

SECTION D

FISCAL MANAGEMENT

<u>SUBJECT</u>	<u>FILE</u>	<u>PAGE</u>
ACCOUNTING AND REPORTING	D2750	14D
AUDITS - FISCAL AND COMPLIANCE	D2765	17D
AUTHORIZED SIGNATURES	D2710	13D
BONDED EMPLOYEES, OFFICERS	D2720	14D
BUDGET – ANNUAL OPERATING	D2520	2D
BUDGETING SYSTEM	D2525	2D
BUILDING AND SITE PAYMENTS	D2910	18D
CASH IN SCHOOL BUILDINGS	D2960	19D
CHECK WRITING SERVICES	D2715	14D
COOPERATIVE PURCHASING	D2820	18D
CREDIT CARDS	D2815	17D
DEPOSITORY OF FUNDS	D2700	13D
DISPOSAL, SALE OF SCHOOL PROPERTIES	D2980	19D
ELECTRONIC TRANSACTIONS OF FUNDS AND AUTOMATED CLEARING HOUSE ARRANGEMENTS (ACH)	D2758	14D
EXPENSE REIMBURSEMENTS	D2950	19D
FINANCIAL REPORTS AND STATEMENTS	D2755	14D
FISCAL MANAGEMENT GOALS	D2510	2D
FREE ADMISSIONS, GUEST PASSES	D2575	12D
GATE RECEIPTS AND ADMISSIONS	D2570	12D
INVENTORIES	D2760	17D
INVESTMENT POLICY	D2555	7D
PAYDAY SCHEDULES	D2925	19D
POST-ISSUANCE TAX COMPLIANCE POLICY	D2535	4D
PURCHASING - POLICY	D2800	17D
REVENUES – SHOP SALES, SERVICES	D2580	12D
REVENUES – FEDERAL	D2550	8D
REVENUES – GRANTS FROM PRIVATE AND PUBLIC SOURCES	D2565	11D
REVENUES – INVESTMENTS	D2555	8D
REVENUES – REAL ESTATE	D2560	11D
SALARY DEDUCTIONS	D2930	19D
SHORT TERM LOANS	D2540	8D
STUDENTS ACTIVITY FUNDS	D2585	12D
TAX AND DEBT LIMITATIONS	D2530	3D
USE OF FACILITIES – POLICY	D2600	13D
VENDOR RELATIONS	D2835	18D

D2510 Fiscal Management Goals

In the District's fiscal management, the Board seeks to achieve the following goals:

1. To engage in thorough advance planning, with broad-based staff and community involvement, in order to develop budgets and to guide expenditures so as to achieve the greatest educational returns and the greatest contributions to the educational program in relation to dollars expended.
2. To establish levels of funding which will provide high quality education for the District's students.
3. To use the best available techniques for budget development and management.
4. To provide timely and appropriate information to all staff with fiscal management responsibilities.
5. To establish maximum efficiency procedures for accounting, reporting business, purchasing and delivery, payroll, payment of vendors and contractors, and all other areas of fiscal management.

D2520 Budget - Annual Operating

The school budget is the legal document which describes the programs to be conducted during a given period of time. It is the operational plan, stated in financial terms, for the conduct of all programs in the school system. The annual school budget process is an important function of District operations and should serve as a means to improve communications within the school organization and with the community.

Fiscal Year

Pursuant to State law, the fiscal year for the District commences July 1 and continues through June 30. (School Code of 1976, Section 1133)

Fund Accounts

A budget is required by law for funds that the District uses in its yearly operation: General, School Service, and Debt. Other funds that the school system uses such as Building and Site, Trust and Agency, do not require budgets.

Annual and Long-Range Budgeting

Michigan schools are required to budget only for a twelve (12) month period of time which includes a fiscal year from July 1 through June 30. Budgeting for a period of time greater than one year is desirable and encouraged for long-range planning.

Budget Officer

This responsibility is assigned to the Director of Finance. The three general areas of responsibility of the budget officer are: budget preparation, budget presentation, and budget administration. The Board shall discuss, make additions or deletions, and concur that all expenditures are necessary.

D2525 Budgeting System

The budgeting system is to express in financial terms the major programs to be operated. Programs and activities are to be organized to meet stated goals and objectives.

Budget Deadlines and Schedules

The District's budget calendar shall present a plan of action for estimating and completing preparation of the annual budget in a fixed period of time. The calendar shall be used as a tool for identifying required budgetary activities and for identifying when and by whom these activities are to be

performed. The calendar shall also be used as a guide for: (1) coordinating the budgetary activities of individuals and groups; (2) collecting budget data; (3) reviewing budget problems; and (4) making budget decisions.

Determination of Budget Priorities

Prior to developing the initial draft of the budget, the Board will establish priorities to be accomplished during the upcoming year. The priorities will be based upon the needs identified through the District's planning process and by the Board.

Dissemination of Budget Recommendations

A written statement of the proposed annual operating budget for the succeeding year shall be available on request* to voters during the business hours of the District office. The Board shall set a time and place for a public presentation of the budget. Questions and discussion will be invited from the persons attending.

The availability of this budget information shall be included in the legal notice which will be presented in the local newspaper at least six days before the budget hearing. The Board of Education members will each receive a copy of the proposed annual operating budget at least one calendar week in advance of the public hearing.

*Request in this context shall comply with the definition and pursuant regulations as outlined in the "Freedom of Information Acts," (*See A0320 - Public's Right to Know and H5055-G - Guidelines for Responding to Requests for Access to Records.*)

Budget Adoption Procedures

At the public hearing, the Board shall make any adjustments deemed necessary or advisable. At a special meeting the Board shall formally approve the budget. After the budget has been approved by the Board, the administration is authorized to make purchases and expend funds within the limitations of the budget, except when controlled by policies governing purchasing. (*See D2800 - Purchasing Policy and D2810-P - Purchasing Procedures.*)

Budget Implementation

The Board places the responsibility for administering the operating budget, once adopted, with the Director of Finances. In order to permit him/her to administer and control the budget in an effective and efficient manner, the following principles shall be followed:

1. Appropriate financial reports are given to the Board monthly for control purposes.
2. All budget actions are consistent with the laws of Michigan and with other policies of the Bay City Public Schools.

Budget Categories Transfer Authority

In keeping with the need for periodic reconciliation of the District's budget, the Board will authorize as it sees fit the transfer of budget category items upon the request of the Director of Finance. In managing budgets set up for individual schools and departments, modification of the school's budget by the building administrator or director must have the authorization of the Director of Finance.

Tax and Debt Limitations D2530

Prior to July 1 or September of each year, the Board shall establish the tax rates for operation, debt retirement, and building and site funds within the limits of total tax rates available by law, approved by the public, or required by local or county tax assessing authorities.

Post-Issuance Tax D2535

POST-ISSUANCE TAX COMPLIANCE POLICY FOR TAX-EXEMPT OBLIGATIONS AND TAX CREDIT BONDS

Background

The purpose of this Post-Issuance Tax Compliance Policy is to establish guidelines and procedures in connection with tax-exempt or tax-advantaged bonds and other debt obligations as described herein (the "Compliance Policy"). This Compliance Policy is issued on behalf of the School District City of Bay City (the "District").

It is the intent of the District to ensure that all tax-exempt obligations issued by the District satisfy and will continue to satisfy all requirements of the Internal Revenue Code of 1986, as amended (the "Code") and regulations thereunder (the "Regulations"). Tax-exempt borrowings and other borrowings of the District, including but not limited to tax-exempt bonds, refunding bonds, tax credit bonds, installment and lease purchase agreements, lines of credit, state aid notes and tax anticipation notes, shall generally be referred to as "Obligations."

The District reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The District also reserves the right to amend this policy and all related procedures from time to time as deemed necessary in the District's sole discretion. In addition, this policy is subordinate to the Code and any regulations thereto and is subject to amendment or deletion depending on the content of any new regulations or Code amendments promulgated by the United States Treasury.

Debt Compliance Officer

The Director of Finance and Accounting shall serve as the Debt Compliance Officer for the District.

The Debt Compliance Officer shall implement procedures for the purpose of monitoring compliance with regard to all tax-exempt or tax-advantaged obligations. The procedures established and implemented by the Debt Compliance Officer shall be encourage the timely identification of noncompliance. The Debt Compliance Officer shall ensure that the District maintains a record of such compliance. Further, the Debt Compliance Officer will ensure that this Post-Issuance Debt Compliance Policy and procedures, if any, are updated on a regular and as needed basis. Establish procedures designed to detect non-compliance and to address the necessary steps in the event non-compliant actions or inactions.

This Post-Issuance Tax Compliance Policy shall apply to all debt obligations designated as having tax-exempt or tax-credit status issued on behalf of the District. The duties of the Debt Compliance Officer shall include, but not be limited to, the following:

- 1) oversee and manage compliance with the Code and Regulations, as defined above, as well as other general requirements;
- 2) monitor the use of proceeds from debt obligations and ensure that such use is proper and timely;
- 3) supervise timely filings of reports or forms required by state and federal agencies as applicable;
- 4) monitor arbitrage yield restriction and rebate requirements under the Code;
- 5) develop training programs, as necessary, for the purpose of training individuals responsible for the

proceeds of the tax-exempt or tax-advantaged debt;

- 6) monitor compliance with six-month, 18-month or 2-year spending exceptions, if applicable; and
- 7) establish procedures to address non-compliance with state or federal law immediately upon the discovery of such non-compliance.

External Advisors/Documentation

The District shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the issuance of an Obligation to identify requirements and to establish procedures necessary or appropriate so that the Obligation will continue to qualify for tax-exempt status or tax credit status, as applicable.

The District also shall consult with advisors, bond counsel or other legal counsel, as needed, following issuance of an Obligation to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with any potential changes in use of assets financed (or refinanced) with the Obligations issued. This requirement shall be documented in the tax certificate and/or other documents finalized at or before issuance of the Obligations.

The District shall be responsible to determine (or obtain expert advice to determine) whether arbitrage rebate calculations have to be made for the Obligations. If it is determined that such calculations are or are likely to be required, the District shall engage an advisor (hereinafter "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of proceeds from the issuance, or shall otherwise ensure that it has adequate financial, accounting and legal resources of its own to make such calculations.

In lieu of engaging an outside Rebate Service Provider, the District may make a determination that it has sufficient capabilities using its own personnel, supported by its regular accounting and legal advisers, to be able to make the required rebate calculations. Such determination shall be evidenced in writing with specific reference to the personnel and advisers to carry out the calculations, and such written determination shall be maintained in the records of the bond transaction.

The District shall file or cause to be filed all required IRS forms and make any rebate payments required on a timely basis. Unless otherwise provided by the indenture relating to an Obligation, unexpended proceeds shall be held by a trustee or other financial institution, and the investment of bond proceeds shall be managed by the District. The District shall prepare (or cause the trustee or other financial institution to prepare) regular, periodic statements regarding the investments and transactions involving proceeds of the Obligations.

Arbitrage Rebate and Yield

The following requirements shall apply to any Obligation issued by the District for which compliance with arbitrage rebate requirements under the Code and Regulations is required. The Debt Compliance Officer or his/her designee shall be responsible for overseeing compliance with arbitrage rebate requirements under federal tax regulations:

- 1) If at the time of issuance of any Obligation, based on reasonable expectations set forth in the Tax Certificate or other applicable document(s), it appears likely that the Obligation will qualify for an exemption from the rebate requirement, the District may defer taking any of the actions set forth in the subsection (2). Not later than the time of completion of construction or acquisition of the project, and depletion of all funds from the project fund, the District in consultation with the appropriate professionals shall make a determination if expenditure of the bond proceeds qualified for exemption from the rebate

requirements based on spending within 6 month or 18 month period after issuance. If rebate exemption is determined to be applicable, the District shall prepare and maintain a record to support such conclusion. If the transaction does not qualify for rebate exemption, the District shall initiate the steps set forth in (2) below.

- 2) If at the time of issuance of any Obligations it appears likely that arbitrage rebate calculations will be required, or upon determination that calculations are required pursuant to (1) above, the District shall:
 - a) engage the services of a Rebate Service Provider or assign District personnel capable of preparing a rebate analysis for the Obligation and, prior to each rebate calculation date, cause the trustee or other financial institution investing bond proceeds to deliver periodic statements concerning the investment of proceeds to the Rebate Service Provider or relevant District personnel handling the rebate calculation;
 - b) provide to the Rebate Service Provider, or relevant District personnel conducting any rebate calculation, additional documents and information reasonably requested by the Rebate Service Provider or District personnel;
 - c) monitor efforts of the Rebate Service Provider or District personnel;
 - d) in the case of obligations issued by the District, assure payment of required rebate amounts, if any, no later than the applicable rebate payment due date for such Obligation for which rebate is due;
 - e) during the construction period of each capital project financed in whole or in part by an Obligation, monitor the investment and expenditure of bond proceeds and consult with the Rebate Service Provider or relevant District personnel handling rebate calculation to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months or 18 months, as applicable, following the issue date of the Obligations; and
 - f) retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements."

Use of Bond Proceeds and Bond-Financed or Refinanced Assets

The Debt Compliance Officer, or his/her designee, shall be responsible for:

- 1) monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of the debt obligation financed or refinanced assets (*e.g.*, facilities, furnishings or equipment) throughout the term of the Obligations to ensure compliance with covenants and restrictions set forth in the Tax Certificate or other applicable agreements relating to the Obligations;
- 2) monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of Bond-financed or refinanced assets (*e.g.*, facilities, furnishings or equipment) throughout the term of the Obligations to ensure compliance with covenants and restrictions set forth in the Tax Certificate or other applicable agreements relating to the Obligations;
- 3) maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Obligations (including investment earnings and including reimbursement of expenditures made before bond issuance), including a final allocation of Bond proceeds as described below under "Record Keeping Requirements";
- 4) consulting with bond counsel or other professional advisers in the review of any change in use of Bond-

- financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate or other applicable agreements relating to the Obligations;
- 5) conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discussing any existing or planned use of debt obligations financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate or other applicable agreements relating to the Obligations;
 - 6) to the extent that the District discovers that any applicable tax restrictions regarding use of proceeds will or may be violated, consulting promptly with bond counsel or other professional advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary;
 - 7) to the extent that tax-exempt proceeds from the debt obligation were used to acquire an existing building, confirming that qualified rehabilitation expenditures in an amount equal to at least 15% of the amount of such proceeds were made no later than 24 months after the later of (1) the date of issuance of the Obligations, or (2) the date of acquisition of the building;
 - 8) the District shall review the debt obligations at least annually in order to determine if this Policy and state and federal law are being adhered to; and
 - 9) undertaking the following:
 - a) retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements" and, upon request, providing such copies to the bond issuer;
 - b) with respect to Qualified Zone Academy Bonds (QZABs) and any other tax credit bonds, confirming that 100% of available project proceeds are spent within three years of issue date of bonds;
 - c) with respect to facilities financed by QZABs or other tax credit bonds, confirming that such facilities continue to be used for a qualified purpose for the life of the Obligations; and
 - d) with respect to other types of exempt facilities, adopting any such procedures that bond counsel or other professional advisers deem appropriate to periodically assess whether such facility continues to qualify as an exempt facility.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirement

The Debt Compliance Officer, or his/her designee, shall be responsible for maintaining the following documents for the term of each Obligation (including refunding bonds, if any) plus at least three years:

- 1) a copy of the closing transcript(s) and other relevant documentation delivered to the District at or in connection with closing of the issue of Obligation;
- 2) a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond

proceeds, including a final allocation of Bond; and

- 3) a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements as well as copies of all bidding documents, if any.

Adopted on July 9, 2012 to be effective on July 9, 2012.

D2540 **Short Term Loans**

Quotations 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. Bids shall be solicited for all short term loans authorized by the Board against tax anticipation or State aid.

D2550 **Revenues from Federal Tax Sources**

It is the intent of the Board that all applicable federal legislation will be reviewed, and that those particular parts of legislation which will help to improve the educational opportunities, improve the educational environment, or increase physical and mental growth for each pupil will be identified. Such programs identified will be applied for if relevant, practicable, and financially appropriate for the District and its students. If such programs are approved and funds are granted, they will be included in budgets brought to the Board for approval.

D2555 **Investment Policy**

**BAY CITY PUBLIC SCHOOLS
INVESTMENT POLICY**

Section 1. PURPOSE:

The purpose of this Policy is to set forth the investment objectives and parameters for the management of public funds of the School District of the City of Bay City. This investment policy is designed to safeguard funds on behalf of the District, to assure the availability of operating and capital funds when needed, and provide an investment return competitive with comparable funds and financial market indices.

Section 2. SCOPE:

In accordance with The Revised School Code of Michigan, Act 451 380.622, 380.1221 and 380.1223, this investment policy applies to all cash and investments held or controlled by the Board on behalf of the District. This policy does not apply to funds related to the issuance of debt where there are other indentures in effect for such funds. Additionally, any future revenues, which have statutory investment requirements conflicting with this Investment Policy and funds held or controlled by Federal or State agencies (e.g., Department of Revenue), are not subject to the provisions of this policy.

Section 3. INVESTMENT OBJECTIVES:

The primary objectives, in priority order, of investment activities shall be safety, liquidity and yield.

A. Safety of Principal

The foremost objective of this investment program is the safety of the principal of funds. Investment transactions shall be undertaken in a manner to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.

i. Credit Risk (Custodial Credit Risk and Concentration Credit Risk)

The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of this Investment Policy; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business in accordance with Section 7 of this Investment Policy.

The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

ii. Investment Rate Risk

The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

iii. Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

B. Maintenance of Liquidity

The funds shall be managed such that they are available to meet reasonably anticipated cash flow requirements.

C. Yield/Return on Investment

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. It is understood that return on investment is of secondary importance when compared to the safety and liquidity objectives described above..

Section 4. MANAGEMENT OF INVESTMENTS:

The Board shall establish as its Investment Officer, the Director of Finance and Accounting to oversee the day-to-day management of District investments. The Investment Officer shall be responsible for the transferring of appropriate funds to affect investment transactions, for the investment of operating funds, operating reserves funds, and bond proceeds, consistent with this policy and actions of the Board. Should the Board elect to select an outside investment advisor, such advisor or firm must be registered under the Investment Advisor's Act of 1940.

Section 5. STANDARDS OF PRUDENCE:

The standard of prudence to be used by the Investment Officer shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. The Prudent Person standard states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

Section 6. ETHICS AND CONFLICTS OF INTEREST:

The Investment Officer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair one's ability to make impartial investment decisions. Also, the Investment Officer shall disclose to the Board any material financial interests in Qualified Institutions that conduct business with the Board or the District, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the District's investment program.

Section 7. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS:

Only firms meeting one of the following requirements shall be eligible to serve as Authorized Institutions:

- A. The firm must comply with all of the following requirements.
 - i. Primary and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
 - ii. Capital of no less than \$10,000,000;
 - iii. Registered as a dealer under the Securities Exchange Act of 1934;
 - iv. A member of the National Association of Securities Dealers (NASD);
 - v. Registered to sell securities in Michigan; and
 - vi. The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years; or,

- B. Public Depositories qualified in accordance with MCL 380.1221, The Revised School Code of Michigan.

All brokers, dealers and other financial institutions deemed to be Authorized Institutions shall be provided with current copies of this investment policy and shall provide in return to the Board, certification of having read, understood and agreement to comply with this investment policy.

Section 8. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS:

The Investment Officer shall obtain bids from at least two (2) brokers or financial institutions on all purchases of investment instruments on the secondary market. Overnight sweep investment instruments shall not be subject to this section.

Section 9. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION:

Investments and Depositories are restricted to those complying with MCL 380.622, 380.1221 and 380.1223. These include:

- A. United States Government Securities.
- B. United States Government Agencies.
- C. Federal Instrumentalities (United States Government-Sponsored Enterprises).
- D. Certificates of Deposit.
- E. Repurchase Agreements.
- F. Commercial Paper.
- G. Bankers' Acceptances
- H. Registered Investment Companies (Money Market Mutual Funds)
- I. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by an intermediate school district.

Section 10. POLICY CONSIDERATIONS:

- A. Any investment held at the time of the implementation of this policy that meets the requirements of MCL 380.622, 380.1221, and 380.1223 but does not meet the guidelines of this policy, shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
- B. Amendments.
This policy shall be reviewed from time to time. The District Board of Education must adopt any changes to this policy.

CERTIFICATION OF AUTHORIZED INSTITUTION

_____ *acknowledges it has read, understands and agrees to comply with the Investment Policy of the School District of the City of Bay City.*

By: _____

Title: _____

Date: _____

Revenues from School Owned Real Estate D2560

School-owned real estate may be leased only upon approval of the Board of Education in accordance with the applicable provisions of State law.

Revenues - Grants from Private and Public Sources D2565

The Board encourages the development of proposals to private foundations and other sources of financial aid for subsidizing such activities as innovative projects, feasibility studies, long-range planning, and research and development. All such activities are to meet the following criteria:

1. They are based on a specific set of internal objectives that relate to the established goals and objectives of the District.
2. They are to provide measures for evaluating whether or not project objectives are being or have been achieved.
3. The execution of all projects is to conform to state and federal laws and to the policies of the Board.

All grant awards will be formally accepted by the Board before being implemented.

D2570 Gate Receipts and Admissions

The building administrator is responsible for the administration and supervision of all phases of school events for which an admission is charged.

Admission to those school events for which an admission is charged shall be by serially numbered tickets only. However, persons presenting season, faculty, or special passes will be admitted to all events. Adequate records shall be maintained to provide accounting data for subsequent review and analysis.

All money received shall be deposited into the general fund bank account.

D2575 Free Admissions, Guest Passes for Senior Citizens

Senior citizens of the District (persons 62 years of age or older) may be given a senior citizen guest pass, which shall permit them to attend all activities of the schools, including athletic events, free of charge. These guest passes shall represent a small token of appreciation from the Board for all that the District's senior citizens have done for the schools over the years.

D2580 Revenue - School Shop Sales and Services

The services provided through school shops and laboratories, and products offered for sale through school programs, shall not be considered "income-producing" for the District. Customers shall be charged, upon completion of the repair work, on the basis of materials used, any parts used, and the incidental costs of providing the product or service. The instructor in charge of the particular program, with the approval of the Director of Vocational Education or supervisor, shall be responsible for setting prices or charges.

All money received from customers for all sales and services shall be turned in each day to the school office. This money shall go into the appropriate activity fund account.

D2585 Student Activity Funds Management

The Board hereby authorizes the establishment and maintenance of student body activity accounts for each of the schools of the District. An administrator of the school shall be responsible for the proper administration of the financial activities of such student body accounts in accordance with provisions of state law and appropriate accounting practices and procedures.

All moneys collected shall be deposited in the appropriate student activity account. All payments made from the account shall have the approval of the sponsor, building administrator and the Director of Finance. Moneys raised by student organizations must be expended for the benefit of students.

The annual School District audit shall include an audit of student activity funds. Payment for the audit shall be made from District funds. Interest earned from the investments of the various student activity funds will be deposited in the activity funds and prorated to each building/department based on the individual account size.

A class activity account will be considered active until five years after graduation.

D2600 Use of School Facilities

The public school facilities are provided by the people of Bay City in order that the youth of the community may receive the benefits of a sound educational program. Although this is the basic purpose for which schools are built, the complete function of education is not achieved until the school facilities are made to serve the total community. To accomplish this objective, the utmost use should be made of school plants as centers for auxiliary, educational, recreational, and cultural activities. To this end the Board of Education encourages the fullest possible use of school facilities, consistent with the requirements of the regular educational program and the necessary regulations as established by the Board of Education.

The community use of school buildings will be granted only when the program of activities is suitable to the available facilities and are of an educational, patriotic, philanthropic, civic, musical, religious, recreational or social nature, not conflicting with regular school programs. Public school facilities shall not be used for subversive purposes or for any purpose not in the best interest of the general public.

Facilities may be used for political meetings by all recognized political parties so long as not disruptive or interfering with regular educational programs. Facilities may not be used for any program that reflects negatively on or discriminates against persons of any religion, race, sexual orientation, color, marital status, gender, age, marital status, national origin or handicap.

The district shall comply with the Equal Access Act, and the Boy Scout Equal Access Act, and the district shall not deny equal access or fair opportunity to meet on school grounds or to discriminate against, any group officially affiliated with the Boy Scouts of America, or any other youth group listed in Title 36 of the United States Code, that wishes to conduct a meeting within the designated open forum or limited public forum provided by the district.

The Board of Education assumes no responsibility for opinions expressed or views presented at such meetings by individuals or organizations.

The Board of Education recognizes its responsibility to cooperate with agencies during community emergencies or in presentations of Civil Defense measures.

The possession or use of alcoholic beverages, tobacco products, illegal drugs, firearms, profane language or gambling in any form is not permitted in school facilities or on school property.

The Board, or the designated agent, (the building administrator) may refuse use or rental of any school building facility if a rental request does not meet the above criteria. The building administrator or his/her designated agent may approve or reject the application in accordance with this policy or any criteria deemed appropriate based on their facility or interest of the District and/or may require additional information from the applicant other than that which is requested on the "*Application for Use of School Facilities*" form prior to making a decision. Further, the building administrator or his/her designee reserves the right to refuse or approve a concession program to a rental organization as determined to be in the best interest of the District.

Fees will be charged or waived in accordance with the rules established in the *D2605-G – Use of Facilities Administrative Guidelines*.

Depository of Funds D 2700

The Board shall designate at its annual organizational meeting one or more banks to be designated for use by the District for the deposit of all funds. Funds shall be deposited into the proper bank accounts as prescribed by applicable federal and state laws.

Neither the Director of Finance nor his/her surety shall be liable for any loss occasioned or curtailed by the failure or default of such designated depository or depositories.

Authorized Signatures - Use of Facsimile Signatures D2710

Any two signatures, including facsimile signatures, of the Director of Finance, and Superintendent, are to be used on checks, drafts, warrant-checks, vouchers, or other orders on public funds deposited in designated depositories. The Director of Finance shall authorize said depository banks to honor any such instrument bearing these facsimile signatures in such form as he may designate and to charge the same to the account in said depository bank upon which drawn, as fully as though it bore manually written signatures. Instruments so honored shall be wholly operative and binding in favor of said depository bank although such facsimile signatures shall have been affixed without authority.

D2715 **Check Writing Services**

The Board of Education authorizes the use of a check-signing machine in accordance with the following provisions:

1. The Director of Finance or his/her designee is authorized to sign checks in accordance with the provisions of State statutes.
2. The check signing machine will be controlled by the Director of Finance. Administrative procedures for the use of the check signer will be established by the Director of Finance. The check-signing signature plate shall be stored in the vault.
3. The signing of blank checks shall be prohibited.
4. All void or spoiled checks shall be marked and retained and the signature section shall be removed and destroyed.

D2720 **Bonded Employees and Officers**

The Board shall require individual bonding of school employees who are responsible for handling District funds, the bonds being in amounts appropriate to the level of specified responsibility. In determining the amount and type of bond, the Board shall consider the amount of money handled or in account during the period of time covered by the bond. The Board may appropriate money from the general fund to cover the costs of bonds for those employees handling student activity or other funds, or it may require that the cost of the bond be charged against the fund involved.

All other employees of the School District and Board members shall be covered by a blanket bond.

D2750 **Accounting and Reporting**

The Director of Finance shall be ultimately responsible for receiving and properly accounting for all funds of the District. The accounting system used shall conform with requirements of the State Department of Education and with good accounting practices, providing for the appropriate separation of accounts, funds, and special moneys.

D2755 **Financial Reports and Statements**

The Board shall receive monthly financial statements showing the financial condition of the School District as of the last day of the preceding month. Such statement will reflect obligations incurred as well as those already paid. Such other financial records as may be determined necessary by either the Board or the administration shall be presented periodically.

D2758 **Electronic Transactions of Funds and Automated Clearing House Arrangements (ACH)**

The following policy of the Board of Education of Bay City Public Schools shall govern the use of electronic transactions and automated clearing house arrangements in accordance with Public Act 738 of 2002; MCL 124.301, *et seq.* ("Act").

1. The following definitions shall be used in this policy:

“Automated Clearing House” or “ACH” means a national and governmental organization that has authority to process electronic payments, including, but not limited to, the national automated clearing house association and the federal reserve system.

“ACH Arrangement” means the agreement between the originator of ACH Transaction and the receiver of the ACH Transaction.

“ACH Policy” means the procedures and internal controls set forth in this policy.

“ACH Transaction” means an electronic payment, debit, or credit transfer processed through an ACH.

“Electronic Transactions Officer” or “ETO” means the Superintendent or other person designated by the Board of Education to be responsible for the district’s ACH agreements, including payment approval, accounting, reporting, and general oversight of ACH Policy compliance. For purposes of this policy, the ETO Officer is designated as the Director of Finance and Accounting.

2. Authorization for ACH Arrangements. The ETO may enter into an ACH Arrangement in accordance with the Act and this ACH Policy. However, the Bay City Public Schools shall not be party to an ACH Arrangement unless the Board of Education has adopted a resolution authorizing electronic transactions and ETO has presented to the Board of Education this ACH Policy. The Board of Education adopted such a resolution on the 14th day of July 2003, and this ACH Policy was presented to the Board of Education on the 14th day of July 2003.
3. Responsibility for ACH Arrangements. The ETO, or an officer or employee designated by the ETO, is responsible for the ACH agreements of Bay City Public Schools, including payment approval, accounting, reporting, and general oversight of ACH Policy compliance. The ETO, or an officer or employee designated by the ETO to be responsible for disbursement of funds, shall make available for inspection of the Bay City Public Schools Board of Education documentation detailing:
 - a. The goods or services purchased;
 - b. The cost of the goods or services purchased;
 - c. The date of the payment; and
 - d. The unit or department serviced by the payment.

This information can be contained in the Bay City Public Schools electronic general ledger software system or in a separate report and documentation per district procedures.

Note: While the statute requires that internal auditing procedures be included in the ACH Policy, it does not require that specific internal accounting controls be utilized. The following internal controls are merely suggestions.

4. Internal Accounting Controls: The following system of internal accounting controls will be used to monitor the use of the Bay City Public Schools ACH transactions:
 1. Incoming Payments
 - (1) The ETO shall appoint at least one person, other than the ETO, to be in charge of receiving incoming payments.
 - (2) When an incoming payment is received, the person(s) in charge shall present a written statement to the ETO indicating the amount and purpose of such incoming payment.

- (3) The ETO shall verify the amount received, sign the written statement which shall be retained by the ETO and file with other incoming payment documents in accordance to usual District procedures.
2. Outgoing Payments
- (1) The ETO shall appoint at least one person, other than the ETO and the person(s) in charge of receiving incoming payments, to be in charge of processing outgoing payments.
 - (2) The ETO shall prepare a list of vendors to be paid by ACH Transactions and provide that list to the Board of Education for approval. Those vendors approved by the Board of Education may be paid on an expedited basis as discussed herein. The list may be modified as needed pursuant to Board of Education approval. The updated list shall be provided to the ETO and the persons(s) in charge.
 - (3) The ETO may also prepare a list of specific transactions for which Board of Education prior approval may be impracticable. Those transactions approved by the Board of Education may be completed on an expedited basis as discussed below. The list may be modified as needed pursuant to Board of Education approval. The updated list shall be provided to the ETO and the persons(s) in charge.
 - (4) The following types of ACH transactions are considered pre-approved:
 - a. Direct deposit of employee payroll checks and related federal and state payroll and withholding taxes
 - b. Payments to the State retirement system for district and employee retirement contributions and payments
 - c. Employee deductions such as annuities, union dues, and similar types of transactions related to payroll
 - d. Investments of funds in accordance with laws and regulations of the State of Michigan
 - e. Payments for principal and interest on borrowings such as bonds and State-Aid anticipation notes
 - (1) When an outgoing payment is necessary involving a vendor or a Transaction on an approved list, the persons(s) in charge shall present a written statement to the ETO indicating the amount and purpose of such outgoing payment.
 - (2) The ETO shall verify the amount to be paid and sign the written statement which shall be retained and filed with other outgoing payment documents involving pre-approved vendors. The ETO shall thereafter initiate the electronic transaction and make the actual transfer of funds.
 - (3) All outgoing payment shall be approved by the Board of Education on a monthly basis.
- (5) All other ACH Transactions such as vendor payments shall be processed as follows:
- (1) When an outgoing payment is necessary, the persons(s) in charge shall provide a written statement to the ETO indicating the amount and purpose of such outgoing payment.
 - (2) The ETO shall verify the amount to be paid and sign the written Statement. The ETO shall provide all such written statements to the Board of Education for approval. The Board of Education shall approve all outgoing payment transactions prior to disbursement.

- (3) Following Board of Education approval, the ETO shall file the transaction document with other outgoing payment documents not involving pre-approved payment procedures in accordance with district procedures. The ETO shall thereafter initiate the electronic transaction with the vendor and make the actual transfer of funds.

Inventories D2760

The District shall maintain accurate inventories of materials and equipment in the school system.

Audits D2765

The books and accounts of the Bay City School District shall be audited annually by independent certified public accountant firms in conformance with prescribed standards and legal requirements of the State of Michigan. At the organizational meeting in July, the Superintendent shall place before the Board the matter of employment of a certified public accounting firm. The firm(s) shall be selected by the Board. The Superintendent shall be responsible for filing copies of the audit with the proper authorities.

In addition to State-required audits, the District shall routinely structure and complete compliance audits to assure that activities and procedures in the various areas of the District's programs are in accordance with the Board-adopted policies and conform to approved procedures. Such reviews shall be rotated from year to year, but planned so that the financial operations of every area shall be examined on a regular basis.

Purchasing Policy D2800

The purchasing function of the District is designed to secure quality goods and services in a cost effective manner. The Board, by these procedures, intends to purchase competitively, without prejudice, and to seek maximum value for every dollar expended. These procedures are intended to ensure that goods and services are provided on a timely basis, properly controlled, accounted and paid for and meet the needs of all areas of operation in the District.

Credit Cards D2815

The Superintendent and/or his/her designee is authorized to and shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls, and development of administrative guidelines for, and generally overseeing the use of District credit cards by Board members and central office employees. The Superintendent and/or his/her designee shall have authority for the application for and maintenance of cards at such financial institutions as they determine to be consistent with this policy.

Issuance

A Board member or central office administrator may be issued temporarily a District credit card to use for actual and necessary expenses incurred as a result of attendance at Board-approved workshops, seminars, conferences, meetings, or conventions. The card may be issued upon written approval of the Superintendent or his/her designee.

Documentation

Administrative guidelines shall be developed for the use and documentation of use of credit cards. Such guidelines shall be developed in accordance and consistent with Board policy and state law.

Possession or Loss

All cards shall be maintained by the Superintendent or his/her designee and only released for use upon proper written authorization. Any Board member or employee issued a credit card is responsible for the protection and custody of that card. If a District credit card is lost or stolen, the Superintendent and/or his/her designee shall be notified immediately.

Return of Credit Cards

A Board member who leaves the Board or a District employee whose employment by the District is terminated shall immediately return any District credit card.

Payment

All District credit card charges shall be submitted and reviewed by the Superintendent and/or his/her designee, the Finance Office, and the Board treasurer.

D2820 **Cooperative Purchasing**

It is the policy of the Board to insure the most competitive purchasing practices possible and hereby authorizes the administration to cooperate with the Bay-Arenac ISD purchasing offices in taking bids, letting contracts for cooperative purchasing and authorizing payment of invoices for said supplies.

Upon request, the Superintendent shall present to the Board a summary of items bid through cooperative purchasing.

D2835 **Vendor Relations**

Representatives of entities doing business with the District shall, with consent, be entitled to discuss their products or services with appropriate District staff or purchasing personnel. Personnel charged with the purchasing function shall not be required to put their time at the indiscriminate use of sales personnel. Representatives of sales entities shall limit their visits to purchasing personnel, or if requested to do so, to other groups as determined by the above.

Sales representatives are not permitted to call on teachers or other school staff members without authorization from the building or departmental administration. Any sales representatives making casual calls to a building administrator or staff member should be courteously turned away, with reference to the school's position in face of persistence.

Building administrators may give permission to sales representatives of educational products to see members of the school staff at times that will not interfere with the educational program.

Solicitations for Support

Occasionally the District may be confronted with the necessity of initiating special projects or programs that have educational value and for which there are no public funds available. In that event those entities that do business with the District may be solicited provided approval is first obtained from the Superintendent. Such solicitations shall be made prudently and ethically so as not to embarrass the prospective donor nor to reflect unfavorably upon the individual soliciting on behalf of the District, or the entity.

D2910 **Building and Site Fund Payment Procedures**

Invoices in connection with bonded programs will be reported to the Board at a regular meeting for approval.

Final payment will be issued only upon the authorization and certification of the architect and the Superintendent and/or his/her designee that all work has been completed in a satisfactory workmanship-like manner and in conformity with the contract documents.

D2925 Payday Schedules

All personnel employed regularly, either full-time or part-time, shall be paid according to a specific schedule determined annually.

All personnel receiving compensation for the performance of extra duties in relation to sponsoring student extra curricular activities shall have the options of receiving their extra pay as specified in the master agreement of the bargaining unit or as specified in the individual's contract.

Salary Deductions D2930

Employee salary deductions are allowed only upon approval by the Director of Finance. The Board of Education also authorizes within the above regulations salary deduction plans as required by law; allowed by guidelines provided by the Internal Revenue Service, Michigan Public School Employees Retirement System, or other governmental agencies; or as negotiated in employee contracts.

Expense Reimbursements D2950

District personnel and officials who incur expenses in carrying out their authorized duties shall be reimbursed by the District upon submission of a properly filed out and approved voucher and such supporting receipts as required by the administrator responsible for business affairs. Such expenses may be approved and incurred in line with budgetary allocations for the specific type of expense.

When official travel by personally owned vehicle has been authorized, mileage payment shall be made at the rate currently approved by the Board. For employees covered by a flat allowance per month, the mileage rate shall apply when the employee uses his personal automobile on authorized school business outside the District.

Cash in School Buildings D2960

All monies collected shall be accounted for and deposited in the proper bank account or sent to the Office of Finance and Accounting on the same day they are collected. Except under conditions when compliance with the above statement is not possible, no money is to be kept in a building overnight.

Disposal Procedures for School Properties D2980

The responsibility for selling or otherwise disposing of used or obsolete equipment or supplies not needed by the school system is delegated to the Director of Finance. At his discretion items may be sold outright or on public bid or at public auction provided:

1. No private sales of school property shall be made.
2. When sales of obsolete equipment and supplies are held, it shall be reported to the Board.
3. Sales will be publicized in advance of the sale date. All bids shall be available for examination by the public.

Items valued at \$1,500 or more shall be brought before the Board for approval before the sale is made. All revenue realized from the sale of supplies and equipment shall be deposited in the District General Fund Account.