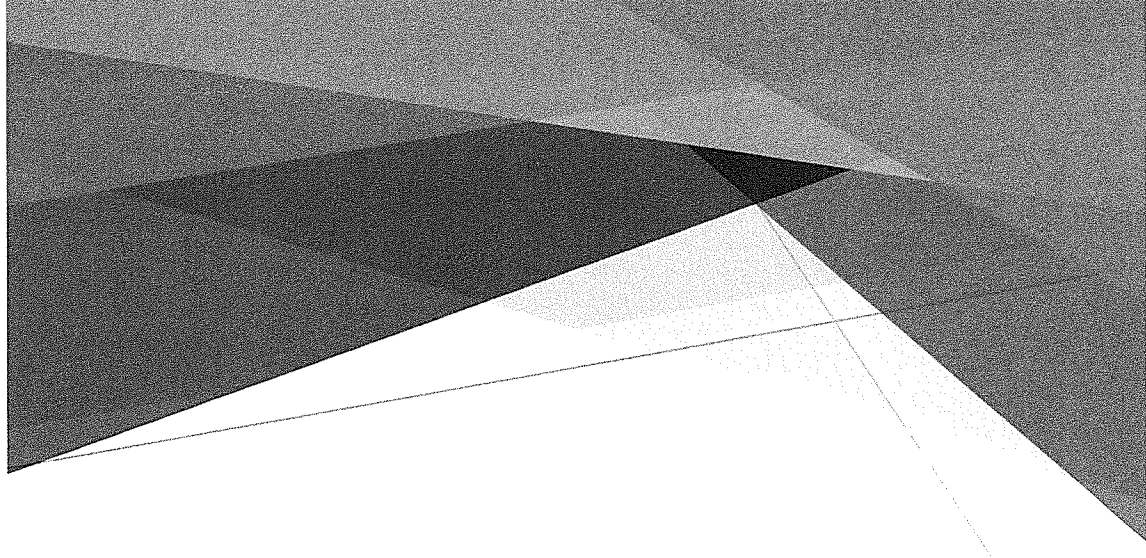


Business Manager 101

Session #4 -
Fund Balance, Reserves, &
Financial Management Questionnaire



The Statute(s)

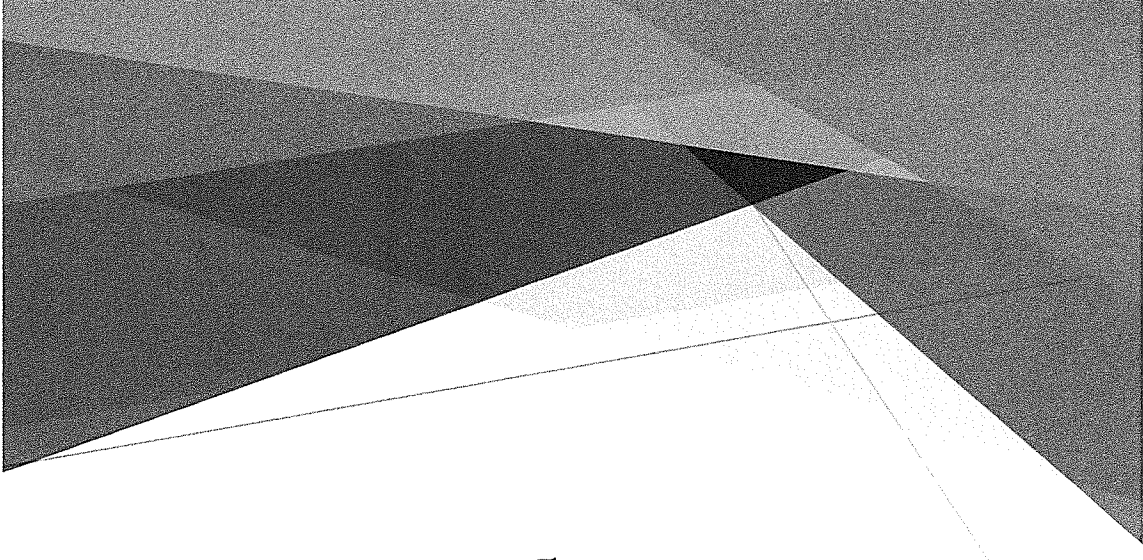
- ▶ FUND BALANCE / SURPLUS 16VSA § 567
 shall carry funds into next year as revenue unless authorized by the voters.....

- ▶ RESERVE FUNDS 24VSA §2804
 ...may establish a reserve fund....expended for purposes for which established....authorized by voters

- ▶ FINANCIAL MANAGAMENT QUESTIONAIRE 16VSA §242a
 the superintendent ...shall..annually complete...financial management questionnaire made available by Auditor of Accounts

The Wisdom

- ▶ Review your local approach with both counsel and your auditors
- ▶ Some view these particular statutes as poorly written allowing for a diversity of opinion
- ▶ Note Tech Centers and Supervisory Unions have additional complications



The Vermont Statutes Online
Title 24 : Municipal And County Government
Chapter 077 : Construction; Condemnation
 (Cite as: 24 V.S.A. § 2804)

§ 2804. Reserve funds; use

(a) At an annual or special meeting duly warned, a municipality may establish a reserve fund to be under the control and direction of the legislative branch of the municipality. The reserve fund shall be kept in a separate account and invested as are other public funds and may be expended for such purposes for which established, or when authorized by a majority of the voters present and voting at an annual or special meeting duly warned, for other purposes.

(b) If a reserve fund is established under subsection (a) of this section to pay a school district's future school capital construction costs approved under 16 V.S.A. chapter 123, any funds raised by the district as part of its education spending to pay for those future costs shall be considered "approved school capital construction spending" in calculating excess spending under 32 V.S.A. § 540(12). Districts shall submit to the Agency of Education annually a report of deposits into and expenditures from a school capital construction reserve fund. If the Agency of Education determines that any amount in the reserve fund has not been used for approved school capital construction within five years after deposit into the fund, then 150 percent of that amount shall be added to the district's education spending in the then-current year for purposes of calculating the excess spending penalty. The definitions in 16 V.S.A. chapter 133 shall apply to this subsection. (Amended 1997, No. 71 (Adj. Sess.), § 103, eff. March 11, 1998; 2005, No. 38, § 23; 2013, No. 92 (Adj. Sess.), § 271, eff. Feb. 14, 2014.)

The Vermont Statutes Online

Title 16 : Education

Chapter 009 : School Districts

Subchapter 004 : Other Provisions

(Cite as: 16 V.S.A. § 567)

§ 567. Surplus

If an audit reveals that a school district has surplus funds, the school board shall carry the funds into the next year as revenue unless authorized by the voters, at an annual or special meeting warned for the purpose, to:

(1) deposit the funds into a reserve fund established pursuant to 24 V.S.A. § 2804; or

(2) use the funds for a specific purpose. (Added 2003, No. 107 (Adj. Sess.), § 4; amended 2013, No. 92 (Adj. Sess.), § 71, eff. Feb. 14, 2014.)