

- 3100 Annual Operating Budget - MCL 380.1133; 380.1213-1214;
141.421a-440a; 211.209-210
 - Priorities
 - Deadlines and Schedules
 - Encumbrances
 - Recommendations
 - Preliminary Adoption Procedures
 - Hearings and Reviews (Cf. 1310)
- 3200 State and Federal Funding Proposals and Applications
- 3280 Borrowing - MCL 380.1356
 - Short Term Loans
- 3300 Investment of Funds - MCL 380.1223
- 3310 Reporting of Investment Risks (Cf. 3300)
- 3340 Fees, Payments and Rentals - MCL 380.431
 - Rental and Leasing of District Property
 - Gate Receipts and Admissions
 - Income and Payments From Sales and Service
- 3400 Depository of Funds - MCL 380.1221-1222; 129.12
- 3430 Bonded Employees - MCL 380.416; 380.652
- 3500 Audits - MCL 388.1418
- 3510 Fixed Asset Management
- 3550 Authorized Signatures
- 3570 Monies in School Buildings
- 3580 Payroll Procedures and Schedules
- 3590 Credit Card Policy
- 3600 Reimbursement of Expenses (Cf. 5330)
- 3610 Purchasing From District Employees
- 3620 Administrative Leeway
- 3660 Bids and Quotations Requirements - MCL 380.1274; 380.1267
 - Competitive Bids
 - Bid Specifications
- 3730 Vendor Relations (Cf. 5260)
- 3750 Payment Procedures
- 3760 Automated Clearing House (ACH) Arrangement and Electronic Transactions of Funds
- 3900 Surplus Books, Equipment and Supplies - MCL 380.11a

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.²

The **superintendent** shall prepare a detailed cost analysis study of all programs which 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.³ 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, deadlines and time schedules shall be established by the board.

¹ MCL 380.1133 ("The fiscal year of a local school district or an intermediate school district commences on July 1.")

² MCL 388.1702 ("A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year. A district or intermediate district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district or intermediate district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than the end of the second school fiscal year after the deficit was incurred.")

³ MCL 380.1213 ("The secretary of the board of a school district shall file a certified copy of a resolution of the board certifying the taxes to be levied on the taxable property within the district as approved by the school electors of the district or the board with each city and township clerk in which the school district is situated according to the following: (a) Not later than September 30 of each year. (b) Within 10 days after the annual meeting is held in September. (c) Not later than 5 days after the election if taxes are authorized at an election held pursuant to section 36 (2) or (3) of the general property tax act, Act No. 206 of the Public Acts of 1893, as amended, being section 211.36 of the Michigan Compiled Laws.") MCL 380.1214 (1) ("If the school electors of a school district vote the authorization of a tax rate in addition to that allocated to the district under the property tax limitations act, being sections 211.201 to 211.217a of the Michigan Compiled Laws, then the board, by resolution, may authorize the additional millage so voted to be levied and collected, in the year voted, with the county taxes. The levy, collection, and enforcement procedure for the additional tax shall be pursuant to the laws in effect for the levy, collection, and enforcement procedure of county taxes against property lying within the boundaries of the school district.")

Encumbrances

Encumbrances by the **superintendent** 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.

All recommendations of the **superintendent** and staff shall be presented to the board no later than the first regular meeting in June.

Preliminary Adoption Procedures

A preliminary draft of the district's budget shall be submitted by the **superintendent** to the board as the board may require.

Hearings and Reviews

The board shall conduct budget hearings according to state law.⁵

The board shall approve the budget according to current law.

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

Adopted April 15, 2002

⁴ MCL 380.1133 ("The fiscal year of a local school district or an intermediate school district commences on July 1.")

⁵ MCL 141.412

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.⁶ The budget shall contain estimates needed for deficiency, contingency or emergency purposes. The debt fund budgets shall include the amounts needed to pay the principal and interest from each fund for that fiscal year.

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.

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.⁷ The date, time and location of the annual budget hearing shall be set by the board.

⁶ MCL 211.209 (“Each local unit as defined in this act shall prepare each year a budget containing an itemized statement of its proposed expenditures and estimated revenues, covering all its departments and activities.”)

⁷ MCL 141.412

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 which could enhance the educational program or operation of the district, and for which the district may be eligible, and make recommendations to the board for action.

Adopted April 15, 2002

Short Term Loans

The board may borrow funds to be used for operating purposes, on the basis of future tax collection, through the issuing of tax anticipation notes. The board may apply for loans against anticipated state aid, using the state aid as collateral.⁸

LEGAL REF: MCL 380.1356

Adopted April 15, 2002

⁸ MCL 134.1 (“A municipality may, by resolution of its governing body, and without a vote of the electors, borrow money and issue its notes in anticipation of the collection of the taxes and other revenues prescribed by this chapter for its then next succeeding fiscal year, or the taxes or other revenues for a current fiscal year, in accordance with the provisions of this chapter.”)

Annually, the Board shall pass a resolution authorizing the Treasurer to invest surplus funds of the district.⁹ 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.

LEGAL REF: MCL 380.622; 380.1221; 380.1223

Adopted April 15, 2002

Revised: June 20, 2005

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 investments¹⁰ 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.¹¹
2. Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.¹²
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days from date of purchase.¹³
4. Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.¹⁴
5. Securities issued or guaranteed by agencies or instrumentalities of the United States government.¹⁵
6. United States government or federal agency obligation repurchase agreements.¹⁶
7. Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.¹⁷
8. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.¹⁸
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.¹⁹

¹⁰ MCL 380.1223 (1) ("If authorized by resolution of the board of a school district, the treasurer may invest debt retirement funds, building and site funds, building and site sinking funds, or general funds of the district.")

¹¹ MCL 380.1223 (1) (a)

¹² MCL 380.1223 (1) (b)

¹³ MCL 380.1223 (1) (c)

¹⁴ MCL 380.1223 (1) (b)

¹⁵ MCL 380.1223 (1) (d)

¹⁶ MCL 380.1223 (1) (e)

¹⁷ MCL 380.1223 (1) (f)

¹⁸ MCL 380.1223 (1) (g)

¹⁹ MCL 380.1223 (1) (h)

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. 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 also authorizes the **superintendent** to open passbook savings accounts for general fund monies to earn interest while not being used for operating purposes or invested otherwise.²⁰ 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 Executive Secretary 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.

²⁰ MCL 380.1221 (1) (“The treasurer of a board of a school district or board of directors of a public school academy shall deposit the funds of the school district or public school academy in a financial institution or in a joint investment authorized by section 1223.”)

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. 40.²¹

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

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

Adopted: June 20, 2005

²¹ “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*.

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.

Proceeds from fees for building or equipment use or rental shall be credited to a fund specified by the board.²²

Rental and Leasing of District Property

The board may authorize the rental or lease of district property not used for instructional purposes.²³

Gate Receipts and Admissions

Admission fees to various district activities shall be set according to Flint Metro League guidelines. In the absence of a Flint Metro League guideline the board shall set the fees. These fees shall be reviewed periodically.

Income and Payments From Sales and Service

Jobs or projects may be undertaken by students 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.

LEGAL REF: MCL 380.431

Adopted April 15, 2002

²² MCL 380.431a

²³ MCL 380.431a

At the annual organizational meeting, the board shall designate the bank(s) or trust companies in which the funds of the district shall be deposited. The treasurer shall deposit or cause to be deposited, funds of the district in bank(s) as authorized by the board.²⁴

LEGAL REF: MCL 380.1221-1222; 129.12

Adopted April 15, 2002

²⁴ MCL 380.1221; MCL 129.12

The board shall purchase a blanket or surety bond for school employees. The amount of the bond shall be prescribed by the board.

Within 30 days after appointment the treasurer of the board shall file with the secretary an official bond in such an amount and form as shall be determined by the board.

Adopted April 15, 2002

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 received and filed by the board. 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.

LEGAL REF: MCL 388.1418

Adopted April 15, 2002

The Board of Education shall maintain a fixed asset management policy. The fixed asset management system shall maintain sufficient information to permit the preparation of year-end financial statements in accordance with the generally accepted accounting principals (GASB No. 34) and adequate insurance coverage.

Fixed assets are defined as those tangible assets of the Holly Area Schools with a useful life in excess of one (1) year and an initial cost equal to or exceeding five thousand dollars (\$5,000). All computers (including monitors and printers), TV's and VCR's shall be identified as "controlled" assets that, although they do not meet all fixed asset criteria, are to be monitored in the fixed asset management system.

The fixed assets to be monitored shall be classified as follows:

- A. Land
- B. Buildings
- C. Improvements other than buildings (i.e., parking lots)
- D. Machinery and equipment (to include vehicles)
- E. Construction in progress

Fixed assets that are leased/purchased and assets which are jointly owned shall be identified and recorded in the fixed asset system.

The Superintendent of Schools shall develop administrative rules and regulations to ensure proper purchase, transfer, and disposal of fixed assets as defined in this policy.

The following information shall be maintained for all fixed assets:

- A. Asset number
- B. Description
- C. Asset classification (i.e., land, building, equipment)
- D. Location (site, building, and room)
- E. Date of purchase
- F. Purchase price
- G. Serial number and model number
- H. Estimated life of asset
- I. Fund number
- J. Disposal or trade-in of asset

Adopted September 22, 2003

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.

The board shall permit the use of an authorized facsimile signature for all check expenditures to facilitate the processing of checks. The board shall update the names to be used as necessary.

Adopted April 15, 2002

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

Adopted April 15, 2002

All employees shall be paid according to a specific schedule which 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.

LEGAL REF: MCL 380.1224

Adopted April 15, 2002

No employee shall be paid in advance of services rendered. Personnel receiving extra pay for extracurricular activities which are on-going throughout the school year shall have the salary paid on a schedule developed by the Business Office. Personnel receiving extra pay for extracurricular activities which are seasonable, shall be paid in full at the completion of the activity or paid on a schedule developed by the Business Office 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 is in compliance 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.

The Board of Education of Holly Area Schools (the “School District”) authorizes the issuance of School District credit cards to Board members and employees. The Superintendent (or the Superintendent’s designee) shall be responsible for credit card issuance, accounting, monitoring, and retrieval. The Superintendent (or the Superintendent’s designee) is also generally responsible to oversee compliance with this policy and shall implement internal accounting controls to monitor the use of School District credit cards.

A School District credit card may be used only by a Board member or employee for the purchase of goods or services for the official business of the School District. The School District may pay the actual and necessary expenses incurred by Board members and its employees in the discharge of official duties or in the performance of functions authorized by the Board.

Limitation on Credit Card Use

The Board of Education shall not approve payment of a credit card expense incurred by a Board member or employee unless: (1) the Board approved, by a majority vote of its members at an open meeting, the specific expense before the expense was incurred, or (2) the expense is consistent with a policy of the Board, adopted by the Board by a majority vote of its members at an open meeting, establishing specific categories of reimbursable expenses.

Use of credit cards by Board members shall be limited to actual and necessary expenses incurred in relation to attendance at Board approved workshops, seminars, conferences, or conventions.

Documentation of Credit Card Purchases

Any Board member or employee who uses a School District credit card shall submit documentation concerning that credit card use. Such documentation shall include a description of the goods or services purchased, the cost of the goods or services, the date of the purchase, the official business for which the goods or services were purchased, original receipt(s) for the purchase, and the customer’s copy of the credit card charge slip(s).

Payment of Credit Card Invoices

The Board shall consider, by a majority vote of its members at an open meeting, all credit card invoices before payment. Payment on any invoice shall not occur without Board approval. All undisputed balances, including interest due on an extension of credit on any School District credit card, shall be paid within not more than 60 days of the initial statement date.

Credit Card Safekeeping/Return

Each Board member or employee issued a School District credit card is responsible for the protection and custody of that credit card. If a School District credit card is lost or stolen, it shall be the responsibility of the Board member or employee who was issued that credit card to immediately report the loss or theft to the Superintendent (or the Superintendent's designee responsible for monitoring credit card use). The Superintendent (or the Superintendent's designee responsible for monitoring credit card use) shall immediately notify the issuer of the credit card of such loss or theft.

Return of Credit Card

Any Board member who leaves the Board and any employee whose employment with the District ends shall return any School District credit card issued to that Board member or employee to the Superintendent (or the Superintendent's designee responsible for monitoring credit card use) immediately upon the termination of service to or employment with the District.

Accounting Matters

The Superintendent (or the Superintendent's designee) shall incorporate into the regular accounting practices of the School District a process by which use of School District credit cards shall be monitored.

Credit Limit

The total combined authorized credit limit of all credit cards issued by the School District shall not exceed 5% of the total budget of the School District for the current fiscal year. No single School District credit card shall have a credit limit in excess of \$5,000.

Rebates/Incentives

All refunds, incentives, bonuses or other benefits derived from the use of School District credit cards, including, but not limited to “frequent flyer” miles, cash rebates, gifts of merchandise, free gasoline, shall inure to the benefit of the School District and not the individual card holder.

Discipline for Unauthorized Use

Should a Board member fail to comply with this policy, that Board member shall not longer have the privilege of using a School District credit card. An employee who violates this policy shall, consistent with the applicable collective bargaining agreement or individual employment agreement, be subject to discipline (up to and including discharge) by the Superintendent, as the case may warrant, including revocation of the privilege of using a School District credit card. If the Superintendent violates this policy, he/she shall, consistent with the applicable collective bargaining agreement or individual employment agreement, be subject to discipline by the Board of Education (up to and including discharge), as the case may warrant, including revocation of the privilege of using the School District credit card.

Legal References

MCL 380.1254; MCL 129.243 and MCL 129.244

Adopted September 22, 2003

District personnel who incur expenses in carrying out their authorized duties shall be reimbursed by the district to the extent approved or provided in 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.

LEGAL REF: MCL 380.1254; AG Opinion #5272

Adopted April 15, 2002

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 currently approved by the IRS. For employees covered by flat allowance per month or per year, the mileage rate shall apply when the employee uses his personal automobile on authorized school business outside the district.

Credit Card

If district personnel 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.

Spouse Reimbursement (Cf. 1168)

Expenses incurred for spouses of employees and/or members of the board shall not be reimbursed.

Authorization for Travel

All travel must be approved by the employee's immediate supervisor and **superintendent**. The appropriate forms must be completed prior to departure.

1. A Conference Request Form must be submitted no later than five school days prior to the meeting; and
2. Estimated expenses must be within appropriate budget allocations.

An Approval of Request Form signed by the **superintendent** shall constitute certification for authorized travel. Certain employees shall be authorized by the **superintendent** to travel locally in the performance of their duties and submit expense vouchers for reimbursement.

Methods of Travel

1. Travel 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 situation.

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. Travel 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 choice is made by the traveler, 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 duties more effectively; and
- 4) When the use of an automobile will not require the traveler to be away from his duties for a substantially longer period than travel by common carrier.

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. Travel by Rented Vehicles:

Under certain circumstances the use of a rental car may be necessary. Rental car service at the site of a conference to which a person travels by common carrier must be approved by the **superintendent**. In requesting such use, rationale must be presented which will justify the necessity of such use or its advantage to the district.

5. Travel by Charter Air Service:

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.

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 the driving is part of driver education program.

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 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. Petty cash funds may not be used for cash advances.

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.

3610 Purchasing From District Employees

3610

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 household holds a 10 percent or greater financial interest.

LEGAL REF: MCL 15.321-330

Adopted April 15, 2002

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. Any such purchases shall be approved by the board at a special or regular meeting as soon as possible after the purchase is made.

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

Adopted April 15, 2002

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. All bid lists shall be reviewed annually by the purchasing agent.

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 purchase is approved by the Board.

Bid Specifications

All bid specifications shall be written by the district's purchasing agent 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.

LEGAL REF: MCL 380.1267; 380.1274

Adopted April 15, 2002

Revised: June 20, 2005

Non-Negotiatory Purchases

Non-negotiatory purchases may be made when there is only one supply source, provided the amount does not exceed bidding requirement limitations.

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 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. 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 bids shall be opened publicly on the stated day and time. 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 such opening shall be witnessed by one other district employee. The bids shall then be arranged in order from low to high before they are presented to the Board for action.

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 “responsibleness” of any bidder by using information 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 publicized date and time shall not be considered by the Board.

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 notification of bid letting.

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

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**.

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 board, the purchasing department, or employees of the school shall not solicit funds from vendors however worthy the purpose.

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.

Adopted April 15, 2002

Payment of bills shall be considered by the board at regular board meetings upon recommendation by the **superintendent** or request by the board.

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.

Adopted April 15, 2002

**3760 Automated Clearing House (ACH) Arrangement and
Electronic Transactions of Funds**

The following policy shall govern the use of electronic transactions and ACH arrangements for the Holly Area Schools.

1. Definitions

“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 transaction” means an electronic payment, debit, or credit transfer processed through an automated clearing house.

An “ACH policy” means the procedures and internal controls as determined under this written policy developed and adopted by the governing board.

2. Authority to Enter into ACH Arrangements and Electronic Transfers of Public Funds

The Electronic Transactions Officer (ETO) may enter into an ACH arrangement as provided by Public Act 738 of 2002, effective immediately.

Holly Area Schools shall not be a party to an ACH arrangement unless the governing board has adopted a resolution to authorize electronic transactions and the ETO has presented a written ACH policy to the board.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 of 2001 (MCL 141.2101, *et. Seq.*), or to provisions of law or charter concerning the issuance of debt by a local unit.

3. Responsibility for ACH Agreements

The ETO is responsible for Holly Area Schools ACH agreements, including payment approval, accounting, reporting, and overseeing compliance with the ACH policy.

The ETO shall submit to the board, documentation detailing the goods or services purchased, the cost of the goods or services and the date of the payment, and account distribution for each payment of public funds made by electronic transfer.

This report may be contained in the electronic general ledger software system or in a separate report to the board.

4. Internal Accounting Controls to Monitor Use of ACH Transactions

The following system of internal accounting controls will be used to monitor the use ACH transactions made by Holly Area Schools.

- 1) The local unit shall prepare a list of vendors authorized to be paid by each transaction and provide that list for approval.
- 2) The business office initiates the transaction upon receipt of an invoice included on the authorized ACH list approved by the ETO. ACH invoices must be approved before payment. The ETO approves the ACH invoice, which then acts as the approval for the ACH transaction.
- 3) A separate list of the electronic payments shall accompany the disbursements list for board approval.
- 4) Following proper approval, the ETO will initiate the electronic transaction with the vendor, and make the actual transfer of funds.
- 5) The local unit shall retain all ACH transaction documents and related invoices for audit purposes.

Adopted September 22, 2003

The **superintendent** is 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.

LEGAL REF: MCL 380.11a

Adopted April 15, 2002

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 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 which 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.