report will include 12-month and separate quarterly comparisons of return and will suggest revisions and improvements that might be made in the investment program.
4. If necessary, the investment officer will establish systems and procedures to comply with applicable federal laws and regulations governing the investment of bond proceeds and funds in a debt service account for a bond issue. The record keeping system will be reviewed annually by the independent auditor or by another party contracted or designated to review investments for arbitrage rebate or penalty calculation purposes.

## VII. Permissible Investment Instruments

The school district may invest its available funds in those instruments specified in Minn. Stat. §§ 118A.04 and 118A.05, as these sections may be amended from time to time, or any other law governing the investment of district funds. The assets of other post-employment benefits (OPEB) trust or trust account established pursuant to Minn. Stat. § 471.6175 to pay post-employment benefits to employees or officers after their termination of service, with a trust administrator other than the Public Employees Retirement Association, may be invested in instruments authorized under Minn. Stat. ~~Ch. §~~ 118A or § 356A.06, Subd. 7. Investment of funds in an OPEB trust account under Minn. Stat. § 356A.06, Subd. 7, as well as the overall asset allocation strategy for OPEB investments, will be governed by an OPEB Investment Policy Statement (IPS) developed between the investment officer, as designed herein and the trust administrator.

## VIII. Portfolio Diversification; Maturities

- A. Limitations on instruments, diversification and maturity scheduling will depend on whether the funds being invested are considered short-term or long-term funds. All funds will normally be considered short-term except those reserved for building construction projects or specific future projects and any unreserved funds used to provide financial-related managerial flexibility for future fiscal years.
- B. The school district will diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities (see Appendix I).
  - 1. The investment officer will prepare and present to the school board for its review and approval a recommendation as to the district's investment portfolio that may be invested in a single type of investment instrument, such as U.S. Treasury Obligations, certificates of deposit, repurchase agreements, banker's acceptances, commercial paper, etc. The approved recommendation will be attached as an exhibit or part of an exhibit to this policy and will be incorporated herein by reference.
  - 2. Investment maturities will be scheduled to coincide with projected district cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. Maturities for short-term and long-term investments will be timed according to anticipated need. Within these parameters, portfolio maturities will be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected will provide for stability of income and reasonable liquidity.

## IX. Competitive Selection of Investment Instruments

Before the school district invests any surplus funds in a specific investment instrument, a competitive bid or quotation process will be utilized. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, quotations or bids will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend analysis, which includes a yield curve, will normally be used to determine which maturities would be most advantageous. Quotations or bids will be requested for various options with regard to term and instrument. The district will accept the quotation or bid which provides the highest rate of return within the maturity required and within the limits of this policy. Generally all quotations or bids will be computed on a consistent basis, i.e. a 360-day or a 365-day yield. Records will be kept of the quotations or bids received, the quotations or bids accepted, and a brief explanation of the decision that was made regarding the investment. If the district contracts with an investment advisor, bids are not required in those circumstances specified in the contract with the advisor.

## X. Qualified Institutions and Broker-Dealers

- A. The school district will maintain a list of the financial institutions that are approved for investment purposes.
- B. Prior to completing an initial transaction with a broker, the district will provide to the broker a written statement of investment restrictions which will include a provision that all future investments are to be made in accordance with Minnesota statutes governing the investment of public funds. The broker must annually acknowledge receipt of the statement of investment restrictions and agree to handle the district's account in accordance with these restrictions. The district may not enter into a transaction with a broker until the broker has provided this annual written agreement to the district. The notification form to be used will be that prepared by the state auditor. A copy of this investment policy, including any amendments thereto, will be provided to each such broker.

## XI. Safekeeping and Collateralization

- A. All investment securities purchased by the school district will be held in third-party safekeeping by an institution designated as custodial agent. The custodial agent may be any federal reserve bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in United States Government securities to the Federal Reserve Bank of New York, or a securities broker-dealer defined in Minn. Stat. § 118A.06. The institution or dealer will issue a safekeeping receipt to the district listing the specific instrument, the name of the issuer, the name in which the security is held, the rate, the maturity, serial numbers and other distinguishing marks, and other pertinent information.



- B. Deposit-type securities will be collateralized as required by Minn. Stat. § 118A.03 for any amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage.
- C. Repurchase agreements will be secured by the physical delivery or transfer against payment of the collateral securities to a third party or custodial agent for safekeeping. The district may accept a safekeeping receipt instead of requiring physical delivery or third-party safekeeping of collateral on overnight repurchase agreements of less than \$1,000,000.

## XII. Depositories

The school board will annually designate one or more official depositories for school district funds. The treasurer or the chief financial officer or the ~~Director of Business Services~~ [director of business services](#) of the district may also exercise the power of the school board to designate a depository. The school board will be provided notice of any such designation by its next regular meeting. The district and the depository will each comply with the provisions of Minn. Stat. § 118A.03 and any other applicable law, including any provisions relating to designation of a depository, qualifying institutions, depository bonds, and approval, deposit, assignment, substitution, addition, and withdrawal of collateral.

## XIII. Electronic Funds Transfer of Funds for Investment

The school district may make electronic fund transfers for investments of excess funds upon compliance with Minn. Stat. § 471.38.

### *Legal References:*

Minn. Stat. § 118A.01 (~~Public Funds; Depositories and Investments~~ [Definitions](#))  
Minn. Stat. § 118A.02 (~~Authorization for Deposit and Investment~~ [Depositories; Investing; Sales, Proceeds, Immunity](#))  
Minn. Stat. § 118A.03 (~~Depositories and Collateral~~ [When and What Collateral Required](#))  
Minn. Stat. § 118A.04 (Investments)  
Minn. Stat. § 118A.05 (Contracts and Agreements)  
Minn. Stat. § 118A.06 (~~Delivery and Safekeeping~~; [Acknowledgments](#))  
Minn. Stat. § 356A.06, Subd. 7 ([Expanded List of](#) Authorized Investment Securities)  
Minn. Stat. § 471.38 (Claims)  
Minn. Stat. § 471.6175 (Trust for Postemployment Benefits)

### *Cross References:*

Policy 704 (Annual Audit)  
Minnesota Legal Compliance Audit Guide Prepared by the Office of the State Auditor

Revised: 9/22/14  
Revised: 2/27/17

## Appendix I to Policy 706

### LIMITS ON ALLOWANCE INVESTMENTS

The school board authorizes the investment officer to invest temporary cash surpluses, as determined, in securities authorized by law. The district has chosen to limit its allowable investments to the following instruments:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities – up to 100% of district's investments.
- B. Savings accounts, certificates of deposit or time deposits, or any other investments constituting direct obligations of any federally insured bank not to exceed \$250,000 per bank at any one time – up to 100% of district's investments.
- C. Certificates of deposit and savings accounts with federally insured institutions that are collateralized or insured in excess of the \$250,000 provided by the Federal Deposit Insurance Corporation coverage limit – up to 100% of district's investments.
- D. Commercial paper meeting the following requirements:
  - 1. The corporation must be organized in the United States.
  - 2. The corporation must have at least (\$1,000,000,000) one billion dollars outstanding in commercial paper obligations.
  - 3. The obligations at the time of purchase must be rated at the highest classifications by Standard and Poor's, Moody's Investors Service (A1-P1) and *not* on Credit Watch for potential downgrades.
  - 4. Not more than 50% of the district's investments can be invested in commercial paper on any given day.
  - 5. The total investment on any given day, in any one corporation cannot be more than (\$1,000,000) one million dollars.
- E. Investment products that are considered as derivatives are specifically excluded from approved investments.
- F. All time deposits in excess of FDIC insurable limits must be secured by collateral or private insurance.
- G. Money market accounts or fixed-rate investments offered by the Minnesota School District Liquid Asset Fund Plus (MSDLAF+) or MNTrust.

## Non-Instructional Operations and Business Services

### Purchasing

#### I. Purpose

This policy defines the process for purchasing supplies, equipment, materials and services that will be used to meet the educational needs of the school district.

#### II. General Statement of Policy

The school district's purchasing process will ~~meet~~ **comply with federal law**, state statutes, the directives of the Minnesota Department of Education and the district auditor, and business best practices.

#### III. Requisition and Purchase Order Process

All orders of material value will follow the district's requisition and purchase order process established by the director of business services. In the case of an emergency or urgency of time, the process may be modified with the pre-approval of the director of business services. Payments to vendors will not be approved until the receivable process has been completed for the purchase.

#### IV. Orders, Quotations, Bids and Request for Proposal (RFP) Requirements

A. All purchases of products, services and equipment must adhere to district guidelines and directives established by the director of business services (see Appendices I and II), including the following:

1. Purchases of less than \$25,000 may be completed through quotations in an open market. The requesting department may issue quotes to at least two vendors, preferably ~~3~~ **three** or more where applicable, for purchases funded through Federal Grant funds that exceed \$3,000.
2. Purchases of \$25,000 to \$175,000 require a minimum of two quotes. The quote will be awarded to the lowest, responsible, qualified vendor, taking into consideration the quality of the product and the ability to perform, given the needs of the district.
3. Purchases exceeding \$175,000 will be put to bid with the exception of professional services, book requests under the copyright law, or joint powers agreements.

- B. All purchase orders must be signed and dated indicating receipt of merchandise and forwarded to the district office for payment.
- C. All requests for proposals of services will include an explanation of services being sought, criteria for selection, and the application and selection process.
- D. Every three to five years, the district will complete RFPs for management and administrative services (e.g., insurance carriers, waste management, legal counsel).

#### V. Reimbursement without a Purchase Order

- A. Items purchased locally without a purchase order will require a request for payment or an employee expense report form submitted (see Policy 708 – Expense Reimbursement). Either form must have the original receipt attached and provide the necessary supervisor approval and budget code. The check for a request for payment will be paid directly to the vendor.
- B. An employee that wishes to be reimbursed for a purchase will complete an employee expense report form, meeting the requirements stated above. The employee will not be reimbursed for sales tax incurred because of the district's tax exempt status.

#### VI. Procurement Card

- A. Procurement cards will be issued to ~~departments~~ **employees** upon completion of an application, **approval by the requesting employee's supervisor**, and approval by the **director of business services** ~~on a case by case basis~~. ~~Departments that are issued a~~ **All holders of a district** procurement card **must comply with** ~~will abide by~~ all articles of the current policy 707 including its appendices.
- B. ~~Departments~~ **Employees** with procurement cards are required to submit their monthly **expenditure** ~~expense~~ reports accompanied with all receipts and ~~expense~~ **expenditure** allocations among pre-approved account codes without exception. Purchases with missing receipts will be reimbursed **to the district** by the employee who made the purchase.

*Legal References:*

[Minn. Stat. § 123B.02, Subd. 23 \(Credit Cards\)](#)

Minn. Stat. § 471.345 (Uniform Municipal Contracting Law)

Minn. Stat. [§ 471.345, Subd. 3 \(Contracts Over \\$175,000\)](#)

Minn. Stat. [§ 471.345, Subd. 4 \(Contracts Exceeding \\$25,000 But Not \\$175,000\)](#)

Minn. Stat. [§ 471.345, Subd. 5 \(Contracts \\$25,000 Or Less\)](#)

Minn. Stat. [§ 471.345, Subd. 15 \(Cooperative Purchasing\)](#)

*Cross Reference:*

Policy 708 (Expense Reimbursement)

Policy

adopted: 10/25/10

amended: 3/12/12

Revised: 9/22/14

Revised: 2/27/17

Revised: 1/28/19

INDEPENDENT SCHOOL DISTRICT [NO. 273](#)

Edina, Minnesota

**SOLICITING PRICES THROUGH BIDS AND QUOTATIONS**

- I. Expenditures for the purchases of goods and/or services, not exempt from Minn. Stat. § 471.345, will be subject to written quotations or formal bids within these restrictions:

A. Contracts Over \$175,000

If the amount of the contract is estimated to exceed \$175,000, sealed bids will be solicited by public notice in the manner and subject to the requirements of Minn. Stat. § 471.345, Subd. 3.

The director of business services [or their designee](#) will:

1. Prepare specifications for prospective bidders.
2. Advertise for bids setting forth the goods and/or services to be included, the date and place of the bid opening.
3. Deliver sets of the specifications and form of proposal to all vendors requesting them and, in addition, others who might normally be interested in bidding.
4. Receive and open bids on the date specified.
5. Tabulate all bids. Tabulation will be presented to the school board. It will be provided to bidders upon request.
6. Make a recommendation to the school board on which bid appears to be in the best interest of the school district.
7. Following approving action by the school board, prepare a contract with the successful bidder.
8. Monitor the fulfillment of the contract to ensure compliance with the specifications.
9. Ensure performance guarantees are provided.
  - a. On any order which has been bid, a performance bond is required as follows:
    - (1) 100% on furniture and equipment
    - (2) 100% on construction
  - b. Bid bonds in the amount of 5% are required on all formal bids.

B. Contracts from \$25,000 to \$175,000

If the amount of the contract is estimated to exceed \$25,000 but not to exceed \$175,000 the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained will be kept on file for a period of at least one year after receipt thereof, in accordance with Minn. Stat. 471.345 Subd. 4 and Subd. 15.

C. Contracts Less Than \$25,000

If the amount of the contract is estimated to be less than \$25,000, the contract may be made either upon quotation or in the open market, at the discretion of the school board; but, so far as is practicable, the contract will be based on at least two quotations which will be kept on file for a period of at least one year after receipt thereof, in accordance with Minn. Stat. 471.345 Subd. 5.

D. Formal Bidding Procedures

Sealed bids are to be opened in the ~~office of the school board~~ district office, at the specific time stated in the bid form. Bids on construction contracts and items of unusual nature are to be opened at the ~~school board office~~ district office at a regular time as stated in the bid form. All bidders will be notified of the opening and invited to be present. Bids or quotations received after the date and time specified will be returned to the bidder unopened.

E. Purchases that are funded through a Federal Grant Funds must comply with [the most current version of the](#) "Edina Public Schools Federal Procurement Manual" ~~effective July 1, 2015.~~

- II. The school board will have discretion in determining the responsibility of the bidders based on conformity with specifications, terms of delivery, and other conditions imposed in the call for bids or the specification and will award the contract to the lowest responsible bidder, providing the bidder fully meets the specifications.
- III. Changes in the amount or the condition of the bid will not be allowed once the bid has been received by the school board or its agents. Awards will be made only on the specifications advertised or amended prior to the official opening of the bids.

Established: 10/25/10

Revised: 03/12/12

Revised: 09/22/14

Revised: 02/27/17



## Appendix II to Policy 707

### **CONTRACTING AUTHORITY TO PURCHASE**

- A. A contract is defined as an agreement entered into for the sale, purchase or license of supplies, materials, services, software, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property and services. All contracts will comply with applicable bid laws and school board policies. The terms of such contracts, except for capital leases, will not exceed five years with an annual option to renew.
- B. Contracting authority resides solely with the school board.
- C. For contracts in an amount not exceeding a total payment of \$175,000, the school board will delegate to the superintendent the authority to lease, purchase, license and contract for goods and services within the budget as approved by the school board. Splitting of contracts voids the contract and is not permissible. If more than one contract is entered into with a particular vendor on a project, and at some time during the course of the project it appears that the cumulative cost of the contracts will exceed \$175,000, school board action is required for the remaining contracts in connection with said project.
- D. No individual purchase, license, or lease ("contract") for \$175,000 or greater will be made or authorized, except at a regular meeting of the school board or at a special meeting which all members have had notice.
- E. All material modifications to school board-approved contracts require school board action. The administration may request a school board exemption from this policy for any purchase which is exempt from Minn. Stat. § 471.345 (Uniform Municipal Contracting Law).

Established: 10/25/10  
Revised: 03/12/12  
Revised: 09/22/14  
Revised: 02/27/17  
Revised: 07/15/19