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AUTOMATED CLEARING HOUSE (ACH)

The following policy shall govern the use of Automated Clearing House (ACH) arrangements and electronic transactions of funds for the District.

Definition

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.

An "ACH Arrangement" means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.

An "ACH Policy" means the procedures and internal controls as determined under this written policy developed and adopted by the Electronic Transactions Officer (ETO), Superintendent and/or designee of the District.

Authority to Enter into ACH Arrangements and Electronic Transfer of Public Funds

The ETO may enter into an ACH Arrangement as provided by ACT No. 738, Public Acts of Michigan, 2002.

The District shall not be party to an ACH Arrangement unless the Board of Education of the District has adopted a resolution to authorize electronic transactions and the ETO has presented a written ACH policy to the Board of Education.

An ACH Arrangement under Act 738 is not subject to the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, or to provisions of law concerning the issuance of debt by the District.

Responsibility for ACH Agreement

The Superintendent and/or designee is responsible for the District's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

The Superintendent and/or designee of the District shall submit to the Board of Education documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by the payment. This report can be contained in the electronic general ledger software system of the District or in a separate report to the Board of Education.

Internal Accounting Controls to Monitor Use of ACH Transactions Made by the District

The following system of internal accounting controls shall be used to monitor the use of ACH transactions made by the District.

- Each invoice to be paid by ACH transaction ("ACH invoice") must be approved for payment in accordance with the Board of Education Policy #5320. Policy will be amended as needed.
- The payment of each ACH invoice, which has been approved for payment in accordance with Board of Education policy #5320, by ACH transaction must be approved by the Superintendent and/or designee.
- The Superintendent and/or designee shall initiate each ACH transaction and make the electronic transfer of funds. For each ACH transaction, the ACH invoice must have been approved for payment in accordance with the Board of Education Policy #5320 and the ACH transaction must have been approved by the Superintendent and/or designee.
- The Superintendent and/or designee shall retain all ACH transaction documents for audit purposes.

FEDERAL FUNDS

It is the objective of the Board of Education to provide equal educational opportunities for all students within the District. Therefore, it is the intent of the Board to study Federal legislation to enhance educational opportunities, the educational environment, and the physical and mental growth for each student.

The Superintendent and/or designee shall review new Federal education legislation and prepare proposals for programs s/he deems would be of aid to the students of this District. The Superintendent and/or designee shall approve each such proposal prior to its submission, and the Board shall approve all grants resulting from such proposals.

The Board regards available Federal funds of aid to local school districts and communities as a public trust. It forbids the use of Federal monies for partisan political activities and for any use that would not be in accord with Federal guidelines on discrimination. The Superintendent and/or designee shall ensure that each draw of Federal monies is as close as administratively feasible to the related program expenditures.

Compliance Supplement for Single Audits of State and Local Governments

20 USC 7906

INVESTMENT INCOME

The Board of Education authorizes the Superintendent and/or designee to make investments of available monies from the several funds of the District in:

- A. bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State;
- B. certificates of deposit issued by financial institutions organized and authorized to operate in this State or federal credit union that is a financial institution:
- C. commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase:
- D. 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 a school district.
- E. Certificates of deposit issued in accordance with the following conditions:
 1. The funds are initially invested through a financial institution that is not ineligible to be a depository of surplus funds belonging to this State under section 6 of 1855 PA 105, MCL 21.146.
 2. The financial institution arranges for the investment of the funds in certificates of deposit in 1 or more insured depository institutions, as defined in 12 USC 1813, or 1 or more insured credit unions, as defined in 12 USC 1752, for the account of the school district.
 3. The full amount of the principal and any accrued interest of each certificate of deposit is insured by an agency of the United States.
 4. The financial institution acts as custodian for the school district with respect to each certificate of deposit.
 5. At the same time that the funds of the school district are deposited and the certificate or certificates of deposit are issued, the financial institution receives an amount of deposits from customers of other insured depository institutions or insured credit unions equal to or greater than the amount of the funds initially invested by the school district through the financial institution.
- F. Securities issued or guaranteed by agencies or instrumentalities of the United States government.

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- G. United States government or federal agency obligation repurchase agreements.
- H. Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- I. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

An obligation purchased in accordance with Section 380.1223(2) of the School Code, when received by the Superintendent and/or designee, shall be deposited with the bank or trust company having the deposit of the money of the particular fund from which the obligation was purchased.

Money in the several funds of the School District shall not be commingled for the purpose of making an investment authorized by Section 380.1223 of the School Code. The Board, however, may establish and maintain one common debt retirement fund for bond issues of like character.

Earnings on an investment shall become a part of the fund from which the investment was made.

M.C.L.A. 380.1223

BORROWING

Upon the initiative of the Board of Education and with the approval of the Department of Treasury, Municipal Finance Commission, or State Department of Education, The Superintendent and/or designee shall prepare the data and applications regarding the borrowing of funds against State Aid Notes, Tax Anticipation Notes, and Bond Issues, and other methods of financing District transactions. Such borrowing shall be in accordance with the provisions of Section 1225 of the School Code.

Quotations shall be solicited for all short term loans which the Board has authorized, Funds shall be borrowed from the responsible organization offering the most favorable terms, as approved by the Board.

M.C.L 134.1 et seq .. 188.761 et seq .. 380.144. 380.1225

TUITION INCOME

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

Tuition rates shall be determined and approved annually by the Board and shall represent the cost per student membership within the limits established by law. Rates will be available before the beginning of the school year or before the student's attendance commences. Charges shall be the maximum permitted by law.

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

M.C.LA 380.1401 et seq .. 388.1511 et seq.

INTERNATIONAL FUND

It is the objective of the Board of Education to provide educational opportunities for all students within the District. One of these opportunities is foreign language offerings of Spanish, German, Mandarin, and other languages where appropriate. The Board is expanding this foreign language opportunity further by partnering with the respective schools in those countries.

Program Reimbursement:

Program reimbursement rates shall be determined and approved by a vote of the Board of Education. The final program reimbursement rate will be negotiated between the Superintendent and/or his/her designee and the foreign exchange school. Two-week exchange students will not be charged a program reimbursement rate. Program expenses for these students, in most cases, will be paid by the host family and/or the hosting district.

Revenue and Transfers to Other District Funds:

When program reimbursement funds are received by the district it will be recorded as revenue in the International Fund. The program reimbursement rates are not meant to be an exact calculation of the actual cost to run each of the foreign language programs (Spanish, German, Mandarin, etc.) on an annual basis. From time to time, with Board approval, excess funds that accumulate may be transferred into other funds of the District.

When transfers are made to other district funds, the transfer will be based on the type of expense and amount needed. For example, employee stipends are paid for a total of \$250,000 and the Board approved the payment using International funds. The International Fund would then transfer \$250,000 to General Fund.

Use of District Facilities:

To provide educational opportunities for the foreign exchange students Lake Shore facilities are available equally to them as to resident students.

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PURCHASING

Purchases that Require Bidding:

It is the policy of the Board of Education that the Superintendent seek at least three (3) competitive bids on purchases for supplies, materials, and equipment that exceed the amount established by the State Department of Education pursuant to PA 159 of 1990, except in cases of emergency or when the materials purchased, are of such a nature that price negotiations would not result in a savings to the District.

When the purchase of, and contract for, single items of supplies, materials, or equipment exceeds the amount designated by statute, the Superintendent or his/her designee shall obtain competitive bids.

Bids shall be sealed and shall be opened by the Superintendent or designee in the presence of at least one (1) witness. All orders or contracts should be awarded to the lowest responsible bidder, however, consideration can be given to:

- A. the quality of the item(s) to be supplied;
- B. its conformity with specifications;
- C. suitability to the requirements of the District;
- D. delivery terms;
- E. past performance of the vendor.

The Board reserves the right to reject any and all bids, or any part of an individual bid.

The Board shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids.

Purchases that Do Not Require Bidding:

The Superintendent is authorized to purchase all items within budget allocations. The Superintendent is authorized to make emergency purchases. Without prior approval of those goods and/or services needed to keep the schools in operation. Such purchases shall be brought to the Board's attention at the next regular meeting.

In order to promote efficiency and economy in the operation of the District the Board requires that the Superintendent and/or designee periodically estimate requirements for standard items or classes of items and make quantity purchases on a bid basis to procure the lowest cost consistent with good quality.

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Whenever storage facilities or other conditions make it impractical to receive total delivery at any one time, the total quantity to be shipped but with staggered delivery dates, shall be made a part of the bid specifications.

Before the Superintendent or his/her designee places a purchase order, s/he shall have the Director of Fiscal Services check as to whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the material might be available elsewhere in the District. All purchase orders shall be numbered consecutively.

In the interests of economy, fairness, and efficiency in its business dealings, the Board requires that:

- A. items commonly used in the various schools or units thereof, be standardized whenever consistency with educational goals can be maintained;
- A. opportunity be provided to as many responsible suppliers as possible to do business with the School District.

No purchases will be authorized without a duly authorized purchase order. Employees may be held personally responsible for anything purchased without a properly signed purchase order or authorization.

The Board may acquire office equipment as defined in law by lease, by installment payments, by entering into lease-purchase agreements, or by lease with an option to purchase, provided the contract sets forth the terms of such a purchase.

M.C.L.A. 380.1267. 380.1274 et seq.

USE OF PURCHASE CARDS

The Superintendent and/or his designee shall be responsible for the issuance, accounting, monitoring, retrieval, and generally overseeing the use of district credit cards by employees. S/He shall also be responsible for implementing a system for internal accounting controls to monitor the use of credit cards and a procedure for approval of credit card invoices before payment takes place.

A Board member may be issued a district credit card, which may be used only for actual and necessary expenses incurred as a result of attendance at Board-approved workshops, seminars, conference, or conventions. District employees may be issued a district credit card, which shall be used solely for the purchase of goods and/or services needed for official business of the district.

When a Board member or employee uses a district credit card original documentation shall be provided to the appropriate administrator Business Office within ten (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.

All district credit card statements shall have appropriate administrator approval prior to payment.

Each Board member and/or employee who is issued a district credit card is responsible for the protection and custody of the district credit card said card. The school district purchasing card must be maintained with the highest level of security. If the district credit card is lost or stolen, or if you suspect the card or account number has been compromised, you agree to immediately notify the bank and the school district Purchasing Card Program Administrator and/or the Executive Director of Business and Financial Services.

Credit cards shall be promptly returned to the Purchase Card Administrator or the Executive Director of Business and Financial Services:

- a. A Board member is leaving the Board or a district employee is no longer employed by the district.
- b. The Board member or employee no longer has a need for the card.
- c. Upon Request

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 have their authorization revoked and shall also be subject to disciplinary action. If the Superintendent violates a provision of this policy, he/she shall be subject to disciplinary action as determined by the Board. All unapproved or non-district purchases will not be allowed and the cardholder shall reimburse the district for any such charges to the purchase.

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The Board of Education recognizes the value of an efficient method of payment and recordkeeping for certain expenses. The Board, therefore, authorizes the use of District credit cards with a total authorized limit not to exceed five percent (5%) of the General Fund Budget. The total combined authorized credit limit of all credit cards issued by the district shall not exceed five percent (5%) of the General Fund budget of the district for the current fiscal year.

The Board shall approve all District credit card invoices prior to payment. Whenever possible such payments shall be made in a timely fashion that will avoid any interest charges. In no event shall such payment be made more than sixty (60) days after the initial statement date. Upon submission of appropriate documentation and approval for payment, the balance due on any authorized credit card, including the annual fee and interest, shall be paid within no more than sixty (60) days of receipt of the initial statement.

LEGAL REF: PA 266 OF 1996

COOPERATIVE PURCHASING

The Board of Education recognizes the advantages of centralized purchasing in that volume buying tends to maximize value for each dollar spent. The Board, therefore, encourages the administration to seek advantages in savings that may accrue to this District through joint agreements for the purchase of supplies, equipment, or services with the governing body(ies) of other governmental units.

The Board authorizes the Superintendent or his/her designee to negotiate such joint purchase agreements for services, supplies, and equipment which may be determined to be required from time to time by the Board and which the Board may otherwise lawfully purchase for itself, with governmental contracting units as may be appropriate in accordance with State law, the policies of this Board, and the dictates of sound purchasing procedures.

Cooperative or joint purchases require an agreement approved by the Board and the participating contracting body(ies) which shall specify the categories of equipment and supplies to be purchased; the manner of advertising for bids and of awarding contracts; the method of payment by each participating party and such other matters as may be deemed necessary to carry out the purposes of the agreement. Such agreements are subject to all legal bidding requirements.

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LOCAL PURCHASING

The Board of Education recognizes its position as a major purchaser in this community. While it is the intention of the Board to purchase materials and supplies of quality at the lowest possible cost through widespread competition, if all other considerations are equal, the Board shall consider purchase within the District from established local merchants.

The Superintendent or designee is authorized to award purchases placed in accordance with law, this policy, and all policies of the Board otherwise applicable to local merchants when their quotation is competitive and maintenance service may be required, provided that all statutes pertaining to public purchasing are duly observed.

M.C.L.A. 380.1274, 18.1268

Rev. 8/10

VENDOR RELATIONS

The Board of Education shall not enter a contract knowingly with any supplier of goods or services to this District under which any Board member or officer, employee, or agent of this School District has any pecuniary or beneficial interest, direct or indirect. This prohibition shall not prevent any person from receiving royalties upon the sale of any textbook of which s/he is the author and which has been properly approved for use in the schools of this District.

For the purpose of this policy "pecuniary or beneficial interest" shall be determined in accordance with M.C.L.A. 15.321 et. seq.

All sales persons, regardless of product, must receive permission from the Superintendent's Office and/or designee before contacting any teachers, students, or other personnel of the School District. Purchasing personnel shall not show any favoritism to any vendor. Each order shall be placed in accordance with policies of the Board on the basis of quality, price, and delivery with past service being a factor if all other considerations are equal.

M.C.L.A. 15.321 et seq.

PAYROLL DEDUCTIONS

The School District is required by law to withhold Federal, State and Local income tax and Social Security from an employee's paycheck. Additionally, the District is required to honor duly authorized garnishments, wage assignments, and levies as prescribed by law.

The Board of Education authorizes in accordance with the provisions of law cited herein that deductions may be made from an employee's paycheck upon proper authorization from an employee on the appropriate form for the following purposes:

- A. Public School Employees Retirement System;
- B. Deposits into financial institutions; direct deposits to banks or credit unions;
- C. Contributions to approved charitable corporations not-for-profit and community fund organizations including the Lake Shore Foundation for Educational Excellence;
- D. Payment of dues to labor organizations;
- E. Group insurance premiums;
- F. Payment for benefits of part-time employees who elect to participate in benefits provided to full-time staff.

The Board declares its willingness to enter into an agreement with any of its employees whereby the employee agrees to take a reduction in salary with respect to amounts earned after the effective date of such agreement in return for the Board's agreement to use a corresponding amount to purchase an annuity for such employee (or group of employees desiring the same annuity company) from any company authorized and approved by the Board to transact the business as specified in law in accordance with Section 403(b) of the Internal Revenue Code. However, it shall be clearly understood that the Board's only function shall be the deduction and remittance of employee funds. The District assumes no liability for such investments that may be authorized by the employee.

Said agreement shall comply with all of the provisions of law and may be terminated upon notice in writing by either party. Employees shall provide written notice to the Business Office if they wish to participate in such a program.

M.C.L.A. 380.1224. 380.1255

PETTY CASH

The Board of Education recognizes the convenience afforded the day-by-day operation of the schools by the establishment of one (1) or more petty cash funds. The Board shall require the imposition of such controls as will prevent abuse of such funds.

Each custodian of a petty cash fund shall ensure that the funds in his/her care shall be disbursed only for minor expenditures not readily deferred. No petty cash fund may be used to circumvent the purchasing procedures required by law and the policies of this Board. A request for petty cash funds must be made in writing, be signed by the person making the request, and include such supporting documentation as may be appropriate. The petty cash box must be secured daily.

The custodian of each petty cash fund shall prepare a schedule of disbursements when the funds available in petty cash have declined to less than twenty-five (25) percent of the full amount authorized and shall show the disbursements by line account numbers. The custodian shall submit the schedule to the Superintendent and/or designee with a voucher requesting replenishment in like amount.

PETTY CASH

Petty Cash Accounts

- A. Petty Cash accounts shall not exceed \$500.
- B. Internal audits of petty cash funds shall take place periodically under the direction of the Superintendent and/or designee.
- C. Petty Cash accounts are to be used for the following purposes:
 1. Collect deliveries
 2. Small purchases
- D. Petty Cash funds are not to be used for the following purposes:
 1. Travel
 2. Salaries or casual labor
 3. Supplies costing in excess of \$100
 4. Other items costing more than \$100
 5. Telephone charges
 6. Loans to staff for any purpose
- E. Petty Cash accounts will only be replenished upon presentation of the account for internal audit.
- F. Accounting procedures require the following :
 1. Name of the person to whom the payment was made
 2. Detailed receipt for the amount of the payment

FUND BALANCE

The Board of Education recognizes good fiscal management comprising the foundational support of the entire school system. To make that support as effective as possible, the Board intends to maintain a fund balance of not less than fifteen percent (15%) of the district's general fund total annual operating expenditures. To allow for fiscal management, if fund balance falls below thirteen percent (13%), the Board may pass a motion by roll call vote suspending this policy. If a fund balance declines below fifteen percent (15%), it shall be recovered at a rate of one percent (1%), minimally, each year.

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RECOGNITION

The purpose of this policy is to permit the Board of Education to honor its staff, former Board members, and other nonemployee persons with plaques, pins, token retirement gifts and awards, and other amenities.

The Board wishes to also honor staff, students, citizens, and advisory groups for their contributions with appropriate recognitions and authorizes administrators to purchase meals, refreshments, and/or other amenities to further the interests of the District.

The Board hereby affirms that the expenses incurred as listed above do serve a public purpose. The Board believes that "public purpose" serves for the promotion of education, rapport with the business community, community relations, and the encouragement of nonemployees to serve as volunteers as well as furthering other interest.