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## FISCAL MANAGEMENT GOALS

The quantity and quality of learning programs are related to the funding provided and the effective, efficient management of those funds. It follows that the District's purposes can best be achieved through prudent fiscal management.

Because of resource limitations, there is sometimes a temptation to operate so that fiscal concerns overshadow the educational program. Recognizing this, it is essential that the Board take specific action to make certain that education remains central and that fiscal management contributes to the educational program. This concept is incorporated into Board operations and into all aspects of District management and operation.

As trustees of the community's investment in the facilities, materials and operational funds, the Board has a fiduciary responsibility to ensure that the investment is protected and used wisely. Competent personnel and efficient procedures are essential for sound management of fiscal affairs. The Board expects that the Superintendent and the Treasurer keep it informed through reports, both oral and written, of the fiscal management of the District.

With the assistance of the Treasurer and other designated personnel, the Superintendent is expected to develop an efficient and effective procedure for fiscal accounting, purchasing and the protection of plant, grounds, materials and equipment through prudent and economical operation, maintenance and insurance.

The Board seeks to achieve the following goals:

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

[Adoption date: June 15, 2000]

ANNUAL BUDGET AND APPROPRIATIONS MEASURE/  
BUDGET MODIFICATION AUTHORITY

Budget

The purpose of the annual tax budget is to identify adequate financial resources for the education program and to provide a basis for accountability in fiscal management. The District budget is also the legal basis for the establishment of tax rates.

Public school budgeting is regulated and controlled by Ohio law and requirements of the Board. A budget is required for every fund that a district uses in its yearly operation.

The Superintendent/staff are responsible for the preparation of the annual budget and presentation of the budget to the Board for adoption.

The District creates and maintains a budget reserve fund for the purposes of covering unanticipated revenue shortfalls and other emergencies.

Appropriations

As permitted by law, at the start of the fiscal year, the Board may pass a temporary appropriations measure to provide for meeting the ordinary expenses of the District until such time as the Board approves the annual appropriations resolution for the year, which is not later than October 1. If by October 1 the county budget commission has not certified all amended certificates of estimated resources to the Board of Education (or submitted a certification that no amended certificates are necessary), the Board can delay action on the annual appropriation measure until such time as the certificates are received.

The Treasurer files both the temporary and final appropriations measures at the proper times with the office of the County Auditor.

The Superintendent/designee notifies each school administrator and/or department head of the allocations approved for expenditure.

Budget Modification

Modification of funds per appropriations within each major fund and any transfers permitted by law from major fund to major fund require Board approval.

Transfers Among Categories

During the final quarter of the fiscal year, appropriations categories are examined, and the year-end status of each is estimated. Before the close of the fiscal year, the Board authorizes the Treasurer to transfer moneys from those categories in which a surplus is anticipated into those in which a deficit is anticipated as permitted by State or Federal statutes.

Transfers among funds as permitted by statutes require Board action and may require approval from the Court of Common Pleas and the Tax Commissioner.

It is the responsibility of the Superintendent and the Treasurer to examine the appropriations categories and make the necessary recommendations to the Board.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 9.34  
3311.40  
3313.18  
5705.14; 5705.15; 5705.16; 5705.28; 5705.29; 5705.35-5705.412

## BUDGET PLANNING

Budget planning is 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 is a year-round process involving broad participation by administrators, teachers and other personnel throughout the District.

The Superintendent and Treasurer are responsible for preparing financial forecasts for at least five years beyond the current fiscal year.

The budget reflects the District's goals, objectives and programs. Any changes or alterations in programs are approved by vote of the Board.

The budget is prepared by January 1 of each year and covers the period from July 1 to June 30 of the succeeding year.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 5705.01; 5705.28-5705.32; 5705.35; 5705.36; 5705.37; 5705.39; 5705.391

CROSS REF.: AE, School District Goals and Objectives

## BUDGET ADOPTION PROCEDURES

If, as a result of the public hearing, it should be determined that certain changes in the budget are necessary, these changes will be made before the budget is adopted. The adoption of the budget by the Board takes place on or before January 15 and is by roll-call vote.

Following the public hearing and approval of the budget by the Board, the budget is submitted to the County Budget Commission for review and approval.

It is the responsibility of the Superintendent, members of his/her staff and the Treasurer to attend the hearing of the County Budget Commission to review the budget and answer any pertinent questions.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 3311.40  
5705.28

## FUNDING PROPOSALS AND APPLICATIONS

The Board considers whether to apply for any State or Federal grants for which it is eligible. The Superintendent/designee evaluates Federally funded programs and State grants, including their possible benefits to the students in the District, and appraises the Board of the worth of each and makes recommendations accordingly.

The District participates to its limit of eligibility in the use of funds provided by the State of Ohio for the educational benefit of its students.

[Adoption date: June 15, 2000]

## REVENUES FROM TAX SOURCES

In an attempt to provide sufficient financial resources, the Board:

1. requests that voters approve adequate local funds for the operation of the District and determines the amount of the individual levies at the time of the initial request, or at the time of a request for renewal or replacement, to yield sufficient revenue for the operating expenses of the District;
2. accepts available State funds to which the District is entitled by law or through regulations of the State Board of Education and
3. accepts Federal funds which are available, provided that there is a specific need for them and that the required matching funds are available.

[Adoption date: June 15, 2000]

LEGAL REFS.: Ohio Const. Art. XII, § 2  
ORC 3301.07  
3311.21  
3313.02-3313.91  
3317.01-3317.11  
3323.09  
Chapters 5701; 5705; 5727  
5747.01  
5748.01-5748.06

## REVENUES FROM INVESTMENTS

All monies are under the control of the Board, which extends to the Treasurer the responsibility of overseeing these funds. In addition to the objectives detailed below, all relevant sections of the Ohio Revised Code will be adhered to at all times.

### Objectives

The following objectives will apply to the management of District funds:

1. Investments shall be made in order to seek preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities, whether by default or erosion of market value, does not exceed the income generated from the remainder of the portfolio.
2. The District's portfolio will remain sufficiently liquid to enable the District to meet reasonably anticipated operation requirements.
3. The portfolio will be managed in such a way as to exceed or at least equal the market average rate of return over the course of budgetary and economic cycles, taking into account Ohio law (which restricts the type of investments), safety considerations and cash flow requirements.
4. Bank account relationships will be managed in order to secure adequate services while minimizing costs.
5. All deposits will be concentrated in one account except where audit control considerations dictate otherwise.

### Public Trust

All participants in the investment process shall seek to act responsibly as custodians of public trust. Investment officials shall avoid any transactions that might impair confidence in the government of the District. The Board recognizes that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return.

### Investing Authority

The investing authority resides with the Treasurer. Such authority shall allow for the explicit delegation of authority to persons responsible for investment transactions.

The Treasurer will sign and file the investment policies with the Auditor of State.

### Authorized Financial Institutions and Dealers

U.S. Treasury and Agency securities and instrumentalities purchased outright shall be purchased through financial institutions located within the State of Ohio or through "primary securities dealers" located in the State of Ohio, as designated by the Federal Reserve Board, whenever possible. Changing portfolio needs may dictate the use of "primary securities dealers" outside of the State of Ohio. First consideration will be give to State institutions.

Repurchase agreements shall be transacted only through bank branches and/or through "primary securities dealers" located within the State of Ohio with which the District has a signed Master Repurchase Agreement as required in ORC, Chapter 135.

Certificates of deposits shall be transacted through commercial banks or savings and loans with either FDIC or FOLIC coverage that have branches within the District.

A list of these authorized institutions and dealers shall be maintained with the investing authority. Additions and deletions to this list shall be made when deemed in the best interest of the District.

### Authorized Investments

The investing authority may invest on behalf of and in the name of the Norwood City Schools in those instruments and other relevant sections of Chapter 135 ORC, at a price not exceeding their fair market value.

### Maturity

Market conditions and cash flow requirements are considered in determining the term of an investment. Provided cash flow requirements have been satisfied, maturity length will be determined by market conditions and interest rate forecasts, with the goal being to buy where relative value exists along the maturity spectrum.

### Diversification

Investments of the District shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. Strategies to achieve this shall be determined and revised periodically.

### Collateral

All investments and deposits shall be collateralized pursuant to the Ohio Revised Code.

### Competitive Bids

All sales and purchases of securities will be bid competitively and to the extent practical will be placed with the institution yielding the highest return. The right is reserved to reject the bid

yielding the highest return on any investment if inconsistent with the investment strategy, i.e. maturity, risk, liquidity, etc.

#### Internal Controls

The investing authority shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed periodically by an independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error and imprudent actions by employees and officers of the District.

#### Reporting

The investing authority shall submit monthly an investment report that describes the portfolio in terms of security type, maturity and other features. The report shall contain all transactions executed that month. The report shall also explain the month's total investment return.

#### Performance Evaluation

The monthly investment reports shall contain sufficient information to permit an independent organization to evaluate the performance of the investment program.

[Adoption date: June 15, 2000]

Revision date: June 20, 2002

LEGAL REFS.: Intergovernmental Cooperation Act  
ORC 135.01-135.21;  
3313.51

## REVENUES FROM INVESTMENTS

The Treasurer is required to credit the earnings made on an investment to the fund from which the moneys arose in the following instances. Unless stated in the specific applications all other earnings on investments are to be credited to the general operating fund.

### Governmental Funds

Earnings derived from moneys in the debt service and capital projects are to be credited to each respective fund.

Earnings derived from moneys in the construction fund are to be credited to the construction fund.

Earnings derived from all other governmental fund moneys are to be credited to the general operating fund.

### Proprietary Funds

Earnings derived from self-insurance funds are to be credited to said fund.

Earnings derived from food service funds are to be credited to said fund.

Earnings derived from all other proprietary funds are to be credited to the general operating fund.

### Fiduciary Funds

Earnings derived from all expendable and nonexpendable trust funds which are of scholarship in nature are to be credited to each respective fund.

Earnings derived from all auxiliary services funds are to be credited to said fund.

Earnings derived from all other fiduciary fund moneys are to be credited to the general operating fund.

### Distribution of Interest Earnings

Cash received by the District is deposited into the banks designated by the depository agreements for active deposits with individual fund balance integrity maintained throughout.

File: DFA-R

State statute authorizes the District to invest in obligations of the U.S. Treasury, Certificates of Deposits, Bank Acceptance Notes, Commercial paper and repurchase agreements.

Under existing Ohio law, all investment earnings may accrue to the General Fund except those specifically related to Agency Funds, certain trust funds and those funds individually authorized by Board Resolution.

Adoption date: August 16, 2001

LEGAL REF.: ORC 3313.41

## DEPOSITORY OF FUNDS

As required by law, the Board shall biennially name the depositories for all District funds (inactive, interim and active funds, including activity funds.)

Once the official depositories are selected by the Board, it shall enter into a contract with the financial institutions for their services.

[Adoption date: June 15, 2000 ]

LEGAL REFS.: ORC 135.10-135.21  
3313.51

AUTHORIZED SIGNATURES  
(Use of Facsimile Signatures)

The Treasurer's signature is used on checks, drafts, warrant-checks, vouchers and other orders on public funds deposited in designated depositories.

The Treasurer authorizes these designated depositories to honor any instrument bearing the Treasurer's facsimile signature in a form as he/she may designate and to charge the same to the account as fully through it bore a manually written signature.

A facsimile signature includes, but is not limited to, the reproduction of any authorized signature by a copper plate or a photographic, photo static or mechanical device. The Treasurer must notify the designated depositories, in writing, a description of the device used to produce the facsimile signature and a sample of the signature.

The Board purchases a surety bond to protect the loss of any public funds.

[Adoption date: June 15, 2000]

[Revision date: May 19, 2005]

LEGAL REF.: ORC 3313.51

BONDED EMPLOYEES AND OFFICERS

At the time of appointment or re-appointment of the Treasurer, the Board authorizes the Treasurer to execute a bond in an amount determined and approved by the Board. The bond must be deposited with the President of the Board and a certified copy must be filed with the County Auditor. The premium is paid by the Board.

The Superintendent, Board President, staff and other employees who handle school funds are included, at Board expense, in a position schedule bond. Position schedule bonds pertain to a specific position, not to an individual.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 3.06  
131.18  
3313.25; 3313.83  
3319.05  
5705.412

CROSS REF.: DM, Cash in School Buildings

## FISCAL ACCOUNTING AND REPORTING

The District's accounting system is in conformance with the Uniform School Accounting System as prescribed by the Auditor of State for the use of school districts. The Treasurer is responsible for receiving and properly accounting for all funds of the District.

The financial records must be adequate to:

1. guide the making or deferring of purchases, the expansion or curtailing of programs and the controlling of expenses;
2. ensure that current data are immediately available and in such form that routine summaries can be readily made;
3. serve as a guide to budget estimates for future years and to hold expenditures to the amounts appropriated and
4. show that those in charge have handled funds within limitations established by law and in accordance with Board policy.

The Board receives monthly financial statements from the Treasurer which show receipts, disbursements, appropriations, encumbrances, balances, assets and liabilities. The Treasurer completes all other financial reports required by law or by State agencies and submits them to the proper authorities.

The Treasurer provides the Board with any other financial management reports that the Board determines necessary.

Financial records are permanent; the supporting documents may be destroyed only in compliance with the provisions of Ohio law and in compliance with specifications of the District's records commission, the Auditor of State and the Ohio Historical Society.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 117.101; 117.38; 117.43  
3301.07  
3313.29; 3313.32; 3313.94  
3315.04; 3315.13  
Chapter 1347  
Chapter 5705

CROSS REF.: EHA, Data and Records Retention

Norwood City School District, Norwood, Ohio

## TYPES OF FUNDS

### Textbook and Instructional Materials Fund

The Board maintains a Textbook and Instructional Materials Fund. The fund is accounted for within the District's General Fund using a reasonable accounting method implemented under the Auditor of State's Guidelines as they are currently enacted. The requirement may be less than 4% for a particular fiscal year.

This fund is used for textbooks, instructional software, materials, supplies and equipment. Any money in the fund that is not used in a fiscal year is brought forward to the next fiscal year. The amount brought forward is not intended to meet the set aside requirement for the current fiscal year.

The percentage of revenues on deposit, as well as the definition of what constitutes textbooks and instructional materials, is subject to applicable rules to be jointly adopted by the State Auditor and the Superintendent of Public Instruction.

The fund may be used for other purposes if both of the following steps occur during a fiscal year.

1. All of the following individuals must certify, in writing, that the District has sufficient textbooks, instructional software, materials, supplies and equipment to ensure a thorough and efficient education within the District
  - A. the Superintendent
  - B. a person designated by vote of the business advisory council (in districts where required)
  - C. the president of the teacher's union (or designee), if applicable
2. The entire Board must unanimously adopt a resolution stating that the District has sufficient textbooks and instructional software, materials, supplies and equipment to ensure a thorough and efficient education within the District.

### Capital and Maintenance Fund

The Capital and Maintenance Fund consists of 4% of all revenues received that would otherwise have been deposited in the General Fund, except that money received from a permanent improvement levy may be used to meet this requirement. Money in this fund may only be used as provided by Ohio law. The fund is implemented under the Auditor of State's guidelines as they are currently enacted; therefore, the requirement may be less than 4% for a particular fiscal year.

### Budget Reserve Fund

The Budget Reserve Fund consists of no less than 5% of the preceding fiscal year's general fund revenue unless the District is in a fiscal watch or fiscal emergency or if the money is

appropriated from the fund to cover revenue shortfalls and emergencies or if the District has not established its budget reserve fund as provided under Ohio law. Appropriations from this fund must be consistent with Ohio law. The fund is implemented under the Auditor of State's guidelines as they are currently enacted; therefore, the requirement may be less than 5% for a particular fiscal year.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 3315.17; 3315.18

CROSS REFS.: DBD, Budget Planning  
HA, Negotiations  
IIAA, Textbook Selection and Adoption

## INVENTORIES (Fixed Assets)

The Board, as steward of this District's property, recognizes that efficient management and full replacement upon loss requires accurate inventory and properly maintained property records.

The District shall conduct a complete inventory every five years, by physical count, of all District-owned equipment and supplies. For purposes of this policy, "equipment" means a unit of furniture or furnishings, an instrument, a machine, an apparatus or articles which retain shape and appearance with use, is nonexpendable and does not lose its identity when incorporated into a more complex unit.

This District shall maintain a fixed asset accounting system. The fixed asset system shall maintain sufficient information to permit the:

1. preparation of year-end financial statements in accordance with generally accepted accounting principles;
2. adequate insurance coverage and
3. control and accountability.

Each building and additions to buildings are identified by location or name and are described in detail (e.g., size, number of floors, square footage, type of construction, etc.) with the value shown for all individual structures.

Fixed equipment is inventoried by building, floor and room name or number; each item to be listed individually. (Leased equipment that the District will eventually own must be inventoried.)

Movable equipment is inventoried by building, floor and room name or number; each item to be listed individually. Any item that has a model number or serial number has that number noted in the description for full identification. All items assigned to a building are the building administrator's responsibility.

All equipment purchased, after the initial inventory, as capital outlay or replacement with a cost of \$1000.00 or more and with an estimated useful life of five years or more is tagged and made part of the equipment inventory.

Televisions, VCRs, computers and any other items highly susceptible to theft have a permanent number engraved on them.

Audio-visual equipment and computer equipment are inventoried through the library with sublisting of location. Each component is inventoried and a number is tagged on each. An accurate official record of textbooks, computer software and library books is kept.

A computer-generated listing of all equipment is supplied to each building and department. This listing is updated annually by the close of the school year, or not later than the second Friday in June of each year. This updated listing is then submitted to the Superintendent's office for computer update.

The Treasurer is assisted by the Superintendent/designee, principals, directors, supervisors and professional and classified/support staffs in the performance of this function.

[Adoption date: June 15, 2000]

LEGAL REF.: ORC 117.38

## AUDITS

In accordance with State statutes, all District financial records are subject to audit by the Bureau of Inspection and Supervision of Public Offices of the State Auditor's office. The Board has the right to request an independent audit with the approval of the State Auditor's office.

A copy of the auditor's report is placed on file in the State Auditor's office; another copy is submitted to the Board. The Board makes the audit report available for public inspection.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 117.09; 117.10; 117.101; 117.11; 117.12; 117.26; 117.27; 117.28  
3313.27; 3313.29; 3313.483

PURCHASING

The function of purchasing is to serve the educational program by providing the necessary supplies, equipment and services. The Board's authority for the purchase of materials, equipment, supplies and services is extended to the District administration through its adoption of the annual appropriations resolution.

No qualifying contract, appropriation or purchase order for the expenditure of money will be made unless there is attached to it a certificate issued in compliance with ORC 5705.412, certifying that the monies required to meet the contract or purchase order have been appropriated and is in one of the funds established by the Board, or is in the process of collection, and is otherwise free from encumbrance. Any contract or purchase order issued in contravention of this requirement shall be void.

The Board declares its intention to purchase competitively without prejudice. The purchase of items or services whose dollar amount is less than \$15,000 requires no further Board approval. The purchase of items or services, whose dollar amount meets or exceeds \$15,000, requires further Board approval, with the exception of employee benefits, utilities and cafeteria items.

The Board authorized "open" purchase orders to be issued for generic supplies for up to three months and up to the \$5,000 limit. Open purchase orders will not be extended beyond the current fiscal year.

An open purchase order for a "specific" permitted purpose is authorized to the extent permitted by law. The specific purpose purchase order may not extend beyond the current fiscal year.

In accordance with Ohio Use Law, the Board shall determine if the services or products to be purchased are available from the Ohio Industries for the Handicapped, and if so, the services or products shall purchased from OIH.

This provision is intended to apply in situations where competitive bidding is not required by law. However, nothing herein shall be construed as subjecting the bidding requirements to the purchase of items, which would not otherwise be required to be bid.

[Adoption Date: June 15, 2000]

[Revision Date: September 18, 2003]

[Revision Date: September 21, 2006]

Legal References:

Ohio Revised Code sections 5705.412, 5705.45

## PETTY CASH ACCOUNTS

The Board directs the Treasurer to create petty cash accounts allowing certain administrators to make purchases within the District. Money can be drawn from accounts by check or debit card. The Treasurer designates who can use the accounts, the amount of money that may be placed in the accounts as well as the procedures and requirements for replenishing the accounts.

The debit card and check access is limited to only those individuals who have a job-related need to use these payment methods. Any person using the debit card or check must keep a written log, which is to be turned in each day.

Annually, the Treasurer establishes the amount of money to be placed in the accounts. The Treasurer's approval is needed to replenish the accounts. No major purchases may be made from the accounts.

Any administrator who ignores procedure and allows anyone else to use the card, or who does not take prudent measures to ensure that proper security is maintained, may be held personally liable for losses.

[Adoption date: February 19, 2004]

LEGAL REFS.: ORC 9.38  
3313.291

CROSS REF.: DM, Cash in School Buildings

BIDDING REQUIREMENTS

Contracts for construction or demolition of any school building or for any improvements or repairs to building and grounds, which exceed twenty-five thousand dollars, (\$25,000) shall be awarded only after bids are solicited and received in compliance with law and upon approval by the Board. This requirement shall not apply in cases of urgent necessity, for the security and protection of school property. Bidding shall also not be required if the Board declares by a two-thirds majority of all of its members that the item is available only from a single source.

Additionally, the Board may declare, by resolution adopted by two-thirds of all of its members, that bidding shall not be required for the installation, modification, or remodeling involving any energy conservation measure undertaken through an installment payment contract.

If feasible, all purchases over \$5,000 but under \$25,000 will be based on price quotations submitted by at least two vendors, with the exception of purchases made from a purchasing cooperative contract. These quotations are treated confidentially until the deadline for filing is past; thereafter, they are public information.

[Adoption Date: June 15, 2000]

[Revision Date: September 18, 2003]

[Revision Date: September 21, 2006]

Legal References:

Ohio Revised Code sections 3313.46,  
3327.08, 3313.372, 3313.373

## LOCAL PURCHASING

No favoritism shall be extended to any vendor or bidder. Each order to contract shall be awarded on the basis of quality, price and delivery. Past service shall be a factor if all other considerations are equal.

No person officially connected with or employed by the Board shall be an agent, or be in any way pecuniarily or beneficially interested in or receive compensation or reward of any kind from any vendor for the sale of supplies, materials, equipment or services to the Board.

The Board believes in patronizing local businesses. Consequently, in purchasing, when proposals are equal, the contract or purchase should be awarded to the firm which is located in the City of Norwood. The Board shall not, however, sacrifice either quality or economy to patronize local businesses.

[Adoption date: June 15, 2000 ]

## COOPERATIVE PURCHASING

The Board, at its option, will join in cooperative purchasing with other school districts to take advantage of lower prices for bulk purchasing and to reduce the administrative costs involved in bidding.

[Adoption date: June 15, 2000 ]

PURCHASING PROCEDURES

The function of purchasing is to serve the educational program by providing the necessary supplies, equipment and services. The Board's authority for the purchase of materials, equipment, supplies and services is extended to the District administration through its adoption of the annual appropriations resolution.

The Board declares its intention to purchase competitively without prejudice and to seek maximum educational value for every dollar expended. The purchase of items and services found on lists from the appropriations resolution requires no further Board approval, except in those instances in which, by law or Board policy, the purchases or services must be put to bid.

The acquisition of supplies, equipment and services is decentralized according to appropriation measures which have been approved by the Board.

The Superintendent/designee assigns the purchasing agent the responsibility for the quality and quantity of purchases made. The Treasurer is charged with the responsibility to ensure that all purchases do not exceed appropriations and that they are consistent with the approved educational goals and programs of the District.

[Adoption date: June 15, 2000]

[Revision date: November 20, 2003]

LEGAL REFS.: ORC 3313.171; 3313.172; 3313.18; 3313.33; 3313.37; 3313.46  
3319.04  
3327.08  
5705.41  
Ohio Const. VIII, § 2e

CROSS REF.: DK, Payment Procedures

## CREDIT CARDS

The Board recognizes the efficiency and convenience afforded the day-to-day operation of the District through the use of credit cards under the supervision of the Treasurer. However, credit cards are not to be used to circumvent the general purchasing procedures required by State law and Board policies.

The Board authorizes the use of credit cards in the following manner.

### Credit Cards

1. All credit cards issued to and in the name of the District shall be held and supervised by the Treasurer and used only for approved District-related activities.
2. Credit cards may be used for District-related transportation, reservations and expenses, conference registrations and hotel reservation guarantees for the Board and staff.
3. If monies are budgeted and deposited with the Treasurer in advance, credit cards may be used by school employees for student trips and competitions for safety and security reasons.
4. With prior approval of the Treasurer, credit cards may be used by school employees for school-related purchases from a vendor who does not accept purchase orders or vouchers.
5. Usually tips are not permitted to be paid with credit cards.
6. The Treasurer keeps a record of all credit card use.
7. Receipts and appropriate form(s) are to be turned in with the credit card to the Treasurer within five business days upon completion of approved use. Failure to turn in receipts and appropriate form(s) to the Treasurer within five business days may result in the charges being deemed unrelated or unsubstantiated. The user is responsible for any unsubstantiated or unrelated purchases.

[Adoption: October 16, 2008:]

CROSS REFS.: DJ, Purchasing  
DJB, Petty Cash Accounts  
DLC, Expense Reimbursement  
GCL, Professional Staff Development Opportunities  
GDL, Support Staff Development Opportunities

## CREDIT CARDS

Credit cards may be used for the following purposes.

1. School business travel, meetings, lodging and meals for out-of-District meetings or seminars are subject to the reimbursement limits established by the Board.
2. Gratuities are permissible only when card use is for group purchases and the tip is automatically added to bill.
3. Purchases from vendors that require a credit card as form of payment do not supercede the requirement of pre-approval of a purchase order for the purchase. The use of the credit card for electronic commerce must be pre-approved by the submission of a purchase order prior to purchase.
4. The use of the credit card over the Internet must be safeguarded at all times. All vendors must be pre-approved for use and must show sufficient proof of being a legitimate business entity. All purchases over the Internet are the sole responsibility of the Board's authorized buyer in the event of business fraud.
5. If the use of a tax-exempt form is not possible, the expenditure is allowed. The person using the credit card should take along the appropriate tax exemption form so that sales tax is not charged.

Upon returning from an approved business trip, an employee shall submit all original itemized invoices and original credit card charge receipts to the Treasurer's office. Credit card statements will not suffice as invoices. Credit card statements will be mailed directly to the Treasurer's office. Any late fees assessed to the District due to an employee failing to submit invoices and credit card receipts on a timely basis are the responsibility of the employee. Receipts for meals must include the names of all individuals for whom meals were provided and the purpose of the meeting.

The use of the credit card is prohibited for the following items:

1. purchase of personal goods or services for an administrator, an administrator's spouse, children or anyone employed or not employed by the Board and attending a District business function;

2. payment of any fines, penalties or personal liabilities incurred by the administrator or anyone else;
3. alcoholic beverages or tobacco
4. fuel for use in a personal vehicle;
5. entertainment expenses, including pay-per-view movie charges and/or
6. cash advances.

Persons using a credit card for personal, nonauthorized purposes or undocumented expenditures shall be held personally responsible for those expenditures. Abuse of the credit card is subject to disciplinary procedures, including termination.

The use of a credit card does not supersede the required completion of a professional leave form when applicable. These procedures also dictate the reimbursement procedures of the Board.

[October 16, 2008:]

## PAYMENT PROCEDURES

All claims for payment from District funds are processed by the Treasurer. Payment is authorized against invoices and supporting documents verifying receipt, supported by approved purchase orders or in accordance with salaries and salary schedules approved by the Board.

As an operating procedure, the Board has adopted an annual resolution authorizing payment by the Treasurer for debts or claims.

The Treasurer is responsible for ensuring that appropriate allocations are observed and that total expenditures do not exceed the amounts appropriated for all items.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 3313.18  
3315.08  
5705.41; 5705.412

CROSS REF.: DJ, Purchasing

## SALARY DEDUCTIONS

Except for deductions for absence not covered by paid leave or those required by law, salary deductions are allowed only upon authorization by the employee and approval by the Board.

The following deductions are required:

1. Federal, State and local income tax;
2. employee's share of retirement contribution according to current rate as set by law;
3. unexcused or excused absence not covered by paid leave and
4. Medicare deduction in compliance with Federal law.

If requested by employees, the Board will implement payroll deductions for the Ohio Deferred Compensation Program. Other deductions are in accordance with negotiated agreements and/or Board policy.

The District may limit the right of an individual employee to designate the agent, broker or company to write tax-sheltered annuities by requiring designation by at least one percent of the District's full-time employees or at least five, whichever is greater, except that a District may not require that a company be designated by more than 50 employees.

When a teacher is absent from duty and there is no leave applicable, the absence is unauthorized. The salary deduction for each day of unauthorized absence is based on the current annual salary divided by the number of teacher workdays in the official school calendar as adopted by the Board. In no case will only the salary of the substitute be deducted or a teacher be allowed to employ and pay for the substitute.

When an employee is absent from duty and there is no leave applicable, the absence is unauthorized. The salary deduction for an unauthorized absence is made on a per diem basis in accordance with the required work year for that particular job classification.

Unauthorized absences should not occur. Repeated unauthorized absences can result in the teacher or other employee being disciplined.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 9.41-9.43; 9.80; 9.81; 9.90; 9.91  
145.37; 145.71-145.73

Norwood City School District, Norwood, Ohio

3307.51  
3313.262  
3917.04

CROSS REF.: GCBD, Professional Staff Leaves and Absences

CONTRACT REFS.: Teachers' Negotiated Agreement  
Classified/Support Staff Negotiated Agreement

## EXPENSE REIMBURSEMENTS

Employees shall be reimbursed for expenses incurred for travel in connection with the discharge of their duties as approved by their supervisor and within the final appropriations as approved. The rate of reimbursement shall be determined periodically. No expenses, except mileage, shall be reimbursed without proper support documentation such as invoices or receipts. Meals may be reimbursed in their entirety even if they include tax and tip.

When official travel by personally owned vehicle has been authorized, mileage payment will be made at the rate currently in effect as the Internal Revenue Service business reimbursement rate.

A traveler on official school business will be expected to exercise the same care in incurring expenses that a prudent person would exercise in traveling on personal business. Excessive costs, such as those caused by circuitous routes or luxury services or accommodations, will not be considered prudent, nor will they be accepted for reimbursement.

All employees' requests for expense reimbursement shall be reviewed for approval prior to travel, and upon return, by their immediate supervisor, principal, assistant superintendent or Superintendent.

[Adoption date: June 15, 2000]

LEGAL REFS.: ORC 3313.12; 3313.20  
3315.15

CROSS REF.: GCL, Professional Staff Development Opportunities

## CASH IN SCHOOL BUILDINGS

Moneys collected by employees and by student treasurers are handled with prudent business procedures. All moneys collected are receipted, accounted for and deposited every 24 hours if possible. In the event the Treasurer or person in charge of an activity is unable to deposit the money in 24 hours, the money will be accounted for and deposited in a designated secure location. The money can be held no longer than three business days after receipt and the amount must be under \$1,000. If the amount is more than \$1,000, or the money cannot be adequately safeguarded, it must be deposited on the business day following the date of receipt.

All school banks will provide for making bank deposits after regular banking hours in order to avoid leaving money in a school building overnight.

[Adoption date: June 15, 2000]  
[Revision date: September 21, 2006]

LEGAL REF.: ORC 9.38  
3313.291

CROSS REFS.: DH, Bonded Employees and Officers  
IGDG, Student Activities Funds Management

**NORWOOD CITY SCHOOL DISTRICT  
DEBT MANAGEMENT POLICY**

**PURPOSE**

The Debt Management Policies set forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that (1) the District obtain financing only when necessary, (2) the process for identifying the timing and amount of debt or other financing be as efficient as possible and (3) the most favorable interest and other costs be obtained.

**RESPONSIBILITY**

The primary responsibility for developing financing recommendations rests with the Treasurer.

In developing financing recommendations, the Treasurer shall consider:

- the time proceeds of obligation are expected to remain on hand and the related carrying cost;
- the options for interim financing including short term borrowing, taking into consideration federal and state reimbursement regulations;
- the effect of proposed action on the tax rate;
- trends in interest rates;
- other factors as appropriate.

**Bond Counsel Involvement**

The Bond Counsel will issue an opinion as to the legality and tax-exempt status of any obligations. The District will also seek the advice of Bond Counsel on all other types of financings and on any other questions involving federal tax or arbitrage law. Bond Counsel is also responsible for the preparation of the resolution authorizing issuance of obligations and all of the closing documents to complete their sale and will perform other services as defined by contract approved by the Board of Education.

**Financial Advisor Underwriter Involvement**

File: DO

The District will seek the advice of the Financial Advisor Underwriters when necessary. The Financial Advisor Underwriter will advise on the structuring of obligations to be issued, inform the District of various options, advise the District as to how choices will impact the marketability of District obligations and will provide other services as defined by contract approved by the Board of Education.

## SHORT TERM DEBT

### General

Short term obligations may be issued to finance projects or portions of projects for which the District ultimately intends to issue long term debt; i.e., it will be used to provide interim financing which will eventually be refunded with the proceeds of long term obligations.

Short-term obligations may be backed with a tax pledge, or a pledge of other available resources.

Interim financing may be appropriate when long-term interest rates are expected to decline in the future. In addition, some forms of short-term obligations can be obtained quicker than long-term obligations and thus can be used in emergencies until long term financing can be obtained. In some cases when the amount of financing required in the immediate future is relatively small, it may be cheaper for the District to issue a small amount of short term obligations to provide for its immediate needs than to issue a larger amount of long term obligations to provide financing for both immediate and future needs when the carrying costs of issuing obligations which are not immediately needed are taken into account.

## LONG TERM DEBT

### General

Long-term obligations will not be used for operating-purposes, and the life of the obligations will not exceed the useful life of the projects financed.

Debt service structure will approximate level debt service unless operational matters dictate otherwise.

The District will strive to limit its annual issuance of long-term obligations to \$15 million to take advantage of small issuer exemptions in the federal arbitrage laws. Should subsequent changes in the law raise these limits, and then the District's policies will be adjusted accordingly.

### Bonds

#### General Obligation Bonds

The District shall use an objective analytical approach to determine whether it can afford to

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Norwood City School District, Norwood, Ohio

File: DO

assume new general-purpose debt. This process shall compare generally accepted standards of affordability to the current values for the District. These standards shall include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process shall also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt shall be based on these costs and benefits, the current conditions of the municipal bond market, and the District's ability to "afford" new debt as determined by the aforementioned standards. The District shall strive to achieve and/or maintain these standards at a low to moderate classification.

Bonds will have an average life of 28 years or less.

#### Anticipation Notes

Anticipation Notes empowers school district's to issue debt Anticipation Notes may be secured and repaid by a pledge of revenue, taxes, or the proceeds of a future debt issue. Anticipation Notes are authorized by a resolution adopted by the District.

#### Bond Elections

Before a bond election, the Superintendent and School Board members will be provided with competent debt capacity analyses, tax and user fee impact projections and other information as directed by the Board and Superintendent. The Bond Counsel and Financial Advisor Underwriter will provide support during the process.

#### UNVOTED DEBT

In addition to voted general obligation bonds and lease-purchase transactions, the District may issue unvoted general obligation bonds or bond anticipation notes for the following purposes within the following limitations:

1. For any capital improvement with a useful life of at least five (5) years, the District may issue unvoted general obligation debt in an aggregate principal amount of not to exceed one-tenth of one percent ( $1/10^{\text{th}}$  of 1%) of the District's assessed valuation at the time of issuance. The maximum maturity of such debt shall be twenty (20) years (or a shorter period as determined by the Treasurer).

2. For energy conservation measures approved by the Ohio School Facilities Commission, the District may issue unvoted general obligation debt in an aggregate principal amount of not to exceed nine-tenths of one percent ( $9/10^{\text{th}}$  of 1%) of the District's assessed valuation at the time of issuance. The maximum maturity of such debt shall be fifteen (15) years (or a shorter period as determined by the Treasurer).

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3. For acquiring school buses and any other equipment or vehicles used in transporting pupils, the District may issue unvoted general obligation debt with a maximum maturity of fifteen (15) years (or a shorter period as determined by the Treasurer).

4. For acquiring computers and related technology equipment, the District may issue unvoted general obligation debt with a maximum maturity of five (5) years (or a shorter period as determined by the Treasurer).

## REFUNDING

The District shall consider refunding debt whenever an analysis indicates the potential for present value savings of approximately 5% of the principal being refunded or at least \$200,000. The District will not refund less than 5% of its outstanding debt at one time except in unusual circumstances such as when it intends to change bond covenants.

## CAPITAL LEASING

Capital leasing is an option for the acquisition of a piece or package of equipment costing less than \$5,000,000.

Leasing shall not be considered when funds are on hand for the acquisition unless the interest expense associated with the lease is less than the interest that can be earned by investing the funds on hand or when other factors such as budget constraints or vendor responsiveness override the economic consideration.

Whenever a lease is arranged with a private sector entity, a tax-exempt rate shall be sought. Whenever a lease is arranged with a government or other tax-exempt entity, the District shall strive to obtain an explicitly defined taxable rate so that the lease will not be counted in the District's total annual borrowings subject to arbitrage rebate.

The lease agreement shall permit the city to refinance the lease at no more than reasonable cost should the District decide to do so. A lease, which can be called at, will be preferable to one, which can merely be accelerated.

Since the market for lease financings is relatively inefficient, the interest rates available at any one time may vary widely. Therefore, the District shall endeavor to achieve the best rate possible; taking into account whether payments are in advance or in arrears, and how frequently payments are made.

The advice of the District's bond counsel shall be sought in any leasing arrangement and when federal tax forms 8038 are prepared to ensure that all federal tax laws are obeyed.

File: DO

The District may consider issuing certificates of participation to finance a very large project. Care should be taken because financing costs may be greater than for other types of financing.

If the District is obligated to make payments more than a year in the future then the agreement will be considered debt by the state. However, if the payments are subject to annual appropriation by the School Board, then they are to be considered debt.

#### OTHER TYPES OF FINANCING

From time to time other types of financing may become available. Examples of these options are debt pools with other entities and low-interest loans from state agencies or organizations. The Treasurer will prepare a written analysis of an option. The Treasurer's analysis will include consideration of the advice of the District's Bond Counsel and Financial Advisor Underwriter.

#### OFFICIAL STATEMENT

The Official Statement is the disclosure document prepared by or on behalf of the District for an offering of securities.

##### Responsibility

The preparation of the Official Statement is the responsibility of the Treasurer. Information for the Official Statement is gathered from departments/divisions throughout the District.

#### RATINGS

The District's goal is to maintain or improve its bond ratings. To that end, prudent financial management policies will be adhered to in all areas.

Full disclosure of operations will be made to the bond rating agencies. The District staff, with the assistance of the Financial Advisors Underwriters and Bond Counsel, will prepare the necessary materials for and presentation to the rating agencies.

The District shall maintain a line of communications with the rating agencies (Moody's and Standard and Poor's), informing them of major financial events in the District as they occur. The Comprehensive Annual Financial Report shall be distributed to the rating agencies after it has been accepted by the Board of Education.

The rating agencies will also be notified either by telephone or through written correspondence when the District begins preparation for a debt issuance. After the initial contact, a formal ratings application will be prepared and sent along with the draft of the Official Statement relating to the bond sale to the rating agencies. This application and related documentation

should be sent several weeks prior to the bond sale to give the rating agencies sufficient time to perform their review.

A personal meeting with representatives of the rating agencies will be scheduled every few years or whenever a major project is initiated.

## CREDIT ENHANCEMENTS

Credit enhancements are mechanisms, which guarantee principal and interest payments. They include bond insurance and a line or letter of credit. A credit enhancement, while costly, will usually bring a lower interest rate on debt and a higher rating from the rating agencies, thus lowering overall costs.

During debt issuance planning, the Financial Advisor Underwriter will advise the District whether or not a credit enhancement is cost effective under the circumstances and what type of credit enhancement if any, should be purchased. In a negotiated sale, bids will be taken during the period prior to the pricing of the sale. In a competitive sale, bond insurance may be provided by the purchaser if the issue qualifies for bond insurance.

## SECONDARY MARKET DISCLOSURE

SEC 15c2-12 regulations became effective July 3, 1995. The new regulation requires municipal debt issuers to provide specified financial and operating information for fiscal years beginning on January 1, 1996, or later. The information provided should mirror the information provided in an official statement at the time of a primary offering. The annual financial information is to be sent to all Nationally Recognized Municipal Information Depositories (NRMSIRs) designated by the SEC. Additionally, issuers must notify the State Information Depositories (SIDs) if one exists.

In addition to the financial and operating information any material event must be provided to all NRMSIRs, Municipal Securities Rulemaking Board (MSRB) and to the state SID's. Municipal debt issuers will be obligated to provide ongoing disclosure on the status of the following material events:

- Principal and interest payment delinquencies
- Nonpayment-related defaults
- Unscheduled draws on reserves
- Unscheduled draws on credit enhancements
- Substitution of credit or liquidity providers, or the failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the security
- Modifications to rights of security holders
- Bond calls

- Defeasances
- Matters affecting collateral
- Rating changes

The Treasurer will be designated “Compliance Officer” for disclosure requirements. Levels of reporting will include:

- Copies of CAFR and updated tables from the Official Statement to NRMSIRs and SIDs within six months of fiscal year end.

## ARBITRAGE LIABILITY MANAGEMENT

It is the District's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law.

### General

Federal arbitrage legislation is intended to discourage entities from issuing tax-exempt obligations unnecessarily. In compliance with the spirit of this legislation, the District will not issue obligations except for identifiable projects with very good prospects of timely initiation. Obligations will be issued as closely in time as feasible to the time contracts are expected to be awarded so that they will be spent quickly.

### Responsibility

Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the advice of Bond Counsel and other qualified experts will be sought whenever questions about arbitrage rebate regulations arise. The District has contracted for arbitrage rebate services with Peck, Shaffer and Williams.

The Treasurer will be responsible for identifying the amount of unspent debt proceeds including interest which is on hand and the Treasurer will be responsible for ensuring that, to the extent feasible, the oldest proceeds on hand are spent first.

Peck, Shaffer and Williams will maintain a system for computing and tracking the arbitrage rebate liability. Peck, Shaffer and Williams will notify the District within 60 days of year-end of the amount of accrued liability. Peck, Shaffer and Williams will also be responsible for notifying the District two months in advance of when a rebate of excess arbitrage earnings is due to the Internal Revenue Service.

The District's bond counsel and financial advisor shall review in advance any arbitrage rebate payments and forms sent to the Internal Revenue Service.

The expenditure of obligation proceeds will be tracked in the financial accounting system by type of issue. Investments will be pooled for financial accounting purposes and may, at the discretion of the Treasurer, be pooled for investment purposes. When investments of bond proceeds are co-mingled with other investments, the District shall adhere to the Internal Revenue Service rules on accounting allocations.

Arbitrage rebate costs shall be charged as negative interest revenue to the funds in which the related obligation proceeds were originally deposited.

### Internal Interim Financing

In order to defer the issuance of obligations, when sufficient non-restricted reserve funds are on hand, consideration shall be given to appropriating them to provide interim financing for large construction contracts or parts of contracts. When the appropriations are subsequently re-financed with the proceeds of obligations or other resources, the non-restricted reserve funds shall be repaid. When expenditures are reimbursed from debt issuances, applicable state law and the Internal Revenue Service rules on reimbursements will be complied with so that the reimbursements may be considered expenditures for arbitrage purposes. Requirements are in general:

- The District shall declare its intention to reimburse an expenditure with debt proceeds before paying the expenditure, and will exclude costs such as design and engineering fees or cost of issuance;
- Reimbursement bonds must be issued and the reimbursement made within one year after the expenditure was made or the property financed by the expenditure was placed in service, whichever is later; and
- The expenditure to be reimbursed must be a capital expenditure.

### Two Year Spend-out Option

Arbitrage rebate legislation offers a safe harbor whereby obligations issued for construction will be exempt from arbitrage rebate if certain rules are adhered to and the proceeds are spent within two years. However, if this option is elected and all the proceeds are not spent according to the prescribed schedule, penalties are imposed. The option should be considered when circumstances indicate the District will with certainty be successful in achieving a two-year spendout goal. Such circumstances may include, but are not limited to the following:

- Obligations are issued to finance a variety of small construction projects, not large projects that might be unexpectedly delayed after the issuance. Also, project

- management understands the requirements and is firmly committed to achieving the spendout goal.
- Obligations are issued for a single, large high priority project with a relatively short construction period and there is a high level of commitment to speedy completion.
- When the two-year spendout option is elected, debt will be issued for an estimated one year of expenditures to provide for unexpected delays of up to a year without incurring penalties.
- The exercise of the two-year spendout option will always be coordinated with Bond Counsel and the Financial Advisor Underwriter.

[Adoption date:       October 17, 2002]

