

6000	FINANCES
6105	Authorization to Use Facsimile Signature
6107	Authorization to Accept and Distribute Electronic Records and to Use Electronic Signatures
6110	Grant Funds
6111	Internal Controls
6112	Cash Management of Grants
6114	Cost Principals – Spending Federal Funds
6116	Time and Effort Reporting
6140	Depository Agreements
6144	Investments
6145	Debt Guidelines6146 Post-Issuance Compliance for Tax-Exempt and Tax-Advantaged Obligations
6150	Tuition Income BOE review
6152	Student Fees, Fines, and Charges BOE review
6152.01	Waiver of School Fees for Instructional Materials
6231	Appropriations and Spending Plan BOE review
6233	Amenities for Participants at Meetings and/or Other Occasions
6320	Purchases BOE review
6325	Procurement – Federal Grants/Funds
6350	Prohibition Against Contracting With a Person Against Whom an Unresolved Finding for Recovery Has Been Issued
6423	Use of Credit Cards
6450	Local Purchasing BOE review
6460	Vendor Relations
6510	Payroll Authorization
6520	Payroll Deductions
6550	Travel Payment & Reimbursement

BOARD OF EDUCATION
WORTHINGTON

SCHOOL DISTRICT

FINANCES
6000/page 2 of 2

6600	Deposit of Public Funds: Cash Collection Points
6610	Student Activity Fund
6680	Recognition
6700	Fair Labor Standards Act (FLSA)
6800	System of Accounting
6830	Audit

BOE review

AUTHORIZATION TO USE FACSIMILE SIGNATURE

The Board of Education authorizes the Treasurer, to prepare and utilize a facsimile signature, in lieu of their manual signature, and to affix such facsimile signature to any of the following instruments: checks; drafts; warrants; purchase orders, vouchers; or other instruments for the payment of money and necessary or desirable in connection with the withdrawal of Board funds for and on its behalf. The individuals specified above may affix their manual or facsimile signature to the instruments identified so long as they continue to act as such officers/employees. The use of facsimile signatures is expressly approved by the Board. Said checks, drafts, warrants, vouchers, or other instruments for the payment of money may be drawn or relate to the accounts of the Worthington _____ School District with the various financial institutions (depositories/banks) with which the Worthington _____ School District conducts business.

The Board directs that the financial institutions (depositories/banks), with which the Worthington _____ School District does business, are authorized and requested to accept, honor, cash, pay or transfer, without limit as to the amount or without further inquiry, checks bearing the authorized signature(s) as provided by the immediately preceding paragraph whether tendered in payment of an individual obligation or deposited in the account of the Worthington _____ School District. The Treasurer is directed to provide written notice of the adoption of any facsimile signature to the depository from which funds are to be withdrawn, which notice shall include a description of the device to be used, a specimen of such facsimile signature, and a copy of this policy. Prior to use of the facsimile signature, the written approval of such depository must be obtained.

Facsimile signature is defined to include, but is not limited to, the reproduction of any authorized signature by a copper plate or by a photographic, photostatic, or mechanical device. Facsimile signature does not authorize the use of a rubber stamp signature for any of the instruments detailed above.

- [X] In order to protect the Board and its employees from loss, damage or expense occasioned by the unauthorized use of a facsimile signature, the Board directs the Treasurer to procure for the District and for the individuals identified above a surety bond in the amount of \$100,000. .

The actual facsimile signature should be maintained under the care, custody and control of **(X) the Treasurer's Department** and, as further precaution, all checks must be entered into the accounting system so that all numbers can be accounted for.

- [X] Chapter 133 securities may be signed on behalf of the Board by the Board President or Vice President and the Treasurer through the use of facsimile signatures, unless the securities are issued in other than fully registered form in which case at least one signature must be a manual signature. Additionally, interest coupons that are attached or otherwise appertaining to securities, other than fully registered securities, may be signed on behalf of the Board by the Treasurer through the use of either a manual or facsimile signature.

- [X] The Superintendent, Treasurer and Board President are authorized, on behalf of the Board, to sign employment contracts, duly acted upon by the Board, by facsimile signature.

R.C. 9.10, 9.11, 9.12, 9.14, 133.27

**AUTHORIZATION TO ACCEPT AND DISTRIBUTE ELECTRONIC
RECORDS AND TO USE ELECTRONIC SIGNATURES**

Unless a provision of law enacted after September 14, 2000, specifically prohibits the use of an electronic record for the specified purpose, the Board of Education authorizes the acceptance and distribution/transmission of electronic records and electronic signatures to and from District staff and other persons, as well as between District staff members. The Board further authorizes District staff to create, generate, send, communicate, receive, store, process, use, and rely upon electronic records and electronic signatures.

All District staff shall comply with all provisions of the Uniform Electronic Transaction Act when creating, generating, sending, communicating, receiving, storing, processing, using, and relying upon electronic records. Further, all District staff and other persons who use electronic signatures when completing transactions with the Board shall do so in compliance with State law.

Ohio Revised Code Chapter 1306

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GRANT FUNDS

The Superintendent and/or designee considers whether to apply for any local, state or federal grants based upon eligibility and their possible benefits to the students in the District. The Superintendent is responsible for administering grant funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the grant award.

The Treasurer or designee assists with the budgetary portion of each grant application to ensure compliance with expenditure restrictions and current law. The Treasurer is responsible for:

1. Accurate, current, and complete disclosure of the financial results of each Federally sponsored project in accordance with the reporting requirements of the grant.
2. Effective control over and accountability for all funds, property, and other assets in their use solely for authorized purposes.
3. Recordkeeping and written procedures as may be required by Federal, State, and local grantor rules and regulations pertaining to the grant award and accountability, including such provisions as may be applicable as cost sharing and matching requirements, reasonableness, allocability, and allowability of costs, procurement, property management and disposition, and payment/repayment requirements.
4. Insurance coverage for real property and equipment, if applicable, equivalent to the coverage obtained for Board-owned property of a similar nature.
5. Compliance with all relevant sections of Code of Federal Regulations, specifically 2CFR Part 200 (Super Circular).

The Superintendent and/or designee will apprise the Board of the grants awarded to the District.

NEW POLICY - VOL. 34, NO. 2**INTERNAL CONTROLS**

The District shall establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the District is managing all awards in compliance with applicable statutes, regulations and the terms and conditions of the awards. The District will have a process that provides reasonable assurance regarding the achievement of the following objectives:

- A. effectiveness and efficiency of operations
- B. reliability of reporting for internal and external use
- C. compliance with applicable laws and regulations

The internal controls must provide reasonable assurance that transactions are properly recorded and accounted for in order to permit the preparation of reliable financial statements and Federal reports; maintain accountability over assets; and demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The internal controls must also provide reasonable assurance that these transactions are executed in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal award, as well as any other Federal statutes and regulations that are identified in the Compliance Supplement. Finally, the District's internal controls must provide reasonable assurance that all Federal funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The District shall:

- A. comply with Federal statutes, regulations, and the terms and conditions of the Federal awards;
- B. evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of the award;
- C. take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and

- D. take reasonable measures to safeguard protected “personally identifiable information” (PII) and other information the awarding agency or pass-through entity designated as sensitive or the District considers sensitive consistent with applicable Federal, State, local, and tribal laws and District policies regarding privacy and obligations of confidentiality

PII is defined at 2 C.F.R. 200.79 as “information that can be used to distinguish or trace an individual’s identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.”

However, the definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified.

2 C.F.R. 200.61-61, 200.79, 200.303

- A. “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States;
- B. “Internal Control Integrated Framework” (commonly referred to as the Green Book) issued by the Committee of Sponsoring Organizations of the Treadway Commission;
- C. “Compliance Supplement” issued by the U.S. Office of Management and Budget; and
- D. Internal control guidance issued by the U.S. Department of Education.

NEW POLICY - VOL. 34, NO. 2

CASH MANAGEMENT OF GRANTS

In order to provide reasonable assurance that all assets, including Federal, State, and local funds, are safeguarded against waste, loss, unauthorized use, or misappropriation, the Superintendent and Treasurer shall jointly implement internal controls in the area of cash management.

The District's payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury or the Ohio Department of Education (ODE) (pass-through entity) and disbursement by the District, regardless of whether the payment is made by electronic fund transfer, or issuance or redemption of checks, warrants, or payment by other means.

The District shall use forms and procedures required by the grantor agency or pass-through entity to request payment. The District shall request grant fund payments in accordance with the provisions of the grant. Additionally, the District's financial management systems shall meet the standards for fund control and accountability as established by the awarding agency.

The Treasurer is authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as deemed appropriate when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).

When the District uses a cash advance payment method, the following standards shall apply:

- A. The timing and amount of the advance payment requested will be as close as is administratively feasible to the actual disbursement for direct program or project costs and the proportionate share of any allowable indirect costs.
- B. The District shall make timely payment to contractors in accordance with contract provisions.

- C. To the extent available, the District shall disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- D. The District shall account for the receipt, obligation and expenditure of funds.
- E. Advance payments will be deposited and maintained in insured accounts whenever possible.
- F. Advance payments will be maintained in interest bearing accounts unless the following apply:
 - 1. The District receives less than \$120,000 in Federal awards per year.
 - 2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
 - 3. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 - 4. A foreign government or banking system prohibits or precludes interest bearing accounts.

- G. Pursuant to Federal law and regulations, the District may retain interest earned in an amount up to \$500 per year for administrative costs. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System ("PMS") through an electronic medium using either Automated Clearing House ("ACH") network or a Fedwire Funds Service payment. Remittances shall include pertinent information of the payee and nature of payment in the memo area (often referred to as "addenda records" by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another Federal agency payment system.

Applicable Laws, Regulations, and Guidance:
2 C.F.R. 200.305

NEW POLICY - VOL. 34, NO. 2**COST PRINCIPLES - SPENDING FEDERAL FUNDS**

The Superintendent/Treasurer are responsible for the efficient and effective administration of grant funds through the application of sound management practices. Such funds shall be administered in a manner consistent with all applicable Federal, State and local laws, the associated agreements/assurances, program objectives and the specific terms and conditions of the grant award.

Cost Principles

Except where otherwise authorized by statute, costs shall meet the following general criteria in order to be allowable under Federal awards:

- A. Be necessary and reasonable for proper and efficient performance and administration of the Federal award and be allocable thereto under these principles.

To determine whether a cost is reasonable, consideration shall be given to:

1. whether a cost is a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the Federal award;
2. the restraints or requirements imposed by such factors as sound business practices, arm's length bargaining, Federal, State, local, tribal and other laws and regulations;
3. market prices for comparable goods or services for the geographic area;
4. whether the individuals concerned acted with prudence in the circumstances considering their responsibilities; and

5. whether the cost represents any significant deviation from the established practices or Board of Education policy which may increase the expense.

While Federal regulations do not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, whether a cost is necessary is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the District can demonstrate that the cost addresses an existing need, and can prove it.

When determining whether a cost is necessary, consideration may be given to whether:

- a. the cost is needed for the proper and efficient performance of the grant program;
- b. the cost is identified in the approved budget or application;
- c. there is an educational benefit associated with the cost;
- d. the cost aligns with identified needs based on results and findings from a needs assessment;
- e. the cost addresses program goals and objectives and is based on program data.

A cost is allocable to the Federal award if the goods or services involved are chargeable or assignable to the Federal award in accordance with the relative benefit received.

- B. Conform to any limitations or exclusions set forth as cost principles in Part 200 or in the terms and conditions of the Federal award.
- C. Be consistent with policies and procedures that apply uniformly to both Federally-financed and other activities of the District.
- D. Be afforded consistent treatment. A cost cannot be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
- E. Be determined in accordance with generally accepted accounting principles.
- F. Be representative of actual cost, net of all applicable credits or offsets.

The term "applicable credits" refers to those receipts or reductions of expenditures that operate to offset or reduce expense items allocable to the Federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the Federal award, they shall be credited to the Federal award, either as a cost reduction or a cash refund, as appropriate.

- G. Be not included as a match or cost-share, unless the specific Federal program authorizes Federal costs to be treated as such.

H. Be adequately documented:

1. in the case of personal services, the Superintendent shall implement a system for District personnel to account for time and efforts expended on grant funded programs to assure that only permissible personnel expenses are allocated;
2. in the case of other costs, all receipts and other invoice materials shall be retained, along with any documentation identifying the need and purpose for such expenditure if not otherwise clear.

Selected Items of Cost

The District shall follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E when charging these specific expenditures to a Federal grant. When applicable, District staff shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, District and program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and District personnel shall follow those rules as well.

Cost Compliance

The Superintendent/Treasurer shall require that grant program funds are expended and are accounted for consistent with the requirements of the specific program and as identified in the grant application. Compliance monitoring includes accounting for direct or indirect costs and reporting them as permitted or required by each grant.

Determining Whether a Cost is Direct or Indirect:

- A. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

These costs may include: salaries and fringe benefits of employees working directly on a grant-funded project; purchased services contracted for performance under the grant; travel of employees working directly on a grant-funded project; materials, supplies, and equipment purchased for use on a specific grant; and infrastructure costs directly attributable to the program (such as long distance telephone calls specific to the program, etc.).

- B. Indirect costs are those that have been incurred for a common or joint purpose benefitting more than one (1) cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

These costs may include: general data processing, human resources, utility costs, maintenance, accounting, etc.

Federal education programs with supplement not supplant provisions must use a restricted indirect cost rate. In a restricted rate, indirect costs are limited to general management costs. General management costs do not include divisional administration that is limited to one (1) component of the District, the governing body of the District, compensation of the Superintendent, compensation of the chief executive officer of any component of the District, and operation of the immediate offices of these officers.

The salaries of administrative and clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity.
2. Individuals involved can be specifically identified with the project or activity.
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.
4. The costs are not also recovered as indirect costs.

Where a Federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap shall include all direct administrative charges as well as any recovered indirect charges.

Effort should be given to identify costs as direct costs whenever practical, but allocation of indirect costs may be used where not prohibited and where indirect cost allocation is approved ahead of time by the Ohio Department of Education ("ODE") or the pass-through entity (Federal funds subject to 2 C.F.R. Part 200 pertaining to determining indirect cost allocation).

Timely Obligation of Funds

Obligations are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.

The following table illustrates when funds are determined to be obligated under the U.S. Department of Education regulations:

If the obligation is for:

- A. Acquisition of property - on the date which the District makes a binding written commitment to acquire the property.
- B. Personal services by an employee of the District - when the services are performed.
- C. Personal services by a contractor who is not an employee of the District - on the date which the District makes a binding written commitment to obtain the services.
- D. Public utility services - when the District receives the services.
- E. Travel - when the travel is taken.
- F. Rental of property - when the District uses the property.
- G. A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 C.F.R. Part 200, Subpart E - Cost Principles - on the first day of the project period.

Period of Performance

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Award Notification ("GAN"). As a general rule, State-administered Federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many Federal education grants, the period of performance is twenty-seven (27) months. This maximum period includes a fifteen (15) month period of initial availability, plus a twelve (12) month period for carryover. For direct grants, the period of performance is generally identified in the GAN.

In the case of a State-administered grant, obligations under a grant may not be made until the grant funding period begins or all necessary materials are submitted to the granting agency, whichever is later. In the case of a direct grant, obligations may begin when the grant is, unless an agreement exists with ODE or the pass-through entity to reimburse for pre-approval expenses.

For both State-administered and direct grants, regardless of the period of availability, the District shall liquidate all obligations incurred under the award not later than ninety (90) days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of performance or liquidated within the appropriate timeframe are said to lapse and shall be returned to the awarding agency. Consequently, the District shall closely monitor grant spending throughout the grant cycle.

2 C.F.R. 200.403-.406, 200.413(a)-(c), 200.430(a), 200.431(a), 200.458
C.F.R. 200.474(b)

NEW POLICY - VOL. 34, NO. 2**TIME AND EFFORT REPORTING**

As a recipient of Federal funds, the District shall comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Section 200.430 of the Code of Federal Regulations requires certification of effort to document salary expenses charged directly or indirectly against Federally-sponsored projects. This process is intended to verify that compensation for employment services, including salaries and wages, is allocable and properly expended, and that any variances from the budget are reconciled.

Compensation for employment services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits, which are addressed in 2 C.F.R. 200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of these regulations, and that the total compensation for individual employees:

- A. is reasonable for the services rendered, conforms to the District's established written policy, and is consistently applied to both Federal and non-Federal activities; and
- B. follows an appointment made in accordance with the District's written policies and meets the requirements of Federal statute, where applicable.

Time and Effort Reports

The reports:

- A. are supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
- B. are incorporated into the official records of the District;

- C. reasonably reflect the total activity for which the employee is compensated by the District, not exceeding 100% of the compensated activities;
- D. encompass both Federally assisted and other activities compensated by the District on an integrated basis;
- E. comply with the District's established accounting policies and practices;
- F. support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one (1) Federal award, a Federal award and non-Federal award, an indirect cost activity and a direct cost activity, two (2) or more indirect activities which are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.

The District will also follow any time and effort requirements imposed by the pass-through entity to the extent that they are more restrictive than the Federal requirements. The Payroll Office is responsible for the distribution, collection, and retention of all employee effort reports. Individually reported data will be made available only to authorized auditors.

Reconciliations

Budget estimates are not used as support for charges to Federal awards. However, the District may use budget estimates for interim accounting purposes. The system used by the District to establish budget estimates produces reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified by the District and entered into the District's records in a timely manner.

The District's internal controls include a process to review after-the-fact interim charges made to a Federal award based on budget estimates and ensure that all necessary adjustments are made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Applicable Laws, Regulations, and Guidance:
2 C.F.R. 200.430, 200.431

DEPOSITORY AGREEMENTS

The Board of Education shall adopt a resolution every five (5) years designating those banks and other depositories of public funds in which the Treasurer may deposit interim funds of the District, and authorizing the Treasurer to enter agreements with said banks and other depositories on behalf of the Board. The Board shall also make interim changes if it is in the Board's best interest to appoint an additional depository or if one (1) or more of the designated depositories are found to be insolvent or operating in an unsound manner.

R.C. 135.12

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INVESTMENTS

This policy, in conjunction with the Ohio Revised Code, as amended, will govern the investment activities of the District. It will be reviewed to assure the flexibility necessary to effectively manage the portfolio.

The purpose of the investment account is to allow for the maximum return on the District's excess cash balances consistent with complete safety of the portfolio's principal value and the liquidity desired.

All investment activities will be undertaken by the Treasurer or those persons assigned thereby to engage in investment activities.

The District will be permitted to invest any security specifically authorized by the Ohio Revised Code.

Under the guidelines of this policy, no security will be purchased that has a remaining term to final maturity of more than five (5) years. Swapping (the simultaneous sale of one security and purchase of another) will be permitted.

All portfolio transactions will be performed on a competitive basis when practical.

A copy of this policy must be forwarded to each broker or dealer doing business with the District. Their signature will be required indicating that they have received, read, understood, and will abide by its contents when recommending or selling investment to the District. A file will be maintained with this investment policy of all approved securities dealers and banks with which the District will transact activities.

DEBT GUIDELINES

This Debt Policy is intended to assist District officials by providing guidance on the following questions:

1. When is the proper time to use available cash for projects and borrow for projects?
2. Under what circumstances are voted general obligation bonds, un-voted general obligation bonds, special revenue notes and lease purchase certificates appropriate?
3. What are the District's goals with respect to interest rates, payment terms and other conditions of a financing?
4. What administrative policies should be in place with respect to debt management?

Definitions – For purposes of this policy, the term “debt” is defined as any type of borrowing for capital facilities and equipment. The word “security” refers to bonds, notes, lease purchase certificates, and other loan or debt obligations.

CAPITAL FUNDING GUIDELINES

Cash Funding – the District encourages funding capital projects with cash from the general fund's capital outlay line item or its permanent improvement fund on a “pay as you go” basis, to the extent possible and prudent. Cash funding for this purpose includes the sale of short-term securities that are paid in full within five years or within the maximum life of the capital item, whichever is less. Cash funding is recommended under the following circumstances:

1. When unreserved cash balances are available for capital in the District's general fund equal to or greater than 40% of the general fund's annual expenditures. At no time will cash funding be recommended for projects in a year in which the general fund balance is projected to fall to 25% of expenditures or lower.
2. To finance the purchase of assets with average lives of five years or shorter, such as equipment and maintenance related items.
3. When market conditions are unstable or unattractive making it difficult to achieve acceptable borrowing terms and interest rates. To make this determination, District officials will review historical indices, market conditions and general market conditions when making financing decisions.

General Obligation Bonds – after determining that borrowings will be used to fund all or a portion of a long-term capital project or projects, general obligation bonds (GOs) are the preferred funding option. GO bonds are expected to be the District's lowest interest rate, lowest cost borrowing alternative. There are two distinct types of

school district GO bonds in Ohio and each is defined below along with guidelines for pursuing either type of funding:

1. Voted general obligation bonds - Voted GO bonds are authorized by voter referenda. Ballot approval gives the District the authority to collect on an annual basis whatever amount of millage dollars are required to make that year's bonds payments. The "unlimited tax" nature of this pledge creates a very strong and reliable security for investors and therefore is expected to achieve the highest bond rating and lowest interest cost financing possible. Voted bonds will be used for long-term projects when general fund capital line item dollars or permanent improvement levy dollars are insufficient to make the necessary debt payments. General obligation bonds will not exceed state debt limitations for school districts unless the District is authorized by the State to exceed those limits.

2. Un-voted general obligation bonds - Un-voted GO bonds are authorized by District resolution and paid from all eligible funds not otherwise obligated. State law severely restricts the amount of un-voted securities that a school district may issue to 1/10th of 1% of tax valuation. However, there are a few exceptions to this restriction such as for energy notes, bus notes, Classroom Facilities Program matching securities and Chapter 133.06(H) pilot payment supported securities. Un-voted securities are further restricted by Ohio's 9/10th of 1% limit for certain types of securities that can exceed the 1/10th of 1% limit and the "ten mill" limitation. Before pursuing un-voted debt, District officials must confirm available debt capacity under the limits and judge the District's ability to make debt payments from its general fund or other funds. Officials will pursue un-voted securities for projects that are limited in scope and better paid from available resources than voted revenues. Un-voted general obligation securities are expected to carry similar bond ratings and achieve similar to slightly higher interest rates as voted bonds depending upon final maturity and other fiscal factors. Therefore, un-voted GOs are preferred over other possible borrowing alternatives, such as permanent improvement notes and lease purchase certificates, when appropriate

Permanent Improvement Notes - permanent improvement notes (PI notes) are special obligations authorized by Ohio law. PI notes can be issued in offering amounts equal to one-half of collections projected over the life of the levy, ten years in the case of a continuing levy, or in a greater amount upon state approval. This type of borrowing is exempt from the debt limitations. PI notes are recommended when PI revenues are available and not otherwise committed to pay as-you-go capital expenditures and when GO debt capacity is unavailable.

Due to its restricted final maturity, a PI note is best used to finance smaller scale projects such as land acquisition or to finance projects with useful lives of ten years or less. PI notes are expected to receive similar ratings and interest rates to the District's GO securities due to the pledged revenue source for repayment and short final maturity.

Lease Purchase Certificates of Participation - lease purchase certificates of participation (COPs) are considered an appropriate funding alternative when GO bonds and PI Notes are unavailable or unsuitable. COPs are created through a series

of complex legal agreements designed to set up a lease, lease-back arrangement. Once the lease is established, a trustee creates certificates of participation in the lease payments which are sold by the underwriter to investors. The price of the certificates funds the project. This type of financing requires participation by a third party lessor recruited or created by the District, preferably an independent Education Foundation or other non-profit entity. Due to the complex legal structure of a COPs issue and its higher transaction fees and interest rate expense, this funding alternative is not preferred and should be used only for critical projects and when other funding options are unavailable. COPs do not constitute a legally enforceable obligation of debt; therefore the District's commitment and ability to make payments on the certificates is determined in part by the District's desire to appropriate lease payments annually. The potential for "non-appropriation" increases risk to the buyers of the securities and thus increases the interest rate of the borrowing over the previously discussed alternatives, sometimes significantly. In the event of non-appropriation, the District will surrender the financed project to the Trustee on behalf of the certificate holders. For these reasons, the District will pursue COPs financings only when absolutely necessary and will attempt to structure them with the shortest final maturities possible.

Type of Sale – District officials will sell the District's securities through competitive or negotiated public offerings of securities or through private sale to investors, including local banks. The District will follow the lowest cost, most efficient process possible.

Short-Term Financing – for purposes of this policy, short-term financing refers to bond anticipation notes (BANs), defined as short-term obligations that typically mature within one year of issuance at which time they must be paid in full or refinanced with additional BANs or long-term obligations. BANs are often used for interim financing during the construction cycle of a project. Prior to or upon completion of the project, BANs are typically refunded with fixed rate, long-term bonds. BANs are also sometimes used for permanent financing, most suitably for projects with average lives of ten or less years. Short-term financings such as BANs historically create lower cost borrowing due to comparatively lower interest rates and lower financing costs. However, BANs expose the District to interest rate risk, which is the risk that interest rates move higher in advance of the BANs maturity date when refunding BANs or bonds will be sold. BANs also expose a District to credit risk and market access risk, which may threaten or challenge the District's ability to efficiently refund its BANs in the future. The District considers BANs to be appropriate under the following conditions:

1. As a source of permanent financing for projects with useful lives of less than five years, but only when there are alternative funding options in the event marketplace conditions or other events prohibit the sale of refunding BANs.
2. As a temporary funding source prior to and in anticipation of the sale of a long-term obligation, with a preference not to exceed three years.
3. When the amount of financing is less than \$1 million and therefore the cost of issuing bonds is cost prohibitive.

4. At no time will the District's exposure to BANs, measured by the amount of BANs outstanding compared to total debt obligations outstanding, exceed 20% of total authorized and outstanding debt obligations for a period greater than six months.

Long-Term Variable Rate Financing - variable rate bonds are defined as bonds that carry interest rates that change from time to time based upon market indices and conditions. Variable rate long-term bonds are prohibited by state law for school districts.

Long-Term Fixed Rate Financing – long-term fixed rate financing (long-term bonds) is defined as fixed rate bonds with fixed payments and final maturities in excess of one year. The Board will consider the following prior to issuance.

1. For capital projects with useful lives of five years or greater and when issued in amounts of \$1 million or greater.
2. For energy conservation capital projects supported by a savings report from a qualified energy project consultant and approved by the state documenting that the project's annual energy savings in dollars will offset annual bond payments.
3. For terms up to forty years. However, every effort will be made to keep the final maturity of bonds less than forty years when and if market conditions and other factors provide the opportunity for a shorter term.
4. When the *General Obligation 20 Bond Index*, published by the Bond Buyer, (or an industry recognized index of a similar nature) is eighty-five percent or less of the index's twenty-year average. Long-term bonds are considered less appropriate when the index is one hundred and twenty percent or more of the index's twenty-year average. The District will make every effort to structure the terms of its bonds to take advantage of the conditions in the market at that time.
5. When the District's underlying bond rating is Single A or higher and such rating is not unduly threatened by the issuance of new debt. Officials will work with the District's financial advisor to review standard rating measures to make this judgment, primarily reviewing a collection of debt ratios, payment history, voter history, wealth and operating conditions.
6. Long-term bonds are preferred when the District is participating in state assisted building programs. Further, long-term bonds are considered especially attractive when the District is able to take advantage of state and federal programs designed to lower the District's effective cost of borrowing, including credit enhancement programs and interest rate subsidy bond programs.

Refunding Securities – refunding securities are recommended when the District is able to achieve a material reduction in annual payments or a revision to its existing bond terms to achieve a valid governmental purpose. Stand-alone refunding securities are expected to achieve present value savings of 3% or greater. Exceptions to this include securities with maturities shorter than ten years and when securities are refinanced to re-structure annual payments to achieve a particular financial management goal.

[Adoption Date: January 14, 2013] CROSS REFS.: ORC 133.01, 133.02 Public Securities, 133.021, 133.03 Public Securities

DCA-R:

DEBT GUIDELINES ADMINISTRATIVE PROCEDURES

Minimum General Fund Balance – the District recognizes the need to maintain sufficient yearend carry-over balances in its general fund to minimize undesirable programmatic reductions, including staffing reductions. Therefore it is essential to clearly define a fund balance level that triggers a decision to make budgetary adjustments and possibly seek voter approval of new taxes well in advance of a cash shortfall. Further, the District recognizes the value of such a policy with respect to its debt management practices and underlying bond rating. As such, the District defines its minimum unreserved general fund balance as 1/12 of annual expenditures in the third year of the forecast and will initiate budgetary actions or proposed levy to voters in a timely manner to address projected balances below this level.

Managing Bond Subsidy Programs – in the event that the federal subsidy program of 2009/10 return and the District participates in them, the District will engage a bank paying agent/filing agent to apply for semi-annual and annual bond subsidy payments due to the District from any subsidy bond program on its behalf, if any, and to receive and disperse those funds at the District's direction. District officials intend to use any such payments for debt service on the qualifying bonds, but retain the right to direct the payments to any other fund deemed appropriate. Subsidy payments directed to the bond retirement fund will be factored into the District's annual certification of bond issue tax millage. For bond rating purposes, first year debt payments will be structured to create an excess bond retirement fund balance equal to or greater than the first full year's subsidy payment. (See bond retirement fund below.) District officials recognize the fact that subsidy payments may be withheld by the federal government to make payment on any disputed and unrelated lien or past due obligation owed by the District to the federal government and that any such withholding could have a material adverse effect on its ability to make bond payments. As such, the District will make every effort to remain current on any obligations owed the federal government and will not issue such bonds without first verifying that it has no such lien or past due obligations at the time.

Bond Retirement Fund – the District will strive to maintain an unreserved bond retirement fund year-end balance equal to its maximum semi-annual debt payment on bonds outstanding.

Credit Enhancement – the District will participate in any available state credit enhancement program to the extent it qualifies for such program and the program's "programmatic bond rating" reduces the District's interest rates and thus cost. The District understands that if for any reason the District is unable to make a debt payment in full for securities issued under certain 1 of 2 Worthington City School District, Worthington, Ohio File: DCA-R credit enhancement programs, such as the State of Ohio's Foundation Credit Enhancement Program, that a paying agent/program trustee may direct the state to intercept the District's monthly

BOARD OF EDUCATION**FINANCES****_WORTHINGTON_****SCHOOL DISTRICT**

6145/page 6 of 6

operational state aid payments to the extent necessary to cover the shortfall. The District may also explore the value of purchasing bond issuance or other credit enhancement facilities and will do so when advised by its financial advisors that such enhancements will lower its overall interest costs.

Federal Tax Law – all financings will comply with the restrictions set forth in federal tax law. In addition, the size and timing of notes or bonds may be affected by options provided in the tax code, such as rebate exemptions. District officials will retain professional assistance to comply with all filing and post issuance compliance procedures regarding construction spending guidelines; rebate calculations and payments; private use rules; reimbursement of prior expenditures and subsidy payments, among others.

Continuing Disclosure – the District will comply with its continuing disclosure obligations by filing required information annually with the appropriate national repository. This requirement will be satisfied through the filing of the audit and certain additional information as required in its compliance certificates, including material event notifications.

Economic Development – District officials may consider opportunities to encourage economic development through the sale of debt on a case by case basis to the extent such development achieves a needed educational purpose. Such projects may include public private partnerships (P3) as well as inter-governmental collaborations.

Professional Services – professionals retained by the District in connection with the District's debt program shall provide full disclosure to the District of any formal or informal relationships or agreements outside of the District that may be in conflict with the best interests of the District. The District shall retain professionals in connection with its debt issues based upon demonstrated qualifications, including past successful performance. Officials will review professional relationships periodically as appropriate.

Debt Policy Review – the debt policy will be reviewed from time to time in keeping with District practices to all policies and as necessary to comply with state and federal law. [Approval Date: January 14, 2013] CROSS REFS.: ORC 133.01, 133.02 Public Securities, 133.021, 133.03 Public Securities

POST-ISSUANCE COMPLIANCE

The Worthington City School District, Franklin County, Ohio (the “District”) uses bonds as one means of financing capital projects in support of its mission. This Post-Issuance Compliance Policy (the “Policy”) outlines the policies and procedures to promote compliance with federal income tax and securities laws, as well as the requirements set forth in the bond documents for each bond issue. The policy is to strictly follow the U.S. Constitution and laws and the Ohio Constitution and laws. For purposes of this policy, the term “bonds” means any obligation of the District incurred for the purpose of borrowing money, including, without limitation, bonds, notes and certificates of participation in capital leases.

I. Monitoring of Post-Issuance Compliance

Monitoring of post-issuance compliance for bonds will be the responsibility of the Treasurer. The Treasurer may designate employees to carry out the Treasurer’s duties under this Policy on the Treasurer’s behalf in the same manner and with the same effect as any similar designation for any other purpose permitted by law.

II. Compliance with Covenants in Bond Documents

The Treasurer shall ensure compliance with all financial and operational covenants made by the District in the bond documents, including but not limited to financial reporting, insurance requirements, the recording of mortgages, restrictions on incurring additional indebtedness, restrictions on the disposition of property, and restrictions on granting liens or encumbering property.

III. Federal Tax Law Compliance

A. Proper Use of Proceeds

The Treasurer shall ensure that bond proceeds are allocated to expenditures in a manner that is consistent with the purpose for which each bond issue is undertaken, as set forth in any tax compliance certificate or agreement related to each bond issue.

B. Investment of Bond Proceeds

The Treasurer shall ensure that bond proceeds are invested in investments that are permissible under the terms of the Ohio Revised Code, the bond documents, and any applicable federal tax laws.

C. Arbitrage Rebate Calculations

The Treasurer shall ensure the timely completion of arbitrage rebate calculations and filings.

D. Administration of Direct Pay Bonds

The Treasurer shall ensure the proper administration of each issue of bonds qualifying for the payment by the Federal government of a credit equal to a percentage of interest on such bonds, including the timely completion and filing of any forms required by the Internal Revenue Service to maintain or establish the applicable status of the bonds for purposes of federal income taxation.

E. Use of Bond-Financed Facilities

The Treasurer shall consult with Bond Counsel for the District before entering into any agreement or other arrangement for the sale, lease, or use of bond-financed property, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond-financed property, or naming rights agreements. The Treasurer or the designee of the Treasurer shall review such agreements for compliance with federal tax laws and complete a Private Business Use Contract Review Worksheet (attached as Exhibit A) to document that such review has been completed.

F. Post-Issuance Transactions

The Treasurer shall consult with Bond Counsel for the District before making any modifications or amendments to the bond documents for a bond issue, including, but not limited to, entering or modifying investment agreements; making any change in security for the bonds; engaging in post-issuance credit enhancement transactions (*e.g.*, bond insurance, letter of credit) or hedging transactions (*e.g.*, interest rate swap, cap); terminating or appointing successor trustees; releasing any liens; or reissuing the bonds.

G. Remedial Action

In the event that it is determined that any use of bond proceeds or bond-financed facilities is inconsistent with the character of the status for federal income tax purposes of the bonds, the Treasurer shall consult with the District's Bond Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the District to take with respect to such bonds or bond-financed facilities according to Treasury Regulations Section 1.141-12 or other remedial actions authorized by the Commissioner of Internal Revenue under 1.141-12(h).

IV. Federal Securities Law Compliance

- A. The Treasurer shall ensure compliance with all applicable federal securities laws and regulations, including the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.
- B. To the extent required by any continuing disclosure agreement, the Treasurer shall:
 - 1. On an annual basis, submit an annual financial report, including audited financial statements and any other information required by the continuing disclosure agreement, to the entities required by the bond documents.
 - 2. Make a timely report of any significant events (as defined by the continuing disclosure agreement) related to the District's outstanding bond issues to the entities required by the bond documents.

V. Recordkeeping

A. Responsibility for Records Maintenance

- 1. The Treasurer shall be responsible for maintaining records related to bonds of the District.
- 2. The Treasurer shall maintain a central list of records related to each issue of bonds of the District. The list shall identify:
 - a. The name and date of the document related to the issue,
 - b. The person or office responsible for the document, and
 - c. The physical or electronic location of the document.

B. Bond Records to be Maintained

- 1. The following records shall be maintained for each outstanding bond issue for the term of the outstanding bond issue plus three years:
 - a. Basic records relating to the bond transaction, including the trust indenture, loan, lease, or other financing agreement, the relevant IRS Form 8038 (including Forms 8038-G, 8038-B, or 8038-TC, as applicable) with proof of filing, and bond counsel opinion shall be maintained by the Treasurer's Office;
 - b. Documentation evidencing the expenditure of bond proceeds, such as construction or contractor invoices and

receipts for equipment and furnishings, as well as records of any special allocation made for tax purposes shall be maintained by the Treasurer's Office;

- c. Documentation evidencing the lease or use of bond-financed property by public and private sources, including, but not limited to, service, vendor, and management contracts, research agreements, licenses to use bond- financed property, or naming rights agreements shall be maintained by the District office executing such agreement for use of bond-financed property; and
- d. Documentation pertaining to investment of bond proceeds, including the yield calculations for each class of investments, actual investment income received from the investment of proceeds, and rebate calculations shall be maintained by the Treasurer's Office.

- 2. The Treasurer shall maintain the District's audited financial statements for not less than seven years.

VI. Bond Counsel Review

The Treasurer may engage Bond Counsel to assist in implementing this policy, including, but not limited to, assistance in the following areas:

- A. Rebate calculations and compliance;
- B. Records retention;
- C. Periodic review of the central list of records related to bonds for compliance with federal tax laws regarding private business use;
- D. Other federal tax law compliance, including any annual reporting requirements that may be imposed by the Internal Revenue Service; and
- E. Federal securities law compliance.

VII. Training Requirements

Within six months of becoming the Treasurer, and on an annual basis thereafter, the Treasurer and the Treasurer's designees, if any, shall undergo training regarding basic federal tax concepts relating to bonds and records required to be maintained under this policy.

VIII. Annual Policy Review

On an annual basis, or sooner if deemed necessary by the Treasurer, the Treasurer shall review this policy and assess the District's compliance with this policy. The Treasurer shall recommend changes to this Policy as appropriate to ensure compliance with any covenants in the bond documents or the requirements of federal tax and securities laws and any other applicable law.

[Adoption date: January 14, 2013]

CROSS REFS.: 133.03 Public Securities, 133.04 Net Indebtedness, 133.05, 133.06, 133.07, 133.18

DEBT GUIDELINES

This Debt Policy is intended to assist District officials by providing guidance on the following questions:

1. When is the proper time to use available cash for projects and borrow for projects?
2. Under what circumstances are voted general obligation bonds, unvoted general obligation bonds, special revenue notes and lease purchase certificates appropriate?
3. What are the District's goals with respect to interest rates, payment terms and other conditions of a financing?
3. What administrative policies should be in place with respect to debt management?

Definitions – For purposes of this policy, the term “debt” is defined as any type of borrowing for capital facilities and equipment. The word “security” refers to bonds, notes, lease purchase certificates, and other loan or debt obligations.

CAPITAL FUNDING GUIDELINES

Cash Funding – the District encourages funding capital projects with cash from the general fund's capital outlay line item or its permanent improvement fund on a “pay as you go” basis, to the extent possible and prudent. Cash funding for this purpose includes the sale of short-term securities that are paid in full within five years or within the maximum life of the capital item, whichever is less. Cash funding is recommended under the following circumstances:

1. When unreserved cash balances are available for capital in the District's general fund equal to or greater than 40% of the general fund's annual expenditures. At no time will cash funding be recommended for projects in a year in which the general fund balance is projected to fall to 25% of expenditures or lower.
2. To finance the purchase of assets with average lives of five years or shorter, such as equipment and maintenance related items.
3. When market conditions are unstable or unattractive making it difficult to achieve acceptable borrowing terms and interest rates. To make this determination, District officials will review historical indices, market conditions and general market conditions when making financing decisions.

General Obligation Bonds – after determining that borrowings will be used to fund all or a portion of a long-term capital project or projects, general obligation bonds (GOs) are the preferred funding option. GO bonds are expected to be the District's lowest interest rate, lowest cost borrowing alternative. There are two distinct types of school district GO bonds in Ohio and each is defined below along with guidelines for pursuing either type of funding:

1. Voted general obligation bonds - Voted GO bonds are authorized by voter referenda.

Ballot approval gives the District the authority to collect on an annual basis whatever amount of millage dollars are required to make that year's bonds payments. The "unlimited tax" nature of this pledge creates a very strong and reliable security for investors and therefore is expected to achieve the highest bond rating and lowest interest cost financing possible. Voted bonds will be used for long-term projects when general fund capital line item dollars or permanent improvement levy dollars are insufficient to make the necessary debt payments. General obligation bonds will not exceed state debt limitations for school districts unless the District is authorized by the State to exceed those limits.

2. Un-voted general obligation bonds – Un-voted GO bonds are authorized by District resolution and paid from all eligible funds not otherwise obligated. State law severely restricts the amount of un-voted securities that a school district may issue to $1/10^{\text{th}}$ of 1% of tax valuation. However, there are a few exceptions to this restriction such as for energy notes, bus notes, Classroom Facilities Program matching securities and Chapter 133.06(H) pilot payment supported securities. Un-voted securities are further restricted by Ohio's $9/10^{\text{th}}$ of 1% limit for certain types of securities that can exceed the $1/10^{\text{th}}$ of 1% limit and the "ten mill" limitation. Before pursuing un-voted debt, District officials must confirm available debt capacity under the limits and judge the District's ability to make debt payments from its general fund or other funds. Officials will pursue un-voted securities for projects that are limited in scope and better paid from available resources than voted revenues. Un-voted general obligation securities are expected to carry similar bond ratings and achieve similar to slightly higher interest rates as voted bonds depending upon final maturity and other fiscal factors. Therefore, un-voted GOs are preferred over other possible borrowing alternatives, such as permanent improvement notes and lease purchase certificates, when appropriate.

Permanent Improvement Notes – permanent improvement notes (PI notes) are special

obligations authorized by Ohio law. PI notes can be issued in offering amounts equal to one-half of collections projected over the life of the levy, ten years in the case of a continuing levy, or in a greater amount upon state approval. This type of borrowing is exempt from the debt limitations. PI notes are recommended when PI revenues are available and not otherwise committed to pay- as-you-go capital expenditures and when GO debt capacity is unavailable.

Due to its restricted final maturity, a PI note is best used to finance smaller scale projects such as land acquisition or to finance projects with useful lives of ten years or less. PI notes are expected to receive similar ratings and interest rates to the District's GO securities due to the pledged revenue source for repayment and short final maturity.

Lease Purchase Certificates of Participation – lease purchase certificates of participation (COPs) are considered an appropriate funding alternative when GO bonds and PI Notes are unavailable or unsuitable. COPs are created through a series of complex legal agreements designed to set up a lease, lease-back arrangement. Once the lease is established, a trustee creates certificates of participation in the lease payments which are sold by the underwriter to investors. The price of the certificates funds the project. This type of financing requires participation by a third party lessor recruited or created by the District, preferably an independent Education Foundation or other non-profit entity. Due to the complex legal structure of a COPs issue and its higher transaction fees and interest rate expense, this funding alternative is not preferred and should be used only for critical projects and when other funding options are unavailable. COPs do not constitute a legally enforceable obligation of debt; therefore the District's commitment and ability to make payments on the certificates is determined in part by the District's desire to appropriate lease payments annually. The potential for "non-appropriation" increases risk to the buyers of the securities and thus increases the interest rate of the borrowing over the previously discussed alternatives, sometimes significantly. In the event of non-appropriation, the District will surrender the financed project to the Trustee on behalf of the certificate holders. For these reasons, the District will pursue COPs financings only when absolutely necessary and will attempt to structure them with the shortest final maturities possible.

Type of Sale – District officials will sell the District's securities through competitive or negotiated public offerings of securities or through private sale to investors, including local banks. The District will follow the lowest cost, most efficient process possible.

Short-Term Financing – for purposes of this policy, short-term financing refers to bond anticipation notes (BANs), defined as short-term obligations that typically mature within one year of issuance at which time they must be paid in full or refinanced with additional BANs or long-term obligations. BANs are often used for interim financing during the construction cycle of a project. Prior to or upon completion of the project, BANs are typically refunded with fixed- rate, long-term bonds. BANs are also sometimes used for permanent financing, most suitably for projects with average lives of ten or less years. Short-term financings such as BANs historically create lower cost borrowing due to comparatively lower interest rates and lower financing costs. However, BANs expose the District to interest rate risk, which is the risk that interest rates move higher in advance of the BANs maturity date when refunding BANs or bonds will be sold. BANs also expose a District to credit risk and market access risk, which may threaten or challenge the District's ability to efficiently refund its BANs in the future. The District considers BANs to be appropriate under the following conditions:

1. As a source of permanent financing for projects with useful lives of less than five years, but only when there are alternative funding options in the event marketplace conditions or other events prohibit the sale of refunding BANs.
2. As a temporary funding source prior to and in anticipation of the sale of a long-term obligation, with a preference not to exceed three years.
3. When the amount of financing is less than \$1 million and therefore the cost of issuing bonds is cost prohibitive.
4. At no time will the District's exposure to BANs, measured by the amount of BANs outstanding compared to total debt obligations outstanding, exceed 20% of total authorized and outstanding debt obligations for a period greater than six months.

Long-Term Variable Rate Financing - variable rate bonds are defined as bonds that carry interest rates that change from time to time based upon market indices and conditions. Variable rate long-term bonds are prohibited by state law for school districts.

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1. For capital projects with useful lives of five years or greater and when issued in amounts of \$1 million or greater.
2. For energy conservation capital projects supported by a savings report from a qualified energy project consultant and approved by the state documenting that the project's annual energy savings in dollars will offset annual bond payments.
3. For terms up to forty years. However, every effort will be made to keep the final maturity of bonds less than forty years when and if market conditions and other factors provide the opportunity for a shorter term.
4. When the *General Obligation 20 Bond Index*, published by the Bond Buyer, (or an industry recognized index of a similar nature) is eighty-five percent or less of the index's twenty-year average. Long-term bonds are considered less appropriate when the index is one hundred and twenty percent or more of the index's twenty-year average. The District will make every effort to structure the terms of its bonds to take advantage of the conditions in the market at that time.
5. When the District's underlying bond rating is Single A or higher and such rating is not unduly threatened by the issuance of new debt. Officials will work with the District's financial advisor to review standard rating

measures to make this judgment, primarily reviewing a collection of debt ratios, payment history, voter history, wealth and operating conditions.

6. Long-term bonds are preferred when the District is participating in state assisted building programs. Further, long-term bonds are considered especially attractive when the District is able to take advantage of state and federal programs designed to lower the District's effective cost of borrowing, including credit enhancement programs and interest rate subsidy bond programs.

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[Adoption Date: January
14, 2013]

CROSS REFS.: ORC 133.01, 133.02 Public Securities, 133.021, 133.03
Public Securities

DEBT GUIDELINES

ADMINISTRATIVE PROCEDURES

Minimum General Fund Balance – the District recognizes the need to maintain sufficient year- end carry-over balances in its general fund to minimize undesirable programmatic reductions, including staffing reductions. Therefore it is essential to clearly define a fund balance level that triggers a decision to make budgetary adjustments and possibly seek voter approval of new taxes well in advance of a cash shortfall. Further, the District recognizes the value of such a policy with respect to its debt management practices and underlying bond rating. As such, the District defines its minimum unreserved general fund balance as 1/12 of annual expenditures in the third year of the forecast and will initiate budgetary actions or proposed levy to voters in a timely manner to address projected balances below this level.

Managing Bond Subsidy Programs – in the event that the federal subsidy program of 2009/10 return and the District participates in them, the District will engage a bank paying agent/filing agent to apply for semi-annual and annual bond subsidy payments due to the District from any subsidy bond program on its behalf, if any, and to receive and disperse those funds at the District's direction. District officials intend to use any such payments for debt service on the qualifying bonds, but retain the right to direct the payments to any other fund deemed appropriate. Subsidy payments directed to the bond retirement fund will be factored into the District's annual certification of bond issue tax millage. For bond rating purposes,

first year debt payments will be structured to create an excess bond retirement fund balance equal to or greater than the first full year's subsidy payment. (See bond retirement fund below.) District officials recognize the fact that subsidy payments may be withheld by the federal government to make payment on any disputed and unrelated lien or past due obligation owed by the District to the federal government and that any such withholding could have a material adverse effect on its ability to make bond payments. As such, the District will make every effort to remain current on any obligations owed the federal government and will not issue such bonds without first verifying that it has no such lien or past due obligations at the time.

Bond Retirement Fund – the District will strive to maintain an unreserved bond retirement fund year-end balance equal to its maximum semi-annual debt payment on bonds outstanding.

Credit Enhancement – the District will participate in any available state credit enhancement program to the extent it qualifies for such program and the program's "programmatic bond rating" reduces the District's interest rates and thus cost. The District understands that if for any reason the District is unable to make a debt payment in full for securities issued under certain credit enhancement programs, such as the State of Ohio's Foundation Credit Enhancement Program, that a paying agent/program trustee may direct the state to intercept the District's monthly operational state aid payments to the extent necessary to cover the shortfall. The District may also explore the value of purchasing bond issuance or other credit enhancement facilities and will do so when advised by its financial advisors that such enhancements will lower its overall interest costs.

Federal Tax Law – all financings will comply with the restrictions set forth in federal tax law. In addition, the size and timing of notes or bonds may be affected by options provided in the tax code, such as rebate exemptions. District officials will retain professional assistance to comply with all filing and post issuance compliance procedures regarding construction spending guidelines; rebate calculations and payments; private use rules; reimbursement of prior expenditures and subsidy payments, among others.

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Professional Services – professionals retained by the District in connection with the

District's debt program shall provide full disclosure to the District of any formal or informal relationships or agreements outside of the District that may be in conflict with the best interests of the District. The District shall retain professionals in connection with its debt issues based upon demonstrated qualifications, including past successful performance. Officials will review professional relationships periodically as appropriate.

Debt Policy Review – the debt policy will be reviewed from time to time in keeping with District practices to all policies and as necessary to comply with state and federal law.

[Approval Date: January 14, 2013]

CROSS REFS.: ORC 133.01, 133.02 Public Securities, 133.021, 133.03 Public Securities

BOARD OF EDUCATION

_WORTHINGTON_____ SCHOOL DISTRICT

FINANCES

6150/page 1 of 1

for BOE discussion

TUITION INCOME

The Board of Education may 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.

The _Treasurer and Superintendent_____ 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.

R.C. 3313.211, 3313.64, 3317.08, 3323.142, 3327.06

for BOE discussion**STUDENT FEES, FINES, AND CHARGES**

The Board of Education will provide the necessary textbooks and/or electronic textbooks required by the course of study free of charge for its students. The Board may need to levy certain charges to students to facilitate the utilization of other appropriate materials for curricular as well as co-curricular and extra-curricular, noncredit activities. Such charges would be made on expendable items such as magazines, workbook materials, paperback selections, and laboratory supplies, and materials, for clubs, independent study or special projects, and District-sponsored trips. Any waiver of fees shall be made pursuant to Policy 6152.01.

Students enrolled in District schools are furnished basic textbooks without cost; however, a fee for consumable materials and supplies used in the instructional program is established at the beginning of each school year and may vary as the cost of materials and supplies fluctuates. Such fees are to be deposited in the rotary operating funds of the Board to defray the cost of the materials and supplies.

School fees shall be paid in advance for each school term at the time of initial registration or initial enrollment.

Fees

For the purposes of this policy, "school fees" or "fees" means any monetary charge collected by the District from a student or the parent(s) or guardian of a student as a prerequisite for the student's participation in any curricular or extra-curricular program of the District.

Fines

When school property, equipment, or supplies are damaged, lost, or taken by a student, a fine will be assessed. The fine will be reasonable, seeking only to compensate the school for the expense or loss incurred.

The late return of borrowed books or materials from the school libraries will be subject to appropriate fines.

Any fees, fines, and/or other charges collected by members of the staff that total more than \$1,000.00 or that cannot be safeguarded shall be turned in to the Treasurer within one (1) business day after collection. Any fees, fines, and/or charges collected by members of the staff that total less than \$1,000.00 and that can be safeguarded shall be turned in to the Treasurer within three (3) business days after collection. A place such as the building safe or a locked file cabinet **(X)** shall be used for securing these monies until they are deposited with the Treasurer. At no time shall any staff member place public monies in his/her own banking accounts or commingle public monies with their own. Except in cases of extenuating circumstances, i.e., the inability to access the secure place in the building, public monies should not be taken to a person's place of residence.

In accordance with R.C. 3313.642, failure to pay fees and fines may result in the withholding of grades and credit. In the event the above course of action does not result in the fee being collected, the Board authorizes the Treasurer to take the student and/or his/her parents to Small Claims Court for collection. Under no circumstances will the Board withhold the grades, credits, official transcripts, diploma, IEPs, or Section 504 Plans of a student for nonpayment of fees for materials used in the course of instruction, if a complaint has been filed at any time in a juvenile court alleging that the student is an abused, neglected, or dependent child, or if the student has been adjudicated an abused, neglected, or dependent child. Further the Board will transfer immediately the grades, credits, official transcripts, IEPs, or Section 504 Plans of a student upon the receipt of either another district's or school's request for those records pursuant to R.C. 3313.672, or a juvenile judge's order under R.C. 2151.272. The Superintendent may request a copy of any order regarding a child's custody or placement issued pursuant to a complaint filed under R.C. 2151.27. The Board, however, will not withhold records required to be transferred pursuant to this paragraph pending receipt of a copy of the order.

Annually the District will report to the Ohio Department of Education the number of students for whom it sent transcripts pursuant to R.C. 3313.642(D), and the total amount of unpaid fees lost due to compliance with that provision.

Nothing in this policy restricts the right of access of a parent or student to school records or to receive copies of such records, as required by Federal and State laws.

R.C. 2151.272, 3313.642, 9.38

WAIVER OF SCHOOL FEES FOR INSTRUCTIONAL MATERIALS

The _Worthington_____ School District shall waive fees assessed by the District for instructional materials only for students whose parent(s) or guardian are unable to afford them. The Superintendent may, as deemed necessary, establish additional procedures to supplement the procedures established in this policy regarding the requests for the waiver of fees. This waiver does include District fees associated with extra-curricular activities or student enrichment programs that are not part of a course of instruction.

[X] Additionally, the District may charge fees for tools, equipment, and materials, as specified, that are necessary for workforce-readiness training that may be retained by the students after completion of the course.

Eligibility Standards

Students eligible for a waiver of school fees include, but are not limited to, the following:

- A. Students who qualify for aid under Ohio Works First (R.C. 5107) or Disability Assistance (R.C. 5115).
- B. Students who qualify for free lunch under the National School Lunch Act.

Notification to Parents

- B. The first bill or notice sent to parents or guardians who owe fees shall state:
 - 1. The District will waive fees for persons unable to afford them in accordance with its policy.
 - 2. The procedure for applying for a fee waiver.

Nondiscrimination

The Board expects all staff members to exercise the utmost care to see that, as a result of their actions or comments, students cannot differentiate between those students whose parents are unable to purchase required instructional materials or pay required fees and those whose parents can.

R.C. 3313.642

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FORECAST AND APPROPRIATIONS AND BUDGET PLAN

An annual appropriations resolution shall be developed, approved, and filed according to statute and the requirements of the Auditor of the State of Ohio.

[X] The appropriation measure shall be adopted at the fund level for all funds.

[X] The five-year forecast, for the general fund, will be adopted by the Board by the end of October and May of each school year. The Treasurer is required to recommend adoption of the five-year forecast. The forecast will be related to the District's goals, objectives, and programs. The projections will be used for planning purposes and will reflect the educational programs previously approved. The Board shall be apprised of any changes or alterations between forecasts.

Budget planning for the district will be an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the district. Budget planning shall be a continuous process involving broad participation by administrators, supervisors, and other persons as needed. The proposed budget shall reflect the needs and requirements of all segments of the local school community.

The Treasurer shall be responsible for preparing an annual document that reflects the current and anticipated programming for the next school year. The document will include an executive summary, explanation of the budget process, fiscal management policies, proposed budget for all funds excluding agency funds, summary of general fund budgets for buildings and departments at the object level, staffing information, and information about other funds.

The Board will adopt an annual permanent appropriation measure in June for the following fiscal year to begin July 1. In the event the permanent appropriation is not ready at that time, the Board may adopt a temporary appropriation no later than September 30 of each fiscal year.

The appropriation measure shall exclude agency funds, the general fund shall be adopted at the fund and first level of object and all other funds shall be at the fund level.

The Treasurer has the authority to approve general fund appropriation changes within the first level of object for the general fund and within the fund for all other funds. An increase or decrease in appropriation outside of the parameters above shall require Board approval.

The Board shall adopt as part of its annual appropriation measure a spending plan (also known as a forecast), as prescribed by statute, or in the case of an amendment or supplement to an appropriation measure, an amended spending plan setting forth a projection of revenue, expenditures, and assumptions. The forecast shall

BOARD OF EDUCATION

FINANCES

_WORTHINGTON

SCHOOL DISTRICT

6231/page 2 of 2

include the General Fund, any special cost center associated with General Fund money, Emergency Levy funds, any Debt Service activity that would otherwise have gone to the General Fund, and DPIA.

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**AMENITIES FOR PARTICIPANTS AT MEETINGS AND/OR OTHER
OCCASIONS**

The Board of Education recognizes the value in providing meals, refreshments, and/or other amenities for staff, students, citizens, advisory groups who participate in meetings and staff development sessions, or on other occasions as deemed appropriate by the administration.

The Board hereby affirms that these expenses do serve a valid and proper public purpose. The Board believes that the “public purpose” served is the promotion of education, enhancement of morale, and rapport, and the encouragement of participation in said activities. However, under no circumstances shall public funds be expended for the purchase of alcoholic beverages.

The Board further directs the Treasurer to include funds in the annual appropriations for the purchase of such amenities or to reimburse staff who incur such expenses if purchased in connection with meetings, staff development sessions, or other occasions deemed appropriate by the administration.

NEW POLICY - VOL. 34, NO. 2

PROCUREMENT – FEDERAL GRANTS/FUNDS

Procurement of all supplies, materials, equipment, and services paid for from Federal funds or District matching funds shall be made in accordance with all applicable Federal, State, and local statutes and/or regulations, the terms and conditions of the Federal grant, Board of Education policies, and administrative procedures.

The Superintendent shall maintain a procurement and contract administration system in accordance with the USDOE requirements (2 CFR 200.317-.326) for the administration and management of Federal grants and Federally-funded programs. The District shall maintain a contract administration system that requires contractors to perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Except as otherwise noted, procurement transactions shall conform to the provisions of the District's documented general purchasing Policy 6320 and AG 6320.

All District employees, officers, and agents who have purchasing authority shall abide by the standards of conduct covering conflicts of interest and governing the actions of its employees, officers, and agents engaged in the selection, award, and administration of contracts as established in Policy 1130, Policy 3110 and Policy 4110 – Conflict of Interest.

The District will avoid acquisition of unnecessary or duplicative items. Additionally, consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. And, where appropriate, an analysis shall be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. These considerations are given as part of the process to determine the allowability of each purchase made with Federal funds.

To foster greater economy and efficiency, the District may enter into State and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Competition

All procurement transactions shall be conducted in a manner that encourages full and open competition and that is in accordance with good administrative practice and sound business judgement. In order to promote objective contractor performance and eliminate unfair competitive advantage, the District shall exclude any contractor that has developed or drafted specifications, requirements, statements of work, or invitations for bids or requests for proposals from competition for such procurements.

Some of the situations considered to be restrictive of competition include, but are not limited to, the following:

- A. unreasonable requirements on firms in order for them to qualify to do business
- B. unnecessary experience and excessive bonding requirements
- C. noncompetitive contracts to consultants that are on retainer contracts
- D. organizational conflicts of interest
- E. specification of only a "brand name" product instead of allowing for an "*or equal*" product to be offered and describing the performance or other relevant requirements of the procurement
- F. any arbitrary action in the procurement process

Further, the District does not use statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, unless (1) an applicable Federal statute expressly mandates or encourages a geographic preference; or (2) the District is contracting for architectural and engineering services, in which case geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

To the extent that the District uses a pre-qualified list of persons, firms or products to acquire goods and services, the pre-qualified list includes enough qualified sources as to ensure maximum open and free competition. The District periodically allows vendors to apply for consideration to be placed on the list.

Solicitation Language

The District shall require that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it shall conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which shall be met by offers shall be clearly stated; and identify all requirements which the offerors shall fulfill and all other factors to be used in evaluating bids or proposals.

The Board will not approve any expenditure for an unauthorized purchase or contract.

Procurement Methods

The District shall utilize the following methods of procurement:

(X) Sealed Bids

Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment which amounts to \$25,000 and when the Board determines to build, repair, enlarge, improve, or demolish a school building/facility the cost of which will exceed \$25,000.

In order for sealed bidding to be feasible, the following conditions shall be present:

1. a complete, adequate, and realistic specification or purchase description is available;
2. two (2) or more responsible bidders are willing and able to compete effectively for the business; and
3. the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

When sealed bids are used, the following requirements apply:

1. Bids shall be solicited in accordance with the provisions of State law and Policy 6320. Bids shall be solicited from **(X)** an adequate number of qualified suppliers, providing sufficient response time prior to the date set for the opening of bids. The invitation to bid shall be publicly advertised.
2. The invitation for bids will include product/contract specifications and pertinent attachments and shall define the items and/or services required in order for the bidder to properly respond.
3. All bids will be opened at the time and place prescribed in the invitation for bids; bids will be opened publicly.

4. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts may only be used to determine the low bid when prior experience indicates that such discounts are usually taken.
5. The Board reserves the right to reject any or all bids for sound documented reason.

(X) Competitive Proposals

Procurement by competitive proposal, normally conducted with more than one source submitting an offer, is generally used when conditions are not appropriate for the use of sealed bids or in the case of a recognized exception to the sealed bid method. **[Drafting Note: Like sealed bids, Federal law does not require a competitive proposal unless the procurement is for over \$150,000. The State/District may set a lower threshold for sealed bids and competitive proposals. Ohio law requires sealed bids for a purchase of \$25,000 or more (see Policy 6320).]**

If this method is used, the following requirements apply:

1. Requests for proposals shall be publicized and identify all evaluation factors and their relative importance. Any response to the publicized requests for proposals shall be considered to the maximum extent practical.
2. Proposals shall be solicited from an **(X)** adequate number of sources.
3. The District shall use its written method for conducting technical evaluations of the proposals received and for selecting recipients.

4. Contracts shall be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The District may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(X) Noncompetitive Proposals

Procurement by noncompetitive proposals allows for solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. the item is available only from a single source
2. the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation
3. the Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District
4. after solicitation of a number of sources, competition is determined to be inadequate

Contract/Price Analysis

The District shall perform a cost or price analysis in connection with every procurement action in excess of \$150,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the District shall come to an independent estimate prior to receiving bids or proposals.

When performing a cost analysis, the District shall negotiate profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Time and Materials Contracts

The District uses a time and materials type contract only (1) after a determination that no other contract is suitable; and (2) if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to the District is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, the District sets a ceiling price for each contract that the contractor exceeds at its own risk. Further, the District shall assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Suspension and Debarment

The District will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. All purchasing decisions shall be made in the best interests of the District and shall seek to obtain the maximum value for each dollar expended. When making a purchasing decision, the District shall consider such factors as (1) contractor integrity; (2) compliance with public policy; (3) record of past performance; and (4) financial and technical resources.

The Superintendent shall have the authority to suspend or debar a person/corporation, for cause, from consideration or award of further contracts. The District is subject to and shall abide by the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR Part 180.

Suspension is an action taken by the District that immediately prohibits a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1) for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings that may ensue. A person so excluded is suspended. (2 CFR Part 180 Subpart G)

Debarment is an action taken by the Superintendent to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1). A person so excluded is debarred. (2 CFR Part 180 Subpart H)

The District shall not subcontract with or award subgrants to any person or company who is debarred or suspended. For contracts over \$25,000, the District shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 CFR Part 180 Subpart C)

Bid Protest

The District maintains the following protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

A bidder who wishes to file a bid protest shall file such notice and follow procedures prescribed by the Request For Proposals (RFPs) or the individual bid specifications package, for resolution. Bid protests shall be filed in writing with the Superintendent within seventy-two (72) hours of the opening of the bids in protest.

Within five (5) days of receipt of a protest, the Superintendent shall review the protest as submitted and render a decision regarding the merits of the protest and any impact on the acceptance and rejection of bids submitted. Notice of the filing of a bid protest shall be communicated to the Board and shall be so noted in any subsequent recommendation for the acceptance of bids and awarding of contracts.

Failure to file a notice of intent to protest, or failure to file a formal written protest within the time prescribed, shall constitute a waiver of proceedings.

Maintenance of Procurement Records

The District maintains records sufficient to detail the history of all procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (including a cost or price analysis).

Applicable laws and regulations:
2 C.F.R. 200.317 - .326

PROHIBITION AGAINST CONTRACTING WITH A PERSON AGAINST WHOM
AN UNRESOLVED FINDING FOR RECOVERY HAS BEEN ISSUED

The Board of Education shall not award a contract for goods, services or construction, which is paid in whole or in part with public funds, to a person against whom a finding for recovery has been issued by the Auditor of State on or after January 1, 2001, if the finding for recovery is unresolved.

Findings for Recovery

A finding for recovery is a determination by the Auditor of State that public money has been illegally expended, public money has been collected but not been accounted for, public money is due but has not been collected, or public property has been converted or misappropriated. A finding for recovery is unresolved unless:

- A. the money identified in the finding for recovery is paid in full to the State agency or political subdivision to whom the money was owed;
- B. the debtor has entered into a repayment plan that is approved by the Attorney General and the State agency or political subdivision to whom the money identified in the finding for recovery is owed;
- C. the Attorney General waives a repayment plan described in (B.) for good cause;
- D. the debtor and State agency or political subdivision to whom the money identified in the finding for recovery is owed have agreed to a payment plan established through an enforceable settlement agreement;
- E. the State agency or political subdivision desiring to enter into a contract with a debtor certifies, and the attorney general concurs, that all of the following are true:
 - 1. essential services that the State agency or political subdivision is seeking to obtain from the debtor cannot be provided by any other person besides the debtor;
 - 2. awarding a contract to the debtor for the essential services described above is in the best interest of the State;

3. good faith efforts have been made to collect the money identified in the finding for recovery;
- F. the debtor has commenced an action to contest the finding for recovery and a final determination on the action has not yet been reached.

Verifying Status Regarding Findings for Recovery

Prior to the Board awarding a contract for goods, services, or construction, paid in part or in whole with public funds, the _Treasurer or designee_____, as the Board's designee, must verify that the person or entity to whom the contract is to be awarded does not appear in the database maintained by the Auditor of State, listing those with findings for recovery against them.

Contracts Not Applicable

This policy does not apply to contracts that meet the following criteria:

- A. The cost for the goods, services, or construction under the contract is estimated to cost less than \$25,000; or
- B. the aggregate cost for the goods, services, or construction under multiple contracts entered into within the fiscal year preceding the fiscal year within which the contract is being entered into by the same parties is estimated to cost less than \$50,000.

The policy may apply to a contract renewal of a contract previously entered into and renewed pursuant to that preceding contract as long as it is not exempt because of the contract amount.

The policy does not apply to contracts with bonding companies or insurance companies, unless a court has entered a final judgment against the company and the company has not yet satisfied the final judgment.

The policy does not apply to employment contracts.

<http://www.auditor.state.oh.us/WhatsNew/FFR/>

R.C. 9.24

USE OF CREDIT CARDS

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. The authorization, handling and use of credit cards has been established to provide a convenient and efficient means to purchase goods and services from vendors. Credit cards, however, shall not be used in order to circumvent the general purchasing procedures established by State law and Board policy. The Board affirms that credit cards shall only be used in connection with Board-approved or school-related activities and that only those types of expenses that are for the benefit of the District and serve a valid and proper public purpose shall be paid for by credit card. However, under no circumstances shall credit cards be used for personal purchases or the purchase of alcoholic beverages regardless of whether the purchase of such beverages is made in connection with a meal.

The Treasurer and Superintendent shall jointly develop administrative guidelines that specify those employees authorized to use credit cards, the types of expenses which can be paid by credit card, and their proper supervision and use. Inappropriate or illegal use of the credit card and/or failure to strictly comply with the limitations and requirements set forth in the administrative guidelines may result in a loss of credit card privileges, disciplinary action, up to and including termination, personal responsibility for any and all inappropriate charges, including finance charges and interest assessed in connection with the purchase, and/or possible referral to law enforcement authorities for prosecution.

- [] The Board directs the **[X]** Superintendent and **[X]** Treasurer to determine and specify those employees authorized to use District credit cards. The **[X]** Treasurer shall be responsible for giving direction to and supervising such employees' use of District credit cards.

BOE discussion**LOCAL PURCHASING**

The Board of Education recognizes its position as a major purchaser in this community, and 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 prefers to purchase within the District from established local merchants.

The Board authorizes the __Treasurer/Superintendent_____ to award purchases placed in accordance with law, this policy, and all policies of the Board otherwise applicable to local merchants when

(X) their quotation is competitive, or

(X) maintenance service may be required, or

(X) promptness of delivery is a consideration

provided that all statutes pertaining to public purchasing are duly observed.

R.C. 2909.33, 3313.33, 3313.51, 3319.21, 3329.10

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, unless the person has not solicited the contract or participated in the negotiations leading up to the contract. This prohibition shall not prevent any person from receiving royalties upon the sale of any educational material of which s/he is the author and which has been properly approved for use in the schools of this District.

Board members and school personnel shall not accept any form of compensation from vendors that might influence their recommendations on the eventual purchase of equipment, supplies, or services. Furthermore, Board members and school personnel shall not accept any compensation from a vendor after a decision has been made to purchase equipment, supplies, or services from said vendor. In addition, Board members or school personnel who recommend purchases shall not enter into a contractual arrangement with a vendor seeking to do business with the District, or a vendor with whom the District is doing business, whereby an individual board member or member of the school staff receives compensation in any form for services rendered.

Such compensation includes, but is not limited to, cash, checks, gift cards, stocks, or any other form of securities, and gifts such as televisions, computers, discount certificates, travel vouchers, tickets, passes, and other such things of value. In the event that a Board member or member of the school staff receives such compensation, albeit unsolicited, from a vendor, the Board member or school staff member shall notify the Treasurer, in writing, that s/he received such compensation and shall thereafter promptly transmit said compensation to the Treasurer at his/her earliest opportunity.

Nothing herein shall prevent a school employee, who is not in a position to negotiate or authorize a contract with a vendor, from accepting a discount on goods purchased for personal use from a vendor with whom the Board does business (i.e., that has a contract with the Board) provided the vendor (a) extends the same discount to all of its customers and does not limit it to officials and employees of the District, (b) offers a uniform discount to all eligible school officials and employees, without limiting the offer to employees with official duties or responsibilities affecting the vendor's financial interest, and (c) does not offer the discount to school officials and employees in exchange for the performance of their public duties. Board members and/or school personnel who negotiate or authorize a vendor's contract are prohibited from accepting any discount offered by the vendor for his/her personal use. Such individuals also shall not suggest that the vendor offer an employee discount as part of the public contract.

All sales persons, regardless of product, shall clear with the Superintendent's office 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 a factor if all other considerations are equal.

In accordance with State law, Policy 4121, and Policy 8142, a criminal background check is required of any non-teaching employee, including individuals employed by a private company/vendor under contract with the Board to provide essential school services who will work within the District in a position which does not require a license issued by the State Board of Education, is not for the operation of a vehicle for student transportation, but does involve routine interaction with a child or regular responsibility for the care, custody, or control of a child.

R.C. 2909.33, 3319.391, 3319.392

Auditor's Bulletin 2000-006

Ohio Ethics Commission Opinion No. 2011-08 (effective Nov. 3, 2011)

PAYROLL AUTHORIZATION

The most substantial payment of public funds for the operation of the School District is that which is made to the employees of the Board of Education for services rendered. To ensure that each person so compensated is validly employed by this District and that the compensation remitted fairly represents the services rendered, this policy is promulgated.

Employment of all District personnel whether by the year, term, month, week, day, or hour in contract, temporary, or substitute form must be approved by the Board.

Each motion of the Board to employ or reemploy a staff member shall include the name of the individual, the position title, and the compensation to be paid as prescribed in a negotiated, collective-bargained agreement, or determined by a wage guideline, and the effective date of employment.

R.C. 9.40, 3319.36

PAYROLL DEDUCTIONS

To the extent permitted by law and consistent with the specific provisions of any applicable negotiated agreement, the Board of Education authorizes deductions to be made from an employee's paycheck upon proper authorization on the appropriate form for the following purposes:

- A. Federal, State, Local, and School District income tax
- B. Social Security or retirement contributions

(X) Section 125 deductions (cafeteria plans)

(X) contributions to charitable and not-for-profit corporations and community fund organizations

(X) payment of group insurance premiums

(X) 457 Deferred Compensation and 403B Annuity programs

The District may limit the right of an individual employee to designate the agent, broker, or company to write tax-deferred annuities by requiring a minimum of 10 full-time employees to be enrolled with said agent, broker, or company.

[X] In cases when an employee is absent from duty and there is no sick leave applicable, or when the absence is unauthorized, the salary deduction for each day of absence will be based on the employee's current salary divided by the number of work days required in the official school calendar for each job classification.

R.C. 9.90, 9.91

REVISED POLICY - VOL. 34, NO. 2

TRAVEL PAYMENT & REIMBURSEMENT

Travel expenses incurred for official business travel on behalf of the Board of Education shall be limited to those expenses necessarily incurred by the employee in the performance of a public purpose.

Payment and reimbursement rates for meals, lodging, and mileage shall be approved by the Board annually. The Board shall reimburse mileage **(X)** at the Federal IRS prescribed mileage rate.

Employees are expected to exercise the same care incurring travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Unauthorized costs and additional expenses incurred for personal preference or convenience will not be reimbursed.

Unauthorized expenses include but are not limited to alcohol, movies, fines for traffic violations, and the entertainment/meals/lodging of spouses or guests.

- [X] Commercial airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would (1) require circuitous routing; (2) require travel during unreasonable hours; (3) excessively prolong travel; (4) result in additional costs that would offset the transportation savings; or (5) offer accommodations not reasonably adequate for the traveler's medical needs. Instances of commercial airfare cost in excess of the basic least expensive unrestricted accommodations class must be justified and documented on a case-by-case basis.

Travel payment and reimbursement provided from Federal funds must be authorized in advance and must be reasonable and consistent with the District's travel policy. For travel paid for with Federal funds, the travel authorization must include documentation that demonstrates that (1) the participation in the event by the individual traveling is necessary to the Federal award; and (2) the costs are reasonable and consistent with the District's travel policy.

All costs incurred with Federal funds must meet the cost allowability standards within Board Policy 6114.

To the extent that the District's policy does not establish the allowability of a particular type of travel cost, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his/her designee), must apply to travel under Federal awards.

Applicable laws and regulations:
2 C.F.R. 200.474

DEPOSIT OF PUBLIC FUNDS:
CASH COLLECTION POINTS

Monies received at cash collection points throughout the District must be deposited in accordance with this policy. Cash collection points are any areas within a school where money flows into the District. Currently identified cash collection points are admission fees to athletic events, lunchroom sales, classroom fees, student activities/fundraisers, and miscellaneous money coming through the Treasurer's Office such as grants, interest, donations, sale of fixed assets, and taxes.

Persons who receive monies at cash collection points in the District are required to deposit all monies received with the Treasurer on the next business day after the day of receipt, if the total amount of monies exceeds \$1,000. If the monies received do not exceed \$1,000, the person shall deposit such monies with the Treasurer **(X)** not more than 3 business days following the day of receipt. Persons who receive money at cash collection points are responsible for its safekeeping until the money is deposited with the Treasurer. Ordinarily, the money should be secured in a locked desk, file cabinet, safe or other secure room on school property, and it should not be taken home. If an employee believes it is safer to take the money home, s/he must obtain permission to do so from his/her supervisor, building principal, or other appropriate administrator. The Treasurer is directed to develop, distribute, and implement procedures addressing the provision of receipts (where applicable) to the payee(s), and proper segregation of duties for the receipting, depositing, recording, and reporting of cash. These procedures should be particularized to each cash collection point and should include flowcharts as appropriate. The procedures should further address the need for completion of timely bank reconciliations so that "unreconciled differences" can be identified and resolved.

R.C. 9.38

New – BOE discussion**STUDENT ACTIVITY FUND**

It is the purpose of this policy to establish financial controls for the administration of the normal, legitimate activities of the student body organization.

For purposes of this policy, a "student activity fund" may include, but not be limited to co-curricular and approved extra-curricular activities such as clubs, publications, etc.

Each activity covered by this policy must be recognized by the Board of Education before monies can be collected or disbursed in the name of said activity. Each activity covered by this policy must adhere to the guidelines established by the Treasurer for proper fundraising, depositing, and expenditure of funds in accordance with the Student Activity Handbook and must serve a valid and proper public purpose.

The Board authorizes the maintenance of approved student activity funds.

[X] The Board may facilitate the student activities program by providing up to one-half of one percent (1/2 of 1%) of its annual operating budget to help defray the cost of the activities.

The Board authorizes the Treasurer _____ to act on its behalf to review and approve each expenditure from a student activity fund prior to disbursement. In approving an expenditure, the _Treasurer _____ shall ensure that it is related to achieving one (1) or more of the stated purposes for which the student activity has been organized and will serve a valid and proper public purpose.

Option #1

An expenditure may consist of a donation to an organization for a purpose deemed appropriate by the Treasurer.

Option #2

A charitable donation may be made to an organization in accordance with the Treasurer's guidelines for activity fund expenditures.

An expenditure shall not be approved if it accrues to the personal benefit of a member of the staff or a member of the student group. Monies are not to be disbursed to a school class or group for any activity or event that will occur after the students have graduated.

All monies accumulated in the account of a specific class or activity will, upon the discontinuance of the activity, be disposed of in accordance with the recommendation approved by the Superintendent.

The Superintendent shall implement administrative guidelines which will ensure that all student activity funds are managed, recorded, and deposited in accordance with law and sound fiscal practice.

R.C. 9.39, 3313.47, 3313.51, 3313.53, 3315.01, 3315.062, 3315.12, 3315.14,
R.C. 3317.024, 5705.41, 5705.412
A.C. 117-2-18, 117-2-20

New to BOE**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 and to be reimbursed for such purchases if they are initially made with the administrators' personal funds.

The Board hereby affirms that the expenses incurred as listed above do serve a valid and proper public purpose. However, under no circumstances will public funds be expended for the purchase of alcoholic beverages. The Board believes that the "public purpose" served is 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 legitimate interests.

The funds shall be made available from _any district funds____.

FAIR LABOR STANDARDS ACT (FLSA)

It is the Board of Education's policy to comply with the provisions of the Fair Labor Standards Act (FLSA) and its implementing regulations, unless the terms of an applicable collective bargaining agreement provide for greater rights to its employees. To that end, the Board shall pay at least the minimum wage required by the FLSA to all covered, non-exempt employees. Further, the Board recognizes the safe and efficient operation of the District may occasionally require covered, non-exempt employees to work more than forty (40) hours during a given work week. . **[X]** Work week is defined as the seven (7) day period of time beginning on Sunday at 12:00 a.m. and continuing to the following Saturday at 11:59 p.m. Covered, non-exempt employees who work (i.e., perform work on behalf of or for the benefit of the Board) more than forty (40) hours in a given work week will receive premium pay (i.e., one and one-half (1 1/2) times the employee's regular hourly rate of pay) for all hours worked in excess of forty (40).

The Superintendent or his/her designee shall determine the necessity and availability of overtime work. **[X]** Overtime may be authorized only by a supervisor and will be used primarily to address circumstances of an emergency or temporary nature. Non-exempt employees who work overtime without prior approval from the Superintendent or a supervisor may be subject to disciplinary action up to and including termination.

Exempt employees are individuals who are exempt from the FLSA minimum wage and overtime provisions. These employees include persons employed in bona fide executive, administrative, and professional positions, and certain computer employees. To qualify for the exemption, employees generally must meet certain tests regarding their job duties and be paid on salary basis at rates set by federal government. The salary requirement does not apply to teachers. Exempt computer employees may be paid at rates set by federal government. Being paid on a "salary basis" means an employee regularly receives a predetermined amount of compensation each pay period on a weekly, or less frequent, basis. Additionally, the predetermined amount cannot be reduced because of variation in the quality or quantity of the employee's work. Subject to the exceptions listed below, an exempt employee must receive the full salary for any work week in which the employee performs any work, regardless of the number of days or hours worked.

Notwithstanding the fact that exempt school employees continue to meet the salary basis requirements and are not disqualified from exemption even if the employee's pay is reduced or the employee is placed on a leave without pay for absences for personal reasons or because of illness or injury of less than one (1) work-day because accrued leave is not used for specific reasons, the Board reserves the right to make deductions from the pay of otherwise exempt employees under the following circumstances:

- A. the employee is absent from work for one (1) or more full days for personal reasons other than sickness or disability
- B. the employee is absent from work for one (1) or more full days due to sickness or disability if the deduction is made in accordance with a bona fide plan, policy or practice of providing compensation for salary lost due to illness
- C. to offset amounts employees receive as jury or witness fees, or for military pay
- D. for unpaid disciplinary suspensions of one (1) or more full days imposed in good faith for workplace conduct rule infractions
- E. for penalties imposed in good faith for infractions of safety rules of major significance

The Board shall also not be required to pay the full salary in the initial or terminal week of employment, or for weeks in which an exempt employee takes unpaid leave under the Family & Medical Leave Act.

The Board recognizes that with limited legally permissible exceptions, no deductions should be taken from the salaries of exempt employees. If an exempt employee believes that an improper deduction has been made to his/her salary, the employee should immediately report this information to the **[X]** Treasurer, or his/her immediate supervisor. Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, the employee will be promptly reimbursed for any improper deduction made, and the Board will make a good faith commitment to avoid any recurrence of the error.

The Board directs the Superintendent to distribute this policy to all employees upon initial hire and on an annual basis.

The Superintendent is directed to prepare administrative guidelines to implement this policy.

29 U.S.C. 201 et seq.
29 C.F.R. Part 541

SYSTEM OF ACCOUNTING

As specified by the Auditor of State, the Board of Education uses the Uniform School Accounting System as the chart of accounts by which it keeps an accounting of all District funds. The District's financial records shall show sources of revenue, amounts received, amounts expended, and the disposition of public property. The Treasurer shall complete an accounting of all capital assets to protect the financial investment of the District against catastrophic loss. Further, the Treasurer shall establish procedures and regulations necessary to properly account for capital assets and comply with generally accepted accounting principles (GAAP) and ensure that the District's capital assets are properly insured.

The Treasurer shall maintain a proper accounting of all District funds. S/He shall ensure that expenditures are budgeted under and charged against those accounts that most accurately describe the purpose for which such monies are to be or have been spent. Wherever appropriate and practicable, salaries of individual employees, expenditures for single pieces of equipment, and the like shall be prorated under the several accounts that most accurately describe the purposes for which such monies are to be or have been spent.

The Treasurer shall receive all vouchers for payments and disbursements made to and by the Board, and preserve them for the statutorily required period.

The Treasurer shall implement procedures and practices that will determine: (1) Capitalization policies for District assets (i.e., which assets will be capitalized and depreciated over their estimated useful life versus which assets will be expensed in year of purchase); (2) Methods for calculating annual and accumulated depreciation expense for assets including estimates for asset lives, residual asset values, and depreciation methodology; and (3) Procedures for recording gain or loss on sale of capital assets and proceeds from the sale of capital assets in compliance with GAAP Reporting of estimated cash values or replacement values to District insurance providers.

The Treasurer shall report to the Board on a monthly basis the revenues and expenditures of the general fund and the variance from anticipated amounts. The report shall include a list of investments and other such items as deemed necessary.

The Treasurer is responsible for filing in a timely manner, on behalf of the Board, a comprehensive Annual Financial Report (CAFR) with the Auditor of State and the Ohio Department of Education.

AUDIT

The Board of Education requires, after the close of the fiscal year (June 30th), that an audit of all accounts of the District be made annually by an independent, certified public accountant or the State Auditor's Office. The audit examination shall be conducted in accordance with generally-accepted auditing standards and shall include all funds over which the Board has direct or supervisory control.

The _Treasurer_____ shall also prepare and publish an audited statement of the financial condition of the District at the close of each fiscal year, on or before _December 31_____ of the next succeeding fiscal year.

- [] Findings for recovery should be reported to the Superintendent, Treasurer, and Board. It is the Board's preference that an employee not be named in a finding for recovery unless such employee directly performed the action causing the finding **(X)** and benefited personally from such action.