

## **FINANCE POLICY**

### **Investment Income**

The Board of Education authorized the Treasurer or the Superintendent/Designee to make investments of available moneys several funds of the District in:

1. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable, upon not more than 90 days' notice or, if not payable, shall have maturity dates not more than five years after the purchase dates.
2. Certificates of Deposit issued by a state or national bank, savings accounts or deposit receipts of a state or federal savings and loan association organized and authorized to operate in this State and eligible to be a depository of surplus funds belonging to this State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being sections 21.146 of the Michigan Compiled Laws.
3. Securities issued or guaranteed by agencies or instruments of the United States Government.
4. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
5. Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
6. United States Government or federal agency repurchases agreements where the agreements shall be secured by the transfer of title and custody of the obligations to which secured by the transfer of title and custody of the obligations to which the repurchase agreements related and an undivided interest in those obligations must be pledged to the school district for these agreements.
7. Investment pools that are authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982.

The Board further authorized the combining of money from the various District Funds for the purpose of making an investment, and that the principal and interest of such investments shall be proportionately accounted for and credited to the respective funds.

Interest of an investment shall become a part of the fund for which the investment was made.

Safekeeping of investment securities, at other than District depositories, shall require third-party verification of District transactions with brokers or dealers by their respective banking depository for customer accounts, upon request of the District or its authorized representative.

Safekeeping of securities by issuers is acceptable if purchased directly by the district and promptly written confirmation of each transaction is received by the District.

### **BORROWING**

Upon the initiative of the Board of Education with the approval of the Department of Treasury, Municipal Finance Commission or State Department of Education, the Superintendent shall prepare the data and applications regarding the borrowing of State Aid Notes, Tax Anticipation Notes, Bond Issues and other methods of financing District transactions.

Bids shall be solicited for all short-term loans which the Board has authorized and funds shall be borrowed from the responsible organization offering the most favorable terms as approved by the Board.

## **TUITION INCOME**

The Board of Education shall charge and assess tuition for attendance in the schools of this District by students not entitled to receive a free public education in this District and whose enrollment has been approved by the Board.

Tuition rates shall be determined and approved annually by the Board. Charges shall not exceed the rates prescribed in Section 1401 as amended of the Revised School Code of 1995. Rates will be available before the beginning of the school year or before the student's attendance commences.

The Superintendent/Designee shall be responsible for the assessment and collection of tuition. Tuition billing may be assessed daily in advance of the period of which the billing is made.

## **NON-RESIDENT TUITION STUDENTS**

Students, whose parents do not reside within the (School District), but who present evidence that they will move into the school district within six (6) months, and not to exceed one school year, may enroll in school as tuition students for the time not in residence. The following guidelines must be adhered to:

1. A copy of residency intention must be presented to the Supervisor of Student Enrollment. The following documents are acceptable:
  - a. Building contract
  - b. Purchase agreement
  - c. Rental agreement
  - d. Building permit
  
2. Prior to enrolling in the (School District), a tuition payment must be made to the (School District) for the yearly-established tuition rate. In addition, the parent(s) must obtain a membership release in accordance with the State Aid Act.

## **FISCAL PLANNING**

The Board of Education shall collect and assemble the information necessary to discharge its responsibility for the fiscal management of the District and to plan for the financial needs of the education program. The Board will strive toward maintaining both short and long range perspectives of District financial requirements.

Accordingly, the Board directs the Superintendent/Designee to include cost estimates in all ongoing financial requirements, to prepare a long range year-by-year plan for the maintenance and replacement of facilities and equipment, to forecast an estimated expenditure budget for three to five years in the future, to maintain a plan of anticipated local, State, and Federal revenues, and to report to the Board any serious financial implications that emerge from the District's ongoing fiscal planning. In addition, the Board directs the Superintendent/Designee to maintain annually, a detailed two-year forecast of estimated expenditures and revenues.

## **BUDGET PREPARATION AND AMENDMENT**

The annual budget represents a financial expression of the District's operating plan. Its preparation is, therefore, one of the most important functions performed by the Board of Education. The budget shall be designed to carry out that plan in a thorough and efficient manner. The Superintendent/Designee shall present a proposed budget to the Board of Education for their review and analysis. The Board of Education shall perform an analysis of the proposed budget prior to its adoption. Once adopted, the budget deserves the support of all members of the Board regardless of their position before its adoption.

In order to allow adequate time for the preparation and review of the proposed budget, the Board directs the Superintendent/Designee to present a budget schedule to the Board in November annually and all available information associated with the budget no later than May annually.

When presented to the Board for review and/or adoption, the budget shall include the number of teaching staff members and all other employees for the current year and the ensuing year, the proposed expenditure in each function for the ensuing year, the anticipated expenditure in each function for the current year, the actual expenditure and the approved budget in each function for the previous year, an estimate of the student population by grade for the ensuing year, the sources and amounts of anticipated revenues and the amount of fund equity anticipated at the end of the current year.

The Board of Education has fiscal responsibility to safeguard the interests of the community in the operation of the district. When funds allocated to a major function are insufficient for a proposed expenditure the Board may, by an amendment resolution, transfer funds to that function from another function. However, the Superintendent/Designee shall determine that the necessary surplus funds do exist in the other function and that the proposed expenditure is educationally warranted in the current fiscal year.

### **TRUTH IN BUDGET HEARING**

The annual budget adopted by the Board of Education represents the Board's position on the allocation of resources required to operate a system of education. All reasonable means shall be employed by the Board to present and explain that position to residents and taxpayers of the community. A public budget hearing will be conducted in accordance with the law. Each member of the Board and each District administrator shall be sufficiently acquainted with the budget and its underlying purposes to answer questions from members of the public.

The budget approved by the Board will be made available to the public in the form and at the place required by law. A simplified form of the budget may also be prepared annually and may be sent to each District resident, each parent of a student in public school, representatives of community organizations, and distributed to each person attending the annual budget hearing. The simplified budget may include the expenditure in each major category of current expense for the current year and the coming year and a summary of anticipated receipts, as well as a brief explanation of significant increases and decreases from the preceding budget.

The final adoption of the proposed annual budget shall be performed by the Board after the completion of the public hearing.

### **SOLICITING PRICES/BIDDING**

It is the policy of the Board that the Superintendent/Designee procures equipment, supplies and services which serve the best interests of the students, employees and taxpayers of the District.

For materials, equipment, goods and supplies to be obtained which do not exceed (Dollar Amount) in cost, the Purchasing Department may make the acquisition on the open market in a manner consistent with sound purchasing principles.

For materials, equipment, goods and supplies to be obtained which are likely to cost more than (Dollar Amount) but less than the mandated bidding requirement of P.A. 159 of 1990 on file in the Business Office, the Purchasing Department shall require at least two (2) written quotations if possible or feasible. Sole source or unique program purchases will not require two quotes, but must be pre-approved in writing by the Assistant Superintendent for Business and the Assistant Superintendent for Instruction. Acquisition will be based on quality, service, delivery, and price. Quotations other than "low bid" must be approved by the Superintendent/Designee.

For materials, equipment, goods and supplies to be obtained which are likely to exceed the mandated bidding requirement of P.A. 159 of 1990, the Purchasing Department shall have specifications prepared and make them available to interested vendors. Bids shall be requested through known bidders or through notification in the newspaper(s). The contract shall be awarded by formal action of the Board.

### **QUANTITY PURCHASING**

In order to promote efficiency and economy in the operation of the School District, the Board of Education requires the Superintendent/Designee to periodically estimate requirements of standard items or classes of times and make quantity purchases on a bid basis as often as possible to procure the lowest cost consistent with good quality.

The purchasing process should allow for the most effective and efficient delivery plan.

### **PURCHASES BUDGETED**

It is the policy of the Board that the budget be considered a controlled spending plan for the ensuing year. The Superintendent/Designee is authorized to make expenditures and commitments in accordance with the specific policies of the Board and the regulations of the District.

The Board directs the establishment of procedures for the purchase of budgeted goods and services that will make prudent use of District resources and yield the maximum value for the School District. The Superintendent/Designee shall authorize all purchases that are within the limited resources of the budget controller, the corresponding function, and are consistent with the purpose for which funds were appropriated.

A purchase order may not be placed until the Superintendent/Designee has determined whether the proposed purchase is subject to bid, whether sufficient funds exist within the function, and whether the goods are available elsewhere in the District.

When a purchase order is placed, the Superintendent/Designee shall commit the expenditure against a specific budgeted function in order to guard against the creation of expenditures in excess of appropriations.

### **COOPERATIVE PURCHASING**

The Board recognizes that centralized, cooperative purchasing tends to maximize the value received for each dollar spent. The administration is encouraged to seek savings that may accrue to the District by means of joint agreements for the purchase of goods or services with the governing body or bodies of other contracting units within this County or adjoining counties or by means of contracts entered into by the State.

The Superintendent/Designee is hereby authorized to negotiate such joint purchase agreements for goods and services with school districts, local, county, and state contracting units as may be appropriate and in accordance with State law, the policies of this Board, and the dictates of sound purchasing guidelines. Agreements for cooperative and joint purchasing will be subject to all bidding requirements imposed by policies of this Board.

### **LOCAL PURCHASING**

The Board of Education recognizes its position as a major purchaser of goods and services in the community served by the School District. It is the intention of the Board to purchase goods and services of the requisite quality at the lowest possible cost and to invite widespread competition in order to achieve this end. Where all other considerations are equal, however, the Board will exercise a preference for dealing with established local merchants and service providers from within the boundaries of the School District.

The Superintendent/Designee is authorized to place purchase orders with local merchants and providers when their prices and terms are competitive with other vendors. Nothing in this policy shall be deemed to circumvent the requirements of law regarding public purchasing.

### **VENDOR RELATIONS**

The Board of Education shall not knowingly enter a contract with any supplier of goods or services to this District under which any Board member or officer, employee, or agent of this School District has any pecuniary or beneficial interest, direct or indirect, unless the person has not solicited the contract or participated in the negotiations leading up to the contract. (This prohibition shall not prevent any person from receiving royalties

Upon the sale of any textbook of which he/she is the author and which has been properly approved for use in the schools of this District.)

Board members and school personnel shall not accept any gifts or favors from vendors which might, in any way, influence their recommendations on the eventual purchase of equipment, supplies, or services.

Board members and school personnel shall not show favoritism in the vendor selection process. Each order shall be placed in accordance with policies of the Board on the basis of quality, service, delivery, and price whenever possible; the Board of Education encourages the establishment and utilization of preferred vendors.

### **GIFTS AND VENDOR RELATIONS**

The Board of Education considers the presentation of elaborate gifts to staff members by vendors, companies, or individuals to be an undesirable practice. The writing of letters on behalf of school employees, expressing gratitude or appreciation, is always in order and most appropriate.

Board members and staff members shall not accept any gift or favor from a vendor, company, or individual, which might, in any way, influence their recommendation of the eventual purchase of equipment, supplies, or services. Vendors, companies, or individuals that wish to provide a gift are encouraged to donate to the (School District) Foundation.

An employee may accept a gift, to further the efforts of District programs and services, from a vendor, company, or individual provided the gift satisfies the following:

- It is directly related to, or associated with the normal business of the District.
- It is reasonable in value.
- It is appropriate for the time and place.
- It is not recurring or repetitive.
- It is not intended to influence the recipient.
- It is in compliance with all local, state and federal laws.

This regulation reaffirms (School Districts') commitment to integrity as the cornerstone of the behavior of all employees and all others who act on our behalf. Each is responsible for actions in accordance with high ethical standards. Our ethical standards are based on respect for the dignity of each individual and a commitment to honest and fairness. Employees will always use judgment and common sense when accepting gifts. When a staff member is offered a gift they should consider the following factors:

- Does the gift conform to the spirit of the Policy?
- Does the gift appear to be appropriate?
- Is the gift consistent with approved practices?

However, this regulation does not cover every situation. Exceptions may arise. If you are unsure, you should review any uncertain situation with your Supervisor, or Human Resource Director as to the proper course of action.

Board members and staff members shall not show favoritism in the vendor selection process. Each order shall be placed in accordance with policies of the Board of Education on the basis of quality, service, delivery and price whenever possible.

The Board of Education will consider as appropriate the presentation of token gifts to members of the staff. This regulation is not intended to discourage legal and ethical relationships with private industry and is the responsibility of Department Administrators to instruct compliance by District staff.

### **PAYMENT OF CLAIMS**

The Board of Education directs the prompt payment of legitimate claims for goods supplied and services rendered to the District.

Each invoice, including trust and agency invoices, payroll-related obligations, progress payment to contractors in accordance with contracts approved by the Board, utility bills, reimbursement of petty cash accounts, advances for travel purposes and such other matters as may be necessary, shall be fully itemized, verified and authorized by the budget controller/designee before a warrant can be issued for its payment.

When an invoice is received, the Business Office shall verify the following:

- The purchase was in accordance with the purchasing guidelines of the School District Policy.
- The total invoice quantity and pricing matches the purchase order.
- The goods were received and/or services rendered were satisfactory.
- There are sufficient funds available for its payment.

When the budget controller/designee approves a claim for payment, the Business Office shall, review the supporting documentation, prepare a check for payment, cancel the encumbrance against the appropriate account and post the actual expenditure. All checks shall be signed by the approved signatory(ies).

A bi-weekly review of all paid claims will be conducted by the Board. A listing that includes the vendor name; the number and amount of the check; the description of the item; and the account charged will be provided by the Business Office for Board review.

### **RECOGNITION, FOOD, AND ENTERTAINMENT**

(School District) greatly values students, staff, parents, and community members. The District encourages recognition of students, staff, and volunteer achievements. The District believes that recognition of achievements, food, and entertainment contribute to a pleasant work place for staff and provides an encouraging school learning environment for students.

(School District) is a public institution funded with taxpayer dollars. The District's public funds are for the purpose of free and appropriate public education for students and cannot be used for private purposes, private gain, or gifts.

The District encourages mutually beneficial collaboration with individuals and other organizations to provide private funds or grants for the purposes of recognition, food, and entertainment. District funds are not to be expended for entertainment or staff/volunteer recognition. If expenditures are funded from a grant or other source of private funds for that specific purpose, the provider agreement/contract should be followed.

Staff or volunteer recognition and all entertainment expenditures can only be provided through private funding or grant funding.

Regulations will provide guidelines concerning the use of public funds for recognition, food, and entertainment.

Recognition: An expenditure of not more than (Dollar Amount) per student per recognition may be allowed if it is provided for within the budget of the cost center and approved by the budget administrator. Typical awards may be certificates, patches, pencils, folders, embroidered letters, pins, photos, or other mementos.

Food/meals Outside the District: An employee is eligible for travel status and meal reimbursements for out-of-district duties that require an overnight stay or when an offsite location requires the employee to travel 2.5 hours before or 2.5 hours after business hours.

Food/meals Within the District: Food/refreshments/meals may be provided for:

- Employees who are participating in an activity outside the normal work hours, outside their job duties, where they receive no other district compensation (example: professional development outside work hours).
- Employees acting in an emergency situation who are unable to leave their workstation to obtain meals during a normal break period.
- When mandated training is scheduled with refreshments because it cannot be scheduled at any other time or may be less expensive than providing substitute workers. (Budget controller over area must confirm there were no other options for scheduling.)
- Employees who attend meetings sponsored by outside agencies, when the meal is a part of the program and approved by the budget controller.
- Volunteers who work over four (4) hours and receive no compensation.

Food will not be provided for: District staff while in the school district performing their normal duties.

Entertainment: Only private or grant funds can be used for entertainment expenditures.

### **PAYROLL AUTHORIZATION**

The most substantial allocation of public funds for the operation of the School District is made to the employees of the Board for their services. Compensation will only be tendered for services rendered to persons duly employed by this Board. Payrolls will be processed on a bi-weekly basis.

Each Board resolution to employ or re-employ a person for a teaching or administrative position will include the person's name, position, and school assignment. No person may be assigned duties as a member of the supportive staff or as a substitute employee whose employment has not been approved by the Superintendent/Designee.

The minutes of the Board meetings will record all actions of the Board regarding the resignation, retirement, death, or discharge of all professional staff members. The record will include the name and position of the employee and the date upon which wages terminate.

Support staff, including all substitute employee wages must be certified by the appropriate supervisor before payment can be made. Overtime may be paid to employees only when it has been previously approved by the supervisor.

### **BONDS FOR SCHOOL EMPLOYEES**

Each employee in the District who is responsible for receipt, custody, or disbursement of school funds or property shall be covered under the crime and employee dishonesty section of the District's insurance policies.

The Superintendent/Designee is authorized to provide for insurance coverage through policies with insurance companies licensed to do business in the State of Michigan.

### **TAX DEFERRED INVESTMENTS FOR EMPLOYEES**

The Board of Education declares its willingness to enter into an agreement with any of its employees whereby the employee agrees to take a reduction in salary with respect to amounts earned after the effective date of such agreement. In return the Board agrees to use a corresponding amount to purchase an annuity for such employee (or group of employees desiring the same annuity company) from any company authorized and approved by the Board to transact the business as specified in accordance with Section 403(b) of the Internal Revenue Code. However, it shall be clearly understood that the Board's only function shall be the deduction and remittance of employee funds.

Said agreement shall comply with all of the provisions of law and may be terminated as said law provides upon notice in writing by either party. Employees shall notify the Human Resources Department in writing if they wish to participate in such a program.

### **TRUST AND AGENCY FUNDS/STUDENT ACTIVITY FUNDS**

The Board of Education directs the establishment of a Trust and Agency Fund for the financial administration of scholarships, other trusts and student activity funds. The principal of the school shall be responsible for the proper administration of the student activity funds and the Assistant Superintendent will be responsible for the Trust Funds in accordance with the federal, state, and local statutes, and district approved accounting procedures.

All funds collected and contributions received by the student groups or the District shall be deposited in the District's Trust and Agency bank account.

Funds collected by student groups shall be disbursed only for purposes authorized by that student group with the concurrence of the organization's sponsor and building principal. All funds raised by student organizations must be expended for the benefit of the students or charity as designated by the students. Disbursements from the Trust Funds shall be approved by the Assistant Superintendent for Business Affairs/Designee.

Class funds (Class of 1997, etc.) will be completely expended within 90 days of graduation. Any undesignated balances after that point will be transferred to the account of the next graduating class. Unclaimed funds remaining on account from a disbanded or inactive organization for a period of 24 months will become the property of the district and will be used to offset expenses associated with servicing student activity funds.

Interest income generated by the district associated with the management of student funds will be used to offset the expenses (clerical, computer, bank charges and fees, forms, supplies, etc.) associated with maintaining and safeguarding the fund.

### **PETTY CASH**

The Board recognizes the convenience afforded in the day-to-day operation of the District by the establishment of one or more petty cash funds. The Board shall require the use of internal controls that will prevent abuse of the funds.

Each custodian of a petty cash fund shall insure that the funds in his/her care shall be disbursed only for minor expenditures. No petty cash fund may be used to circumvent the purchasing procedures required by law, the policies of this Board, and/or administrative regulations. A request for petty cash funds must be made in writing, signed by the person making the request, and include such supporting documentation as may be appropriate. The petty cash box must be secured daily.

The custodian of each petty cash fund shall prepare a schedule of disbursements when the funds available in petty cash have declined to approximately 25% of the full amount authorized and shall show the disbursements by line account numbers. The custodian shall submit the schedule to the controller with a voucher requesting replenishment in like amount.

Building petty cash funds will be closed out for audit at the end of the school year and unused funds will be returned to the depository.

### **SPECIAL REVENUE FUNDS**

The Board of Education directs the establishment of special revenue funds for the financial administration of food service, athletics, and book store activities operated for the benefit of students and duly approved by the Board.

The Assistant Superintendent for Business Affairs/Designee shall be responsible for the administration of special revenue funds. The Funds will be audited annually and will be administered under appropriate accounting controls.

Procedures shall be established for the daily deposit of moneys collected which require that no moneys be left in the school buildings overnight. The Board will not be responsible for moneys remaining in the schools overnight.

All payments for supplies, equipment, and services for the co-curricular program will be made in accordance with established purchasing procedures for the District.

### **SYSTEM OF ACCOUNTING**

It is the policy of the Board of Education that a chart of accounts be established in accordance with the requirements of the State Department of Education for the accounting of all funds of the (School District).

The Assistant Superintendent for Business Affairs shall be responsible for the proper accounting of all District funds. She/He shall insure that expenditures are budgeted under and charged against those accounts which most accurately describe the purpose for which such funds are to be spent. Expenditures for salaries, fringe benefits, purchased services, supplies, materials, capital outlay and other expenditures shall be charged to the appropriate cost centers which most accurately describe the purposes for which the funds were spent.

A report of the revenues and expenditures in the General Fund shall be made to the Board on a monthly basis by the Assistant Superintendent for Business Affairs.

### **AUDIT**

The Board of Education requires that an audit of all accounts of the District be made annually by an independent certified public accountant. The audit examination shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS) and shall include all funds over which the Board has direct or supervisory control.

For audit purposes, the Assistant Superintendent for Business Affairs shall prepare the financial statements of the District at the close of each fiscal year on or before November 1 of the next succeeding fiscal year. Said statement shall comply with all requirements of law.