

**3000—FISCAL MANAGEMENT**

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The Superintendent shall be responsible for planning the District's budget. The Superintendent shall keep the Board informed during the planning process and secure input from the Board through discussions or workshops.

The Board may direct the Finance committee to work with the Superintendent in determining budget priorities.

Approved: June 13, 2005

LEGAL REF: MCL 141.434 (1); 141.422b (3) (c); 141.422d (1) (c) (d); 380.1133;  
380.1218; 380.1281

The Board encourages the development of site-based budget development that includes the following major components:

1. The Superintendent and staff will establish a reasonable and prudent District total revenue target;
2. Basic costs, to be charged and not charged directly to individual schools, will be developed;
3. Each Principal may use a variety of methods to elicit opinions from staff, parent(s)/guardian(s), and students and involve such parties, where appropriate, in developing a budget plan for each school;
4. Each Principal will present the recommended budget to the Superintendent for review;
5. The Board will review the full budget at a public hearing according to law.

The District's budget shall be prepared by the Superintendent in cooperation with selected District employees and shall reflect the educational goals of the District.

The Superintendent shall prepare a detailed cost analysis study of all programs that are funded by the District's budget.

The Superintendent shall follow the adopted budget.

It shall be the goal of the Board to fund the operating budget according to approved fiscal and budgetary procedures adhered to and required by the State of Michigan. The budget shall be the vehicle by which the educational goals and objectives of the District are to be met.

#### Priorities

The Board shall establish priorities for the District on a short-term, intermediate, and long-range basis.

#### Deadlines and Schedules

In order for the District's budget preparation to proceed in an orderly fashion, the Superintendent shall establish deadlines and time schedules and so inform the Board.

#### Encumbrances

Encumbrances shall be made when the purchase is made or when an approved purchase order is processed. All encumbrances shall be charged to a specific fund.

#### Recommendations

Recommendations of the Superintendent and professional staff concerning the educational program of the District and related budget figures shall be presented to the Board prior to submission of the tentative draft budget.

#### Preliminary Adoption Procedures

The Superintendent, to the Board, shall submit a preliminary draft of the District's budget as the Board may require.

Hearings and Reviews

The Board shall conduct budget hearings according to state law.

Approved: June 13, 2005

LEGAL REF: MCL 141.411; 141.421a-440a; 211.209-210; 380.1213-1214; 380.1216; 380.1218;  
388.1702

Preliminary Adoption Procedures

The preliminary budget shall include expenditure and revenue data for the most recently completed fiscal year and the amount of surplus or deficit that has accumulated from prior fiscal years. The budget shall contain estimates needed for deficiency, contingency or emergency purposes

Details of expenditures and revenues for capital improvement projects from the general fund shall be projected for a period of three years. An informational summary of projected expenditures and revenues for the building and site funds of the District shall be included in the budget document with a projection of such expenditures and revenues for three full years beyond the fiscal year covered by the budget.

Recommendations

All recommendations of the Superintendent and staff shall be presented to the Board no later than the second regular Board meeting in June.

Hearings and Reviews

All budget reports, explanatory letters, and copies of the draft budget shall be available to interested patrons after being made available to the Board. The Board shall set the date, time, and location of the annual budget hearing.

Encumbrances

The Superintendent shall make all encumbrances.

Priorities

The Board shall make the final decision for the priority status of various budget items.

Adoption

The Board shall approve the budget according to current law.

The Board realizes its responsibility under law to maintain a balanced, non-deficit, financial condition for the District so that the District does not find itself in a serious financial problem. Deficit financing is strictly prohibited by law. A budgeted fund balance provides flexibility in dealing with unanticipated budget emergencies such as mid-year reductions in state funding. In addition, it will help to avoid borrowing during the two-month period between the August and October State Aid payments.

To this end, the Board will strive to maintain an unappropriated fund balance in accordance with the recommendation of the Board's independent auditor as published in the annual audit report. Generally, this will mean a fund balance of approximately 5% minimum of the total annual operation expense of the District's General Fund Budget, or as otherwise recommended by the auditor.

The Superintendent is directed to bring only those budget recommendations to the Board that comply with all laws and the intent of this policy.

Approved: June 13, 2005

LEGAL REF: MCL 141.1201; 141.1231 – 1244; 141.2101; 380.1211 – 1227



The Superintendent and/or Assistant Superintendent and/or the Business Manager is authorized to approve adjustments and/or transfers within functional line items of the Board adopted operating budget.

Authorization for such adjustments and/or transfers shall be included annually in the general appropriations act.

Approved: June 13, 2005  
LEGAL REF: MCL141.421a-440a

Prior to any line item transfers within a building or division budget, authorization shall be received from the Superintendent. Building Principals or division/department heads must submit the request, in writing, supported by the rationale and reasons for said request.

The Board shall seek and consider as many sources of revenue as possible to supplement the funds received from local taxes and state aid.

The Superintendent shall assume the responsibility for keeping the Board informed of any revenue sources that could enhance the educational programs or operation of the District, and for which the District may be eligible, and make recommendations to the Board for action.

Approved: June 13, 2005

LEGAL REF: MCL 3.541; 3.542; 388.801; 380.1210

The following policy (the "Policy") is adopted by Mason County Central School District (the "Issuer") in connection with the issuance of securities subject to the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Bonds") by the Issuer. The Issuer has entered into certain Agreements, as defined herein, regarding the Issuer's continuing obligation to disclose certain information after issuance of the Bonds under federal securities laws and regulations. The continuing disclosure responsibilities are described in the Agreements, which appear in the transcript of proceedings prepared in connection with each series of Bonds.

The purpose of this Policy is to summarize the continuing disclosure responsibilities of the Issuer in connection with the Bonds. The Superintendent, Business Manager or other appropriate school official ("Compliance Officer") shall be the Issuer's representative responsible for establishing and coordinating compliance with this Policy.

This Policy supplements, but does not replace, any other policy of the Issuer. The Policy may be supplemented or amended at any time and from time to time by the Issuer, with the advice of nationally recognized bond counsel, but without any notice to or consent from any trustee, any bondholder or any other person. Noncompliance with the Policy is permitted, with the advice of nationally recognized bond counsel, but without any notice to or consent from any trustee, any bondholder or any other person, if compliance would impose unreasonable burdens on the Issuer.

1. **General**

- a. The Compliance Officer shall be primarily responsible for monitoring and verifying compliance with the Agreements.
- b. The Compliance Officer shall be provided with training and educational resources necessary to ensure compliance with the Agreements.

2. **Issuance**

- a. In preparation for the issuance of any Bonds, the Compliance Officer shall review any offering materials, including a Preliminary Official Statement, Final Official Statement, or other applicable offering document, prepared by the Issuer, its financial advisor or an underwriter, to ensure that such materials do not (A) contain any untrue statement of a material fact or (B) omit any material fact that would need to be included in order to make the statements contained therein not misleading.

### 3. **Post-Issuance**

- a. For any Bonds for which a Continuing Disclosure Agreement (each, an "Agreement") has been executed by the Issuer, the Compliance Officer shall review such Agreement and be primarily responsible for ongoing compliance with its continuing disclosure responsibilities and any Agreement. The Compliance Officer agrees to obtain any needed training or professional assistance for himself/herself or staff, in order to fulfill the Issuer's responsibilities under the Agreements. (See each Agreement for exact requirements and timing.)
- b. The Compliance Officer should annually calendar a time to review a checklist to assist with compliance with obligations under any Agreements. Responsibility for ensuring such ongoing compliance shall include, but is not limited to, reporting to proper repositories (as of the date of adoption of this Policy, the repository is the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board at <http://www.emma.msrb.org>) the following information, where applicable:
  - i. by December 27 of each year (unless the deadline differs in an applicable Agreement):
    - (a) audited financial statements for the most recently ended fiscal year prepared pursuant to State laws, administrative rules and guidelines and pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governmental units as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time;
    - (b) additional annual financial information and operating data as set forth in the relevant Official Statement under the heading "CONTINUING DISCLOSURE."
  - ii. notice of certain reportable events, subject in some cases to a determination of materiality by the Issuer, within 10 business days of the occurrence. See the Agreements for an exact list of events, but typically includes the following:
    - (a) non-payment related defaults, if material;
    - (b) modifications to rights of bondholders, if material;
    - (c) bond calls, if material;
    - (d) release, substitution or sale of property securing repayment of the Bonds, if material;
    - (e) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing, if material;

- (f) appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (g) principal and interest payment delinquencies;
  - (h) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (i) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (j) substitution of credit or liquidity providers, or their failure to perform;
  - (k) defeasances;
  - (l) rating changes of the Issuer, the Issuer's underlying credit rating or an enhanced rating on any Bonds due to credit enhancement;
  - (m) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
  - (n) tender offers; and
  - (o) bankruptcy, insolvency, receivership or similar event of the obligated person.
- c. If the Issuer enters into a contract with another person or entity to assist the Issuer in fulfilling its continuing disclosure responsibilities under any Agreement, the Compliance Officer should annually review such contract and verify that all of the Issuer's responsibilities there under have been fulfilled.

Adopted on: June 8, 2015

## Section 3000 – Fiscal Management

### 3280 Borrowing and Debt Service

3280

#### Short Term Loans

Bids shall be solicited for all short-term loans that the Board has authorized, and funds shall be borrowed from the responsible organization offering the most favorable bid. All loans shall conform to the requirements of the State of Michigan.

#### Sale of Bonds

The Board, upon a favorable vote of the people in compliance with the laws of the State of Michigan, may sell its bonds, if required to do so. Such bonds shall be duly advertised, prepared, and sold in conformance with the laws of the State of Michigan.

#### Debt Service

It shall be the responsibility of the Superintendent to maintain all records as to the outstanding bonds and debts encumbered against the District. He/She shall keep this information readily available and report periodically to the Board on the condition of these accounts.

Approved: June 13, 2005  
LEGAL REF: MCL 380.1356

### 3300 Investment of Funds (Cf. 3310)

3300

## **Section 3000 – Fiscal Management**

Annually, the Board shall pass a resolution authorizing the Treasurer to invest surplus funds of the District. The Treasurer, with the authorization of the Board, may delegate day-to-day duties involving the investment of funds to the Superintendent.

Should the Board choose to employ an outside consultant to advise the Treasurer, or Superintendent if so delegated, that consultant, or consulting firm, shall be duly registered under the Investment Advisor's Act of 1940.

The District's investment portfolio shall be structured in such a way that the primary emphasis is on safety and liquidity of investments and preservation of the principal amount invested, as opposed to the rate of return. District cash flow needs shall be taken into account at all times when investments are contemplated.

In order to reduce the risk of losses on District investments, only "low-risk" investment instruments shall be used by the District. No District investments shall involve foreign currency risk.

This policy applies to all cash and investments under control of the Board, with the exception of funds related to debt issuance where other agreements or contracts are in effect for those funds.

The Superintendent may develop appropriate administrative rules to accompany this policy.

Approved: June 13, 2005

LEGAL REF: MCL 380.622; 380.1221; 380.1223; Governmental Accounting Standards Board, *Statement No. 40*.



## Section 3000 – Fiscal Management

3300-R Investment of Funds

3300-R

The Treasurer, or Superintendent if delegated by the Treasurer and approved by the Board, is responsible for maximizing the interest earnings of the District. Such authorized investments shall be restricted to:

1. Bonds, bills or notes of the United States, or obligations the principal and interest of which are fully guaranteed by the United States Government.
2. Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days from date of purchase.
4. Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.
5. Securities issued or guaranteed by agencies or instrumentalities of the United States Government.
6. United States government or federal agency obligation repurchase agreements.
7. Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
8. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school District.
9. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school District.

The Treasurer or Superintendent if duly delegated, in determining the best investment, shall combine three factors: (1) quality of commercial paper, (2) interest rate available, and (3) accessibility of funds on short notice. Only prime one or two commercial paper shall be considered.

Consideration will also be given to the spread of interest rates between commercial paper and certificates of deposit (savings deposit receipts) issued by banks, savings and loans or credit unions.

## **Section 3000 – Fiscal Management**

3300-R Investment of Funds

3300-R-2

When appropriate, banks having accounts of the District, or those from whom the District has recently secured loans, shall be given preference for the investment of funds.

The Board authorizes the Superintendent, or, by delegation, the Assistant Superintendent, or Business Manager to open passbook savings accounts for general fund monies to earn interest, while not being used for operating purposes or invested otherwise. Such accounts shall be used when the cash flow pattern does not permit the purchases of longer-term investments or when the rate of return is comparable or greater than is available from other investments. The Superintendent, Assistant Superintendent, and/or the Business Manager are authorized to make deposits and withdrawals from this account.

Interest from investments shall accrue to the fund from which the investment was made as determined by the Board and permitted by current law.

The Superintendent shall assume the responsibility of developing cash flow patterns for all funds in order to determine the availability of funds for investment. The Superintendent shall report monthly to the Board on the status of all investments.

## Section 3000 – Fiscal Management

3310 Reporting of Investment Risks (Cf. 3300)

3310

Although policy 3300 serves to reduce the risks associated with the investment of District dollars, the District may have deposits and investments that are subject to various levels of risk.

Statement No. 40 of the Governmental Accounting Standards Board (GASB) requires that certain deposits and investments of a local government that have the potential to result in losses be disclosed in District financial statements. The administration, in consultation with the District auditor or accounting firm as necessary, shall insure that the District financial statements comply with GASB Statement No. 40.<sup>1</sup>

The Superintendent may establish appropriate administrative rules to implement this policy.

Approved: June 13, 2005

LEGAL REF: Governmental Accounting Standards Board, *Statement No. 40*.

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<sup>1</sup> “This Statement [GASB No. 40] is designed to inform financial statement users about deposit and investment risks that could affect a government’s ability to provide services and meet its obligations as they become due.” Governmental Accounting Standards Board, *Statement No. 40*.

## Section 3000 – Fiscal Management

### 3310-R Reporting of Investment Risks

3310-R

The administrator responsible for Business Management shall comply with the disclosure requirements of Statement No. 40 of the Governmental Accounting Standards Board (GASB). Pursuant to the Statement, disclosures will be organized by investment type. Disclosure of risks in investments and deposits shall appear in the District financial statement, including, but not limited to, the information described in the paragraphs that follow.

#### Credit Risk

Credit risk information about investments in debt securities shall be disclosed in District financial statements by repeating the credit quality ratings of the investments made by nationally recognized rating organizations. Credit quality ratings of “...external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed income securities...” must be disclosed. Obligations of the U.S. Government and obligations that may be guaranteed by the U.S. Government do not require disclosure of credit quality.

Where the investments issued by a single source constitute 5% or more of the total investment, information concerning the concentration of credit risk must be disclosed in the District’s financial statement. Information concerning the interest rate risk of investments, or the terms of investments with values that are sensitive to interest rate changes must also be disclosed, using one of the methods described in GASB Statement No. 40.

## Section 3000 – Fiscal Management

3340 Fees, Payments and Rentals (Cf. 9250)

3340

Proceeds from fees for building or equipment use or rental shall be credited to a fund specified by the Board.

### Rental and Leasing of District Property

The Board may authorize the rental or lease of District property during times when such property is not scheduled for instructional purposes.<sup>2</sup>

### Gate Receipts and Admissions

The Board shall set admission fees to various District activities. These fees shall be reviewed annually.

### Income and Payments from Sales and Service

Students may undertake jobs or projects for private individuals or community groups. The facilities of the District may be used for such activities. All receipts shall be deposited in the general fund and used as a reimbursement for materials and/or to purchase additional supplies and cover expenses of a department.

### Non-Sufficient Fund Checks

In the event the District should receive a check for any purpose that is returned due to non-sufficient funds (NSF) the District will assess a charge of \$25.00 to the issuer of the check to cover the administrative and clerical costs of dealing with the matter. If the issuer fails to "make good" for the amount of the original check within 10 days of the date of the check being returned for NSF, the District reserves the right to file criminal charges and to refuse checks in the future from the issuer.

Approved: June 13, 2005  
LEGAL REF: MCL 380.11a; 380.1141

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<sup>2</sup> Property owned by a school District is exempt from taxation except that property owned by a school District that is used for private purposes for more than 2 years is not exempt from taxation as long as the private use continues beyond the 2-year period (MCL380.1141.) This provision should present no problem for a District re: short-term rentals or leases, but would apply where idle District property, such as an abandoned school building, is leased to a private entity for a term that exceeds two years.

## Section 3000 – Fiscal Management

3340-R Fees, Payments and Rentals (Cf. 9250)

3340-R

### Rental and Leasing of District Property

Prior to leasing District property, the Board shall make known the availability of such property to the stakeholders of the District. The lessee shall be reputable and the use of the buildings shall be compatible with community standards.

In all cases, the lessee shall be responsible for the maintenance of the property and payment of utilities. The Board shall be informed of the name, address and telephone number of the individual designated as liaison with the Board annually. The lessee shall be required to pay any taxes that may be assessed against said property.

All lease agreements shall be prepared or reviewed by legal counsel prior to Board approval. In all cases, the amount received from the lease shall cover all expenses of operation that may accrue to the District.

### Gate Receipts and Admissions

No fees shall be charged unless first approved by the Board. All special tickets, i.e., season tickets, all sports tickets, free passes, etc., shall have prior approval of the Board.

### Income from Sales and Services

All projects undertaken by students and staff shall avoid competition with local businesses to the best extent possible.

The following rules and procedures shall apply to projects undertaken in the District's shops and facilities:

1. Priority for Service:
  - a. Students enrolled in the course
  - b. District and school District organizations
  - c. District affiliated organizations
  - d. City public agencies and non-profit organizations
  - e. Parent(s)/Guardian(s) of students enrolled in class
  - f. Area senior citizens
  - g. Students enrolled in high school

## Section 3000 – Fiscal Management

3340-R Fees, Payments and Rentals (Cf. 9250)

3340-R-2

- h. Individuals including school District employees
2. Customers shall sign the necessary applications and release forms provided by the school,
3. If an automobile is to be wrecked, the registration must be checked,
4. In auto shop, the welding of gasoline tanks and installation of glass is prohibited,
5. Tipping for services is prohibited,
6. All individuals and outside groups shall pay an estimated cost of materials and parts before the work begins. Adjustments shall be made at the time of final billing,
7. Payment for all parts or materials and services shall be made before releasing the product to the client unless prior arrangements have been made,
8. Invoices for all charges shall be issued through the business office and all payments made to the business office or immediately submitted to said office by the person making the collection. To the extent possible, payments should be made by check, and
9. Employees or students shall not realize any financial benefit as a result of work projects undertaken.

## Section 3000 – Fiscal Management

3400 Depository of Funds (Cf. 1300)

3400

At the annual organizational meeting, the Board shall, in accordance with state law, designate, by resolution, the financial institutions<sup>3</sup> in which the funds of the District shall be deposited and the proportion of funds to be deposited in each. The Treasurer or Superintendent if delegated by the Treasurer and approved by the Board, shall deposit or cause to be deposited, funds of the District in the institutions as authorized by the Board and in the proportions authorized by the Board.

Approved: June 13, 2005

LEGAL REF: MCL 21.143; 129.12; 129.15; 380.1221-1222

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<sup>3</sup> MCL 129.15 includes credit unions as an appropriate place of deposit and uses the term “financial institutions,” not just banks or trust companies.



## Section 3000 – Fiscal Management

3405 Electronic Transaction of Funds

3405

The Mason County Central School District, through resolution of the Board, shall be a party to an Automated Clearing House<sup>4</sup> (ACH) arrangement<sup>5</sup>. The Superintendent shall be responsible for the Mason County Central School District's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy<sup>6</sup>. All ACH invoices are to be approved prior to payment.

### Internal Accounting

The Superintendent shall be responsible for development and maintenance of appropriate accounting controls to monitor the use of ACH transactions<sup>7</sup> made by the Mason County Central School District.

Approved: June 13, 2005  
LEGAL REF: MCL 124.301-124.305

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<sup>4</sup> "Automated clearing house" or "ACH" - 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 (MCL 124.301(d)).

<sup>5</sup> ACH arrangement – the agreement between the originator of the ACH transaction and the receiver of an ACH transaction (MCL 124.301(a)). Under Act 738 of 2002, MCL 124.301, an ACH arrangement is not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101, or to provisions of law or charter concerning the issuance of debt by a local unit.

<sup>6</sup> ACH policy – the procedures and internal controls as determined under this written policy developed and adopted by the Superintendent (MCL 124.301(b)).

<sup>7</sup> ACH transaction – an electronic payment, debit, or credit transfer processed through an automated clearinghouse (MCL 124.301(c)).

**Mason County Central School District**

## **Section 3000 – Fiscal Management**

3405-R Electronic Transaction of Funds

3405-R

For the purposes of accountability of ACH funds, the Superintendent (or appropriate designee) shall submit to the Board a monthly report detailing the goods or services purchased during the preceding month. The report must contain:

- 1) The goods or services purchased and their cost;
- 2) The date of the payment; and
- 3) The unit or department serviced by each payment.

This report may be maintained in the electronic general ledger software system of the District or in a separate report.

### Internal Accounting

ACH accounting methods shall follow the established and approved Mason County Central School District accounting procedures.

### Accounting Process

1. The Superintendent shall prepare a list of vendors authorized to be paid by ACH transaction and provide that list to the bookkeeper.
2. The bookkeeper shall initiate the transaction upon receipt of an invoice included on the authorized ACH list approved by the appropriate District official. ACH invoices must be approved before payment. The bookkeeper shall sign the ACH invoice, which then acts as the warrant.
3. The bookkeeper shall present the warrants, a list of bills for payment, and a separate list of the electronic payments for Board approval. The Board shall approve all transactions prior to disbursement.
4. Following Board approval, the Treasurer shall sign the ACH warrant, initiate the electronic transaction with the vendor, and make the actual transfer of funds.

## **Section 3000 – Fiscal Management**

3405-R Electronic Transaction of Funds

3405-R-2

5. The Superintendent shall retain all ACH transaction documents for audit purposes.
6. The bookkeeper shall retain all invoices for audit purposes.

**Section 3000 – Fiscal Management**

3405-R Electronic Transaction of Funds

3405-R-3

Sample Resolution

For the authorization of Electronic Transactions under PA 738 of 2002, MCL 124.301, the Board hereby recognizes that:

- Electronic payment of public funds are required for some federally mandated transactions involving public funds by electronic payment, debit, or credit transfer processed through an automated clearing house; and
- The Board deems that it is in the best interest of the District to make certain District financial transactions by electronic payments as described in PA 738 of 2002.

It is therefore resolved, that the Board authorizes the District to utilize electronic transactions in compliance with the written procedures and internal controls developed by the Superintendent.

Moved by: \_\_\_\_\_ Seconded by: \_\_\_\_\_

Ayes: \_\_\_\_\_ Nays: \_\_\_\_\_ Abstentions: \_\_\_\_\_

Resolution Adopted: \_\_\_\_\_

## **Section 3000 – Fiscal Management**

### 3410 Safeguarding of Monies and Equipment

3410

The Superintendent shall be responsible to see that administrative regulations are established and carried out so that all monies and equipment within all of the District's facilities are safeguarded and accounted for in an efficient manner at all times.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3420 Monies in School Buildings

3420

The Superintendent shall establish procedures to permit daily deposit of monies collected which will not require monies to be left in school buildings overnight. The District will not be responsible for monies remaining in school buildings overnight.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3420-R Monies in School Buildings

3420-R

In order to assure the safekeeping of monies collected by employees, student Treasurer, or officer of a school building, the following procedures shall be followed:

1. All monies shall be properly receipted, accounted for, and directed immediately to the proper location for deposit.
2. No money shall be left overnight in desks, lockers, or other such repositories.
3. All money left overnight in buildings shall be placed in a locked container in the school safe.
4. Principals or their authorized representative shall arrange to make a daily deposit of funds after banking hours.

## Section 3000 – Fiscal Management

3430 Surety Bonds – Employees and Board Treasurer

3430

The Board shall purchase a blanket or surety bond for school employees. The Board shall prescribe the amount of the bond.

The Board may purchase a blanket bond for District employees as follows:

Superintendent	\$25,000
Assistant Superintendent	\$25,000
Business Manager	\$25,000
Athletic Director	\$5,000
Bookkeeper	\$25,000
Clerk	\$5,000
Administrative Assistant	\$10,000

Approved: June 13, 2005



## **Section 3000 – Fiscal Management**

3490 Inventories – Fixed and Controlled Assets

3490

An accounting will be made annually for property, real and personal, owned by the District in accordance with law, governmental regulations, and District rules.

### Fixed Asset Accounting System

The administration shall maintain a fixed asset accounting system in accordance with law, governmental regulations, and the District's needs.

Approved: June 13, 2005

LEGAL REF: Governmental Accounting Standards Board, Statement No. 34

## **Section 3000 – Fiscal Management**

### **3490-R Inventories – Fixed and Controlled Assets**

3490-R

For the purposes of accountability of school-owned property, the Superintendent, or administrator in charge of Business Services, shall develop an inventory record system. Annually, all inventory records shall be updated showing deletions and additions of District-owned property, the estimated value, estimated original cost, date of purchase, serial numbers (where available) and location and condition of each piece of property.

Each building Principal has the responsibility of taking an inventory of District-owned property in all buildings under his supervision. Inventory forms will be developed by the Superintendent. One copy of each inventory taken in an attendance center will be filed by the custodian of records in that building, and one copy shall be filed in the central office.

#### Fixed Asset Accounting System

The administration shall maintain a fixed asset accounting system in accordance with law, governmental regulations, and District needs. The fixed asset accounting system shall maintain sufficient information to permit the following:

- A. The preparation of year-end financial statements in accordance with law, governmental rules and generally accepted accounting principles;
- B. Adequate insurance coverage; and
- C. Control and accountability.

The Superintendent, or administrator in charge of Business Services, shall be responsible for the development and maintenance of the fixed asset accounting system. He/She shall develop procedures to ensure compliance with all fixed asset accounting policies, law or governmental regulation. Each building Principal shall be assigned fixed asset responsibilities.

“Fixed assets” are defined as at least 80% of those tangible assets of the District with a useful life in excess of one year and an initial cost equal to or exceeding \$5,000.00.

## **Section 3000 – Fiscal Management**

3490-R Inventories – Fixed and Controlled Assets

3490-R-2

In making this determination, the Superintendent, or administrator in charge of Business Services, generally will use the recognized and accepted “standard useful life table” as published by the Association of School Business Officials International Accounting, Auditing and Budgeting Committee, Subcommittee on GASB Statement No. 34 Implementation. Additionally, the services of a professional property appraisal firm may be used to perform the asset inventory, to provide estimated historical cost information, and to give an objective estimate of the asset’s useful life that will generally be acceptable to auditors.

In determining what assets are to be accounted for in District inventories, the Superintendent, or administrator in charge of Business Services, will consider the following information sources:

- Original purchase records;
- Bond documents; and
- Professional appraisal or other services, such as insurance appraisals.

The total amount of original debt issuance, where appropriate, will be used to help determine some assets’ historical cost.

Periodically, the Superintendent, or administrator in charge of Business Services, will review the estimated remaining life of specific fixed assets or groups of assets and adjust the remaining depreciable life accordingly.

Some items may be identified by the Superintendent, or administrator in charge of Business Services, as "controlled" assets that, although they do not meet all fixed asset criteria, will be recorded on the fixed asset system to maintain control.

Each building Principal has the responsibility of taking an inventory of District-owned property in all buildings under his/her supervision. The Superintendent, or administrator in charge of Business Services, will develop inventory forms and procedures. The custodian of records in that building will file one copy of each inventory taken in an attendance center, and one copy shall be filed in the central office.

## **Section 3000 – Fiscal Management**

3490-R Inventories – Fixed and Controlled Assets

3490-R-3

Additional administrative regulations may be developed at the departmental level by the Superintendent, or administrator in charge of Business Services, as required to implement policy 3490 fully. Upon request, any such rules, regulations, procedures, or forms will be shared with the Board for their information.

## **Section 3000 – Fiscal Management**

3500 Audits

3500

The accounting records, including internal accounts, of the District shall be audited annually by an independent certified public accountant in accordance with prescribed standards and legal requirements.

The audit report shall be reviewed and approved annually by the Board at a public meeting. The management letter and recommendations of the auditor shall be brought to the attention of the Board, along with recommendations of the Superintendent as to the feasibility of implementing the recommendations. The Superintendent shall be responsible for filing the audit reports with all appropriate authorities as prescribed by law or regulation.

The auditing firms selected to conduct the annual audit shall be recommended by the Superintendent and approved by the Board at the organizational meeting. The auditing firm may be selected on a bid basis. All District employees shall cooperate fully with the auditors.

Approved: June 13, 2005  
LEGAL REF: MCL 388.1618

## Section 3000 – Fiscal Management

3500-R Audits

3500-R

### Duties of the Auditor

The duties of the independent auditor shall be as follows:

1. To conduct an audit annually, or oftener, of the financial funds of the District and any or all funds for which the Board is directly or indirectly accountable.
2. To conduct such examination in accordance with generally accepted auditing standards and to include such tests of the accounting records and such other auditing procedures as are necessary in the circumstances.
3. To render a written opinion on the financial statements prepared at the close of the fiscal year.
4. To prepare such financial statements for publication as may be required by law.
5. To make such recommendations in writing to the Board concerning its accounting records, procedures and related activities as may appear necessary or desirable.
6. To meet with the finance committee to review the annual audit.
7. To perform such other related services as may be requested by the Board.

## **Section 3000 – Fiscal Management**

3520 Fraud Prevention and Investigation (Cf. 3490, 3500, 5203, 8700) 3520

The Board expects all employees, Board members, consultants, vendors, contractors, and other parties maintaining any business relationship with the District to act with integrity, due diligence, and in accordance with all laws in their duties involving the District's fiscal resources. The District is entrusted with public dollars and no person connected with the District should do anything to erode that trust.

The Superintendent shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the District. Every member of the District's administrative team shall be alert for any indication of fraud, financial impropriety, or irregularity within his/her areas of responsibility.

Any employee who suspects fraud, impropriety, or irregularity shall report their suspicions immediately to his/her immediate supervisor and/or the Superintendent. The Superintendent shall have primary responsibility for any necessary investigations and shall coordinate investigative efforts with the District's legal counsel, auditing firm, and other internal or external departments and agencies, including the Mason County Prosecutor's Office and law enforcement officials, as the Superintendent may deem appropriate.

In the event the concern or complaint involves the Superintendent of Schools, the concern shall be brought to the attention of the Vice-President of the Board who shall be empowered to contact the District's legal counsel, auditing firm, and any other agency to investigate the concern or complaint.

The Superintendent may elect to employ the District's auditing firm to conduct a partial forensic/internal control/SAS99 audit annually or otherwise as often as deemed necessary. The Superintendent is authorized to order a full out forensic audit if, in his/her judgment, such an audit would be useful and beneficial to the District.

Approved: June 13, 2005  
LEGAL REF: MCL 14.141-145; 15.361-369; 141-421-440a; 380.1202; 380.1215;  
380.1216; 380.1363;

**Mason County Central School District**

## **Section 3000 – Fiscal Management**

3520-R Fraud Prevention and Investigation (Cf. 3490, 3500, 5203, 8700) 3520-R

Fraud, financial improprieties, or irregularities include, but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other assets.
4. Impropriety in the handling of money or reporting of financial transactions.
5. Profiteering because of “insider” information of District information or activities.
6. Disclosing confidential and/or proprietary information to outside parties.
7. Accepting or seeking anything of material value, other than items used in the normal course of advertising, from contractors, vendors, or persons providing services to the District.
8. Destroying, removing, or inappropriately using District records, furniture, fixtures, or equipment.
9. Failing to provide financial records to authorized state or local entities.
10. Failure to cooperate fully with any financial auditors or investigators.
11. Any other dishonest or fraudulent act involving District monies or resources.

The Superintendent shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.



## **Section 3000 – Fiscal Management**

3520-R Fraud Prevention and Investigation (Cf. 3490, 3500, 5203, 8700) 3520-R-2

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent, or Board Vice-President if the investigation centers on the Superintendent, shall issue a report to appropriate personnel and to the Board. The final disposition of the matter and any decision to file or not file a criminal complaint or to refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with District legal counsel. The results of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate right to know until the results are made public.

## **Section 3000 – Fiscal Management**

3550 Authorized Signatures (Cf. 1300)

3550

At the annual organizational meeting, the Board shall authorize the signatures of those persons who may sign checks upon the various accounts of the District. Facsimile signatures may be used as authorized by the Board.

Approved: June 13, 2005

## Section 3000 – Fiscal Management

3550-R Authorized Signatures

3550-R

The following personnel shall be authorized to sign checks from the following account:

Disbursements Accounts	00-020-5	Business Manager, Asst. Superintendent, Superintendent
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BE IT FURTHER RESOLVED, that the Superintendent of Schools designates the following persons as official school signatures for the following accounts:

Petty Cash	00-024-8	Clerk, Administrative Assistant, Bookkeeper/Payroll/Personnel, Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
General Fund Investment	35-002-8	Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
Maintenance	35-014-1	Bookkeeper, Business Manager
Municipal Investment Fund		Asst. Superintendent, Superintendent
Activity - Municipal	35-006-0	Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
Investment Fund		Superintendent, Superintendent
Payroll Account	60-059-8	Business Manager, Asst. Superintendent, Superintendent
Tax Anticipation - Municipal	35-026-5	Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
Investment Fund		Asst. Superintendent, Superintendent
1992 Construction -	35-049-4	Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
Municipal Investment Fund		Asst. Superintendent, Superintendent
1992 Debt- Municipal		Bookkeeper, Business Manager, Asst. Superintendent, Superintendent
Investment Fund		Asst. Superintendent, Superintendent
School Service -	35-027-3	Bookkeeper, Business Manager
Municipal Investment Fund		Asst. Superintendent, Superintendent

**Section 3000 – Fiscal Management**

3550-R Authorized Signatures

3550-R-2

1974 Debt Fund -Municipal 35-028-1

Bookkeeper, Business Manager

Municipal Investment Fund

Asst. Superintendent, Superintendent

## **Section 3000 – Fiscal Management**

3570 Petty Cash Accounts

3570

The Superintendent may establish a petty cash fund in the central office, any building or division or department in which he/she determines a need.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3570-R Petty Cash Accounts

3570-

R

The Superintendent may establish a petty cash checking account not to exceed \$100 in the central business office and in each building a cash account not to exceed \$150. Petty cash funds may be replenished only upon presentation of an itemized statement by the person in charge of the fund on a form provided. Petty cash funds shall not be used for loans or cashing of checks.

Petty cash funds will be replenished only upon presentation by the Superintendent of an itemized statement on a form to be provided and supported by invoices, receipts or other acceptable verification.

Petty cash funds must be reconciled and accounted for whenever the fund is depleted.

## **Section 3000 – Fiscal Management**

### **3580 Payroll Procedures and Schedules**

3580

All employees shall be paid according to a specific schedule that shall be determined annually by the Board. All salaries, supplements, and payments for extra duties shall be paid from the payroll account through the District's business office. No payments shall be made directly to any school personnel for services rendered from any supplementary school fund.

The Superintendent, Assistant Superintendent, or Business Manager is authorized to certify payrolls and to issue checks on any one of their signatures alone in accordance with the duly certified payroll.

Approved: June 13, 2005  
LEGAL REF: MCL 380.1224

## **Section 3000 – Fiscal Management**

3580-R Payroll Procedures and Schedules

3580-R

No employee shall be paid in advance of services rendered. Personnel receiving extra pay for extracurricular activities that are on going throughout the school year shall have the salary pro-rated in equal amounts in each paycheck. Personnel receiving extra pay for extracurricular activities that are seasonable shall be paid in full at the completion of the activity or on a pro-rated basis over the remaining pay periods at the option of the employee.

A payroll deduction for organizational membership dues associated with employment may be made pursuant to a written request of an individual employee and validation by the organization involved, provided it complies with the provisions of master agreements with the employee organization.

Except for deductions for absences not covered by paid leave, required by law or contract, all salary deductions shall be subject to the Superintendent's or Board's approval. All deductions not mandated by law shall require authorization by the employee through the Superintendent's office.



## **Section 3000 – Fiscal Management**

3600 Reimbursement of Expenses (Cf. 1168, 5330)

3600

District personnel, or members of the Board, who incur expenses in carrying out their authorized duties shall be reimbursed by the District to the extent approved or provided in Board policies or duly negotiated agreements upon submission of an approved voucher and supporting receipts. Such expenses may be approved and incurred in line with budgetary allocations for the specific type of expense.

Approved: June 13, 2005

LEGAL REF: MCL 15.321-330; 129.221 et. seq.; 129.241 et. seq.; 380.621a; 380.1217a;  
380.1254

## **Section 3000 – Fiscal Management**

### **3600-R Reimbursement of Expenses**

3600-R

When official travel by personally owned vehicle has been authorized, mileage payment shall be made at the rate established by federal standard. For employees covered by flat allowance per month or per year, the mileage rate shall apply when the employee uses his/her personal automobile on authorized school business outside the District.

#### **Credit Card**

If District personnel or members of the Board are issued a District credit card for direct billing, it is the responsibility of the individual to indicate on the credit slip the kind of activity that is being charged. Upon returning to the District, all charge slips are to be submitted to the business office as soon as possible, along with the credit card unless the Board member or employee has been authorized to maintain possession of the credit card.

#### **Spouses, Family Members, and Others**

Expenses of spouses, other family members, or any non-district employees accompanying Board members or employees in discharging their official duties or performing authorized functions are not reimbursable. Board members or employees using a District credit/procurement card may incur charges for spouses, family members, or other non-District employees, but shall reimburse the District for any such charges.

#### **Alcoholic Beverages and Tobacco**

Neither alcoholic beverages nor any tobacco products may be charged to any District credit/procurement card, nor will reimbursement be paid for any expenditure for alcoholic beverages or tobacco products.

#### **Authorization for Travel**

The employee's immediate supervisor and Superintendent must approve all travel. The appropriate forms must be completed prior to departure.

Estimated expenses must be within appropriate budget allocations.

## Section 3000 – Fiscal Management

Certain employees shall be authorized by the Superintendent to travel locally in the performance of their duties and submit expense vouchers for reimbursement.

### 3600-R Reimbursement of Expenses

3600-R-2

#### Methods of Travel

#### 1. Travels by Common Carrier:

When a common carrier is authorized as the means of travel, the business office shall obtain reservations and tickets for the individual unless precluded by an emergency. Round-trip tickets for coach, tourist or economy class rates over the same or a permissible substitute route are to be purchased whenever they will lower the total cost, unless authorized travel to several points precludes the use of a round-trip ticket.

#### 2. Travels by Private Automobile:

a. Reimbursement for travel by private car should generally be authorized only under the following circumstances, with the reason indicated on the authorization form:

- 1) When common carrier service is not available without undue loss of time or unless common carrier use would be more expensive to the District. If the traveler makes the choice, maximum reimbursement shall be limited to the lower of the mileage or common carrier cost;
- 2) When two or more persons are eligible for similar authorized travel and riding together would mean a saving to the District. The Superintendent is responsible for making such a determination before approving the travel request;
- 3) When use of an automobile will permit the traveler to make stops en route and perform his/her duties more effectively; and

## Section 3000 – Fiscal Management

- 4) When the use of an automobile will not require the traveler to be away from his/her duties for a substantially longer period than travel by common carrier.

### 3600-R Reimbursement of Expenses

3600-R-3

- b. Driving Extra Cars: Where two or more staff members could ride together on authorized travel, but choose to drive separately, any mileage reimbursement for which one of them might be eligible under (1) above, should be split among them. The toll and parking charges for the extra car or cars are not reimbursable.
3. Use of District-Provided Vehicles:
    - A. Official District Travel

When authorized, travelers shall be reimbursed for all expenses in connection with the use of District cars and trucks, provided the claim for such expenses is supported by receipts.
    - B. Travel to Professional Meetings

Approval may be given to qualified staff members for the use of District-owned vehicles for travel to professional meetings when other methods of travel are unsuitable or when the trip can be made at less expense to the District. A qualified staff member must drive.
  4. Travels by Rented Vehicles:

Under certain circumstances, the use of a rental car may be necessary. The Superintendent must approve rental car service at the site of a conference to which a person travels by common carrier. In requesting such use, rationale must be presented which will justify the necessity of such use or its advantage to the District.
  5. Travels by Charter Air Service:

## Section 3000 – Fiscal Management

The use of charter air service may be authorized when it is to the advantage of the District measured by both comparative travel costs and the time of the travelers.

### 3600-R Reimbursement of Expenses

3600-R-4

#### Drivers of District-Provided Vehicles

##### Qualifications:

1. Qualified full-time staff members may drive these vehicles when engaged in official District business, provided they are licensed and have adequate experience in driving the type of vehicle assigned;
2. The staff member to whom a District vehicle is assigned is the District's representative in full charge of the trip; and
3. Students may not drive District-owned vehicles unless driving is part of driver education programs.

#### Reimbursable Expenses

1. Lodging (actual room cost);
2. Meals;
3. Conference registration fees;
4. Parking and tolls;
5. Common carrier transportation within limitations above;
6. Use of private vehicle within limitations above;
7. Postage, telephone and fax charge for business purposes; and
8. Charge for baggage service, tips (not to exceed 15 percent).

#### Advances

Request for an advance to pay expenses at a conference shall be made at the time application is made and shall be approved by the Superintendent. A maximum of 80

## Section 3000 – Fiscal Management

percent of the estimated cost may be advanced. Immediately upon return, a financial accounting, including documentation, shall be made to the business office and any unused funds returned. Expenditures not documented shall be reimbursed to the District.

### 3600-R Reimbursement of Expenses

3600-R-5

#### Daily Travel

Local travel as authorized under these regulations is to be recorded on a daily basis and submitted to the business office at the end of each month for reimbursement. If such travel is less than 100 miles per semester, reimbursement may be requested at the end of the semester. Voucher must include, date, destination, purpose of travel, and number of miles for each trip.

All requests for reimbursement for travel during a fiscal year shall be submitted to the business office by June 30 of that year.

## **Section 3000 – Fiscal Management**

3605 District Credit Cards (Cf. 1162, 1168, 3600)

3605

The Superintendent shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls and generally overseeing the use of District credit cards for Board members and employees.

### Issuance

A Board member may be issued a District credit card for actual and necessary expenses incurred because of attendance at Board-approved workshops, seminars, conferences, or conventions.

District employees may be issued a District credit card that shall be used solely for the purchase of goods and/or services needed for official business of the District.

### Documentation

When a Board member or employee uses a District credit card, documentation shall be provided the Superintendent within 10 calendar days detailing the goods or services purchased, the cost of such goods or services, the date of purchase, and the purpose for which such goods or services were purchased.

### Lost Credit Cards

Each Board member or employee issued a credit card is responsible for the protection and custody of District credit card. If a District credit card is lost or stolen, the Superintendent shall be notified immediately.

### Return of Credit Cards

A Board member who leaves the Board or a District employee who is no longer employed by the District shall return the credit card upon termination to the Superintendent, but no later than five calendar days after termination.

### Payment

The Board shall approve all District credit card invoices prior to payment. Such payments shall be made no later than 60 days after receipt of the initial statement date.

## **Section 3000 – Fiscal Management**

3605 District Credit Cards (Cf. 1162, 1168, 3600)

3605-2

### Misuse and Unauthorized Use

A Board member who violates a provision of this policy shall have his/her use of that card revoked by the Board. An employee who violates a provision of this policy shall be subject to disciplinary action as determined by the Superintendent.

If the Superintendent violates a provision of this policy, he/she shall be subject to disciplinary action as determined by the Board.

### Other Provisions

The total combined authorized credit limit of all credit cards issued by the District shall not exceed 5% of the total budget of the District for the current fiscal year.

Approved: June 13, 2005

LEGAL REF: MCL 15.321-330; 129.221 et. seq.; 129.241 et. seq.; 380.1254



## **Section 3000 – Fiscal Management**

3605-R District Credit Cards (Cf. 1162, 1168, 3600)

3605-R

The District may include in its budget and pay the balance due on any credit cards, including the annual fees and interest.

There shall be a system of internal accounting controls to monitor the use of credit cards.

The Superintendent or Business Manager is authorized and encouraged to develop categories of the type of credit card purchases that may be made by District employees.

## Section 3000 – Fiscal Management

### 3610 Purchasing Goods and Services

3610

The Superintendent shall be the sole purchasing agent for the District.

#### Purchasing from District Employees

The Board shall not purchase equipment or supplies from an employee of the District, nor from a member of a household of an employee, nor from any firm in which an employee or member of his/her household holds a 10 percent or greater financial interest.<sup>8</sup>

#### Purchases through the District

Board members and employees shall not make any purchase through the District for personal use. The name of the District or school, or an employee's position, shall not be used in such manner that discounts or cost preferences are given to such person. Purchasing equipment and supplies by the District for resale to employees is prohibited.

#### Emergency Purchases

Emergency purchases may be made without using the quotation or bidding process. Such emergencies may arise because of an accident or other unforeseen occurrence that could affect the life, health, welfare, or safety of the District's students or employees.

Approved: June 13, 2005

LEGAL REF: MCL 15.321-330; 380.1216; 380.1274

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<sup>8</sup> MCL 15.322 Sec.2 (1) Except as provided in sections 3 and 3a, a public servant shall not be a party, directly or indirectly, to any contract between himself or herself and the public entity of which he or she is an officer or employee. MCL 15.323 Sec. 3 (1) Section 2 does not apply to either of the following: (a) A public servant who is paid for working an average of 25 hours per week or less for a public entity (b) A public servant who is an employee of a public community college, junior college or state college or university.

## **Section 3000 – Fiscal Management**

3610-R Purchasing Goods and Services

3610-R

In order to properly oversee the purchasing function and protect the resources of the District, the following administrative rules shall apply to policy 3610. These rules shall apply equally to all employees of the District regardless of assignment.

1. No employee has authority to sign any contract for the purchase of any goods or services, nor encumber the District with any debts or obligations beyond the amount of \$500.00 without the specific, written permission of the Superintendent of Schools or Business manager. Should he/she so desire, the Superintendent might issue written authorizations annually to certain District employees that authorizes expenditures of more than \$500.00 on a limited basis and for specific reasons.
2. Any expenditure for goods or services of \$500.00 or less is authorized only if such expenditures are chargeable, specifically, to an appropriate budget line item in the budget adopted by the Board of Education.
3. Only the Superintendent, or a person designated specifically by the Superintendent, shall be empowered to sign lease agreements on behalf of the District regardless of duration of the lease or the amount of the expenditure. It shall be the general practice of the District that, with the exception of technology equipment, such as computers, printers, scanners, copying machines, and the like, and certain transportation equipment, no lease shall be entered into that encumbers the District and the Board for more than a two-year period.
4. Any employee violating or attempting to circumvent these rules will be subject to disciplinary action, up to and including discharge. In addition, the Superintendent has authority to pursue any legal remedy necessary to seek restitution from the offending employee for any outstanding debts or obligations incurred by the District because of the employee's violation of

## Section 3000 – Fiscal Management

these rules, subject to applicable collective bargaining agreements and law.

### 3610-R Purchasing Goods and Services

3610-R-2

5. All vendors doing business with the District, or seeking to do business with the District, will be informed of these rules. Any vendor who seeks to circumvent or violate these rules might be barred, permanently, from doing business with the District.

## **Section 3000 – Fiscal Management**

3620 Administrative Leeway (Cf. 2750, 3660)

3620

In the event of an emergency such as a power failure, severe cold weather or other such natural disasters, the Superintendent shall have the authority to purchase capital equipment needed to keep the schools of the District open or to reopen the schools. The Board, at a special or regular meeting as soon as possible after the purchase is made, shall approve any such purchases.

Such purchases shall not be made to circumvent the purposes of the competitive bid law.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3650 Cooperative Purchasing (Cf. 3660)

3650

The Superintendent is authorized to consider, and recommend for Board approval, membership in cooperative purchasing organizations that would be of benefit to the District.

Cooperative purchasing also pertains to what is commonly referred to as “third party bids.” Third party bidding shall constitute a competitive bid for purposes of policy 3660 - Competitive Bids.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

### **3660 Bids and Quotation Requirements**

3660

All purchases requiring competitive bids shall be made in accordance with current statutes, the creation of bid specifications, and adherence to the District's bidding procedure by the District's purchasing agent.

The purchasing agent shall develop and maintain lists of potential bidders for various types of materials, equipment, and supplies. Such bid lists shall be used in the development of mailing lists for distribution of specification and invitations to bid.

Any supplier may be included in the list upon request. The purchasing agent shall review all bid lists annually.

A copy of this policy shall be given to all bidders upon creation of bid lists and upon request.

All bids and supporting documentation shall be retained in the District office with the Superintendent for a period of one year after bids have been opened.

#### **Competitive Bids**

No purchases shall be made of supplies, materials or equipment in a single transaction costing more than allowed under current law unless competitive bids for those goods and services are obtained and the Board approves the purchase.

#### **Bid Specifications**

The District's purchasing agent shall write all bid specifications in a clear and concise manner. Such specifications shall include, when necessary: required performance, surety, bid and statutory bond information; compliance with preferential bid law; financial statements; the Board's right to reject any or all bids; compliance with all federal, state and local laws, ordinances and regulations; the date, time and place for the opening of bids; and other items as the Board directs.

Approved: June 13, 2005  
LEGAL REF: MCL 380.1267; 380.1274

## **Section 3000 – Fiscal Management**

3660-R Bids and Quotation Requirements

3660-R

### Non-Competitive Bid Purchases

Non-competitive bid purchases may be made when there is only one supply source provided the amount does not exceed bidding requirement limitation.

### Informal Quotations

Verbal quotations of price on equal products or services secured in person or by telephone may be used in purchases for routine supplies used by the District.

The Superintendent shall make available to the Board, upon request, the price quotations or competitive bids obtained from vendors for goods or services.

### Formal Bid Quotations

The Superintendent is authorized to purchase any item, or group of items in a single transaction, costing no more than allowed under current law, upon the receipt of at least three written bid quotations provided said purchase is within the approved budget. The Superintendent shall use discretion in deciding whether such purchases are made on the basis of requested quotations or through advertising for bids.

### Competitive Bids on Building Construction, Renovation and Repairs

Prior to commencing construction of a new building, or additions to or repair or renovation of an existing building costing more than allowed under current law, the Board shall obtain competitive bids on all material and labor to be required to complete the proposed construction, addition, repair or renovation. Repair work normally done by District employees is exempted from this bidding requirement.

The Board shall advertise for bids once a week for two successive weeks in a newspaper of general circulation in the area where the building or addition is to be constructed, or where the repair or renovation of the building is to take place. The Board shall also post an advertisement for bids on the Department of Management and Budget's website for at least two weeks if the department has designated a website for this purpose.



## Section 3000 – Fiscal Management

3660-R Bids and Quotation Requirements

3660-R-2

If the Department of Management and Budget designates a school organization website for advertisement purposes, the Department shall include a link on its website to the school organization website.

Such advertisements shall include:

- The date and time that the bids must be received by the Board,
- A statement specifying that the Board will not accept late submissions,
- The date, time, and place the bids will be opened and read by the Board,  
and
- A statement specifying that each bid shall be accompanied by a sworn and notarized statement disclosing any familial relationship between the owner or employee of the bidder and any member of the Board or the Superintendent of the school district. The Board shall not accept any bids that do not contain this sworn and notarized statement.

### Procedure

All bids must be submitted to the Superintendent in sealed envelopes with the name of the bidder and the date of the bid opening plainly marked in the lower left-hand corner of the envelope. All timely received bids shall be opened, read aloud, and examined by the Board at the public meeting specified in the advertisement for bids. No bid shall be opened, considered, or accepted before the date and time specified for bid submission in the advertisement. All bidders and other interested persons are invited to be present when the bids are opened.

Bids not involving building construction, renovation and repairs may be opened by the purchasing agent or other person designated by the Board and one other District employee shall witness such opening. The bids shall then be arranged in order from low to high before they are presented to the Board for action.

## **Section 3000 – Fiscal Management**

### **3660-R Bids and Quotation Requirements**

3660-R-3

#### Responsible Bidder

All bids shall be awarded to the lowest responsible bidder. The Board remains the sole judge of whether or not a bidder is “responsible.” Criteria that may be used to judge “responsible,” by way of illustration and not limitation, are: financial standing, reputation, experience, resources, facilities, judgment and efficiency.

The Board may investigate the business reputation of any bidder by using information at hand to form an intelligent judgment, such as the District's architect, previous clients of the bidder, their own investigation, or an outside investigation agency.

#### Bid Specifications

The Board shall avoid negotiation of bid specifications after bids have been accepted and shall correct and request new bids if specifications are inadequately written.

If an error is discovered in the bid specifications all bids shall be returned unopened and the project shall be re-bid using corrected and/or amended specifications.

Any bid submitted to the District may be withdrawn prior to the scheduled time for opening of bids.

Any bid received after the Board publicized date and time shall not be considered.

#### Rejection of Bids

The Board reserves the right to reject any and all bids and to ask for new bids. Such reservation shall be so specified in the publication or notification of bid letting.

The Board reserves the right to waive any informality in, or reject any part of, a bid.

## **Section 3000 – Fiscal Management**

3690 Local Purchasing (Cf. 3660)

3690

The Board shall purchase school equipment and supplies from local vendors whenever possible, providing that price, quality, and service of the local vendor compare favorably with those from non-local vendors. Bids shall be solicited from non-local vendors in order to establish a fair market price for equipment and supplies.

Local vendors shall be given preference if their bid or quoted price is within five percent of the low bid or quoted price, not to exceed a maximum of \$100.00, if all other matters are equal. Local purchases shall be divided among several local vendors when appropriate. The Superintendent shall make all authorized purchases, as he/she deems best after carefully weighing all matters.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3730 Vendor Relations

3730

Vendors shall make contacts through the Superintendent. Vendors shall not contact other administrators or school employees directly unless such contact is approved or authorized by the Superintendent.

Approved: June 13, 2005

## Section 3000 – Fiscal Management

3730-R Vendor Relations

3730-R

The Superintendent shall authorize demonstrations of equipment by vendors.

No Board member or District employee shall accept gifts from any persons, group or entity desiring to do business with the District; and all business-related gratuities are specifically prohibited except nominal value advertising items widely distributed.

The Superintendent shall alert vendors of the Board's policy in regard to gifts.

Employees shall not endorse products or services in a manner that will identify them with the District. The District will accept donations from vendors for various District projects and programs presuming such donations are given freely and without undue pressure from the District.

The Board or Superintendent may give written approval in advance for inspection trips or other informational trips at a vendor's expense.

Samples for evaluation, supplied free of charge by a vendor, may be accepted provided that:

1. The business office is notified of the acceptance and given a copy of the evaluation report;
2. No pressure, either direct or indirect, is brought on a supplier to provide such samples unless required of all suppliers as a specific provision of a bid or quotation request; and
3. All suppliers are given the opportunity to provide samples for evaluation.

## **Section 3000 – Fiscal Management**

3750 Payment Procedures

3750

Payment of bills shall be considered by the Board at regular Board meetings upon recommendation by the Superintendent.

Upon receipt of a request for payment by a District vendor, and upon receipt of all goods or satisfactory completion of all services from said vendor, the Board may authorize payment to said vendor within 30 days and full payment within 45 days.

The Board may designate one or more employees to pay bills in advance of any Board meeting in order to avoid a penalty for late payment or to take advantage of an early payment discount.

Approved: June 13, 2005

## **Section 3000 – Fiscal Management**

3750-R Payment Procedures

3750-R

The Superintendent shall assume responsibility for assuring that budget allocations are observed and that total expenditures do not exceed the amount allocated in the budget for all items.

In order that the District may take advantage of discounts for prompt payment of invoices, the Superintendent may authorize payment of such invoices prior to Board approval if proper procedures have been followed and if the expenditure is within the limitations provided in the budget. Invoices paid in advance shall be presented along with accounts payable with an indication that they have been prepaid.

## **Section 3000 – Fiscal Management**

### **3800 Fund Raising and Student Activity Fund**

3800

#### **Soliciting Funds from and by Students**

The Board recognizes the existence of many worthwhile community and student activities that require the raising of funds either by the sale of merchandise, tickets, or perhaps direct requests for money. Because of the need to safeguard students in the educational program, the Board limits participation of students to those activities that have the building Principal and/or Superintendent's approval under this policy.

It is the responsibility of the Board to provide the necessary basic texts, materials, supplies, equipment, buildings, and facilities to conduct the approved, basic educational programs of the District. Co-curricular and school-sponsored extra-curricular programs of the District, however, such as athletic programs, school-sponsored student clubs, and curriculum-related field trips or excursions may require financial support beyond the capability of the District to provide in order to survive. Community and school fund raising organizations may contribute to the enrichment of basic programs or to co-curricular and extra-curricular activities through the contribution of funds and/or items as long as those contributions have been determined consistent with the above and approved by the Superintendent through the appropriate building or program administrator.

This policy is not to affect those regular school programs such as dramatics or musical concerts, etc., where students might be selling tickets for an activity in which they are taking part. Elementary students will not be asked to sell tickets for middle school or senior high school activities.

If a fund raising project is conducted to sponsor a specific purchase, activity or trip, the purchase or trip must be approved prior to initiation of the fund raising effort! This shall apply to school related groups as well as to school-community organizations.

Every attempt shall be made to coordinate fund raising activities among buildings and various organizations in order that excessive demands are not made upon members of the community.



## **Section 3000 – Fiscal Management**

### **3800 Fund Raising and Student Activity Fund**

3800-2

Such coordination is especially important at Christmas or other holiday times when innumerable items are available for sale by the students.

#### Student Groups

The Principal must approve all fund raising events in advance. Requests must be on an approved application form and submitted to the Principal at least one month prior to the proposed activity.

Only school-sponsored groups may sell or solicit in a school building and then only within the school housing the group, and only during non-instructional time.

Students shall not sell or solicit for purposes of school fund raising outside the boundaries of the District except as part of a booth at a fair, shopping center, or other locations where potential “customers” are coming to them. Advertisements and sales may be solicited from establishments outside the District boundaries only if there is an apparent community of interest.

#### Door-to-Door Sales

Students less than 12 years of age shall not sell school fund raising items or other school related materials door-to-door unless under the direct supervision and observation of a responsible adult (preferably parent/guardian or District staff member.)

School-sponsored student organizations shall not have more than two fundraising events a year, and no more than one event in a semester, that would involve going into the community through door-to-door sales or solicitations unless approved by the building Principal after consultation with the Superintendent. Cards, letters, or other identifying literature shall be provided all students authorized for door-to-door sales in the general community.

Written parental/guardian permission must be signed and returned to the school before elementary students can sell door-to-door.

## Section 3000 – Fiscal Management

### 3800 Fund Raising and Student Activity Fund

3800-3

#### Specifics

- A. Fund raising projects for special trips or special projects should not be started until approval of the trip or project is granted. Trips covered by this policy shall include out-of-state and overnight trips, as well as trips to foreign countries. (Cf. 7490 – Field Trips)
- B. Any sale of commercial products or the solicitation of funds in a door-to-door campaign and/or through contracts with businesses shall require approval of the building Principal before any oral commitment, written agreement, or contract is made or any advance publicity or group promotional activity is undertaken. Once approved however, before sales begin or solicitations are made, contract agreements must be signed by the building Principal.
- C. Fund raising projects shall be compatible with the school’s purpose, goals, and general community expectations, and shall not conflict with local business enterprises unduly.
- D. The District shall transfer funds remaining in accounts of student organizations that have been inactive for one year or in accounts of classes that have been graduated for one year to the MCC Educational Foundation unrestricted account or to the District's general fund upon recommendation of the Superintendent.

#### Adult Groups

School-related adult organizations raising funds that are to be used primarily for the improvement of the educational or athletic program must submit a written request through the Principal to the Superintendent. This request should be submitted one month in advance and identify the date(s) and nature of the activity (ies). No fund raising activity should commence until approval has been granted. The purpose is not to limit the activities of these groups unduly, but rather to:

1. Be assured that students are not being “used” or their educational program interrupted.

## Section 3000 – Fiscal Management

3800 Fund Raising and Student Activity Fund

3800-4

2. To assist with coordination of activities so that similar activities are not in conflict with each other.
3. To be assured of the appropriateness of the activity and that all fund raising activities, and the use/expenditure of the funds raised there from, comply with local, state, and federal laws<sup>9</sup> and regulations.

Approved: June 13, 2005

LEGAL REF: *Gaincott v Davis*, 281 Mich 515; 275 NW 229 (1937); *Cook v Bennett*, 94 Mich App 93; 288 NW2d 609 (1979); Title IX (34 C.F.R. § 106.3(6)); *Title IX Athletics Investigator’s Manual*, Office of Civil Rights.

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<sup>9</sup> A school District that accepts outside financial assistance and allows vast gender differences to emerge at the hands of a third party (the private booster club) may face claims of federal Title IX violations. Title IX regulations caution that to “aid or perpetuate discrimination” by providing “significant assistance” to any organization that provides benefits or services to students is a violation of Title IX. (34 C.F.R. § 106.3 (6)). “Where [athletic] ‘booster clubs’ provide benefits and services that assist only teams of one sex, the institution shall ensure that teams of the other sex receive equivalent benefits and services.” *Title IX Athletics Investigator’s Manual*, Office of Civil Rights.

## **Section 3000 – Fiscal Management**

3800-R Fund Raising and Student Activity Fund

3800-R

### Door-to-Door Sales

#### Safety Training

Prior to any door-to-door sale or solicitation, the students involved, regardless of age, shall be given proper safety training and orientation by the staff member(s) responsible for the student group. Such training should include, by example, precautions against entering a home (even if invited), precautions against acceptance of food or drink from any homeowner or resident, instruction in evasive actions to take if a “customer” should attempt to grab or touch the student, cautions about aggressive animals that might be in or about the residence, precautions against accepting any offers of transportation, and the like.

Door-to-door solicitations or sales by students, regardless of age, shall be discontinued after nightfall or after 8:00 p.m. whichever comes sooner.

#### Expenditures and Reports

Each student activity fund shall have a District employee, recommended by the building Principal, and approved by the Superintendent, in charge of said fund

The report shall show opening and closing balances of each fund, the total amount of deposits, and an itemized list of expenditures.

All payments from student activity funds shall be made from purchase requests or invoices signed by the custodian of the fund.

The District shall assume control of all inactive activity organization funds and disburse those funds to the activity account selected or expend the funds as directed by the Board in the best interests of students.

## **Section 3000 – Fiscal Management**

3900 Surplus Books, Equipment and Supplies

3900

The Superintendent and/or Assistant Superintendent are authorized to dispose of surplus, obsolete books, equipment, and supplies. All transactions shall be reported to the Board and an equal opportunity for any purchases shall be given to everyone.

Approved: June 13, 2005

LEGAL REF: MCL 380.11a

## **Section 3000 – Fiscal Management**

3900-R Surplus Books, Equipment and Supplies

3900-R

Annually, prior to June 30, the administrator of each building shall supply the Superintendent with a list of books, equipment, or other saleable items that may be considered obsolete. The Superintendent shall verify said list.

The Superintendent shall determine the means of sale and provide notification of materials to be sold and the method of sale to the general public and those parties, which in his/her estimation, would be interested in such items. A public notice shall be circulated at least 10 days before the sale and the items for sale fully described. Monies realized from such sales shall be credited to the appropriate fund account.

Obsolete books, equipment, or supplies that cannot be sold may, at the discretion of the Board and Superintendent, be donated to charitable organizations or discarded in an acceptable manner.

The sale of a single item or items in aggregate, whose estimated value exceeds \$500, shall be approved by the Board and sold by sealed bid.

A record shall be maintained by the Superintendent of all properties disposed of consistent with state and/or federal regulations.

## **Section 3000 – Fiscal Management**

3950 Surplus Land or Buildings

3950

The sale or disposal of District land or buildings shall require Board authorization. The Board shall determine the method and procedure of disposal.

Approved: June 13, 2005  
LEGAL REF: MCL 380.11a

## **Section 3000 – Fiscal Management**

3950-R Surplus Land or Buildings

3950-R

Whenever any land or buildings owned by the District are placed on the market for sale, public notification shall be made and all interested parties shall be given an equal opportunity for purchase.

An appraisal of District owned property shall be requested from at least two independent appraisers. However, the Board may set a price, which in its judgment, is fair, and may reject any or all offers relative to such sale.

Before a sale is completed, the potential use of the property shall be considered, particularly as it may affect the neighborhood in which it is located. The sale of the property for educational use shall be given priority.

Money resulting from the sale of property shall be deposited in the general fund of the District unless otherwise directed by the Board or unless there is a bond issue outstanding on the facilities, in which case the receipts from the sale shall be deposited in the debt retirement fund established for that building project.