

Muskegon Public School District

Business Operating Procedures
And
Federal Award Administration Manual

REVISED September 2019

Muskegon Public School District

Procedures - Federal Awards Administration

Table of Contents

Overview	3
Financial Management Systems:	
General Accounting and Financial Management	4
Purchasing and Procurement	5-8
Cash Receipts	9-10
Payroll and Timekeeping	11-12
Bank Reconciliations	13
Journal Entries and Non-routine Transactions	14
Investments	15
Fixed Assets	16-17
Long-term Debt	18
Grant Administration	19-21
Year-end Closing and Reporting	22-24
Policies for Compliance with Michigan Department of Education Requirements:	
Chart of Accounts	25
Annual Audit	26-27
Budgeting and Budgetary Compliance	28-29
Additional Federal Awards Compliance Requirements	30
Policies for Compliance with the OMB:	
General Information	31
Activities Allowed/Unallowed & Allowable Costs/Cost Principles	32-33
Cash Management	34
Davis-Bacon Act	35
Eligibility	36
Equipment and Real Property Management	37
Matching, Level of Effort and Earmarking	38
Period of Performance	39
Procurement, Suspension and Debarment	40-42
Program Income	43
Real Property and Acquisition and Relocation Assistance	44
Reporting	45
Sub-recipient Monitoring	46
Special Tests and Provisions	47
Other Policies and Procedures:	
Conflict of Interest	48-50
Records Retention	51
Information Technology	52
Supplies	53
Copyrights	54
District Credit Card Procedure	55-56
Training and Sanctions	57
Travel	58
Appendix: PAR	59
Appendix: Semi-Annual Certification	60
Appendix: Lost Receipt	61
2CFR 200 Subpart E	62-64
Glossary of Terms	65-78

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Overview

Purpose - This manual has been prepared to document the policies and procedures for the administration of federal awards of Muskegon Public School District and general business procedures. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires all subrecipients of federal funds to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. Written policies and procedures are part of the necessary internal controls and are required as a precondition to receiving federal funds. These policies and procedures are intended to be sufficiently comprehensive to adequately meet such requirements. However, in no case are these policies and procedures intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

Hierarchy of Authority - In the event that conflicting guidance on the administration of Federal awards is available, the District has deemed Federal guidance to be most authoritative, followed by guidance from Michigan Department of Education (MDE), and finally other State or local agencies.

Revisions - Guidance provided by the Federal government through the OMB Compliance Supplement and guidance provided by MDE through the Michigan School Accounting Manual are expected to be updated each year. Such updates are considered by the District as they become available and policies and procedures will be revised accordingly.

The Business Official (designated by authority of the Superintendent) is authorized and required to establish and document operating procedures to ensure compliance with the provisions of federal and state regulations and the provisions of grant agreements. Such procedures are documented herein, and will be reviewed and updated as necessary, but not less than once every three years.

Training - District accounting and finance personnel, and program administrators of Federal awards will be provided the necessary training through various mechanisms, such as: (1) reviewing monthly State Aid Financial Status Report Updates, accompanying State aid payments (2) consulting with the District's auditors as needed for clarification, (3) participating in various training opportunities, such as those offered by appropriate professional organizations, (4) reviewing daily legislative updates from multiple sources, (5) membership and participation in monthly meetings of the Michigan School Business Officials, (6) certification of respective positions by the Michigan School Business Officials i.e.: Business Office Manager, Business Office Specialist, Chief Financial Officer, Human Resource Specialists, School Payroll Specialists & School Technology Management (7) coordination and collaboration with individuals performing similar job functions at local Districts within the District and at similar Intermediate School Districts

Compliance Failures - Compliance failures, whether noted internally by management or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

General Accounting and Financial Management

It is the policy of Muskegon Public School District to comply with all statutory, regulatory, and contractual requirements in the conduct of and accounting for its financial operations. The official books of record for the District will be maintained subject to the following provisions:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6111 - Internal Controls
- 8310 Public Records
- 6830 Audit

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The District will account for its operations in accordance with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
2. The District will comply with all applicable circulars issued by the Office of Management and Budget (OMB), including, but not limited to title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
3. The District will comply with all contractual requirements detailed in its duly executed grant agreements with awarding agencies.
4. The Board of Education will contract annually with an independent CPA firm for the purposes of conducting the District's external financial audit. To the extent that the District has expended federal awards in excess of \$750,000, the District will have a single audit performed in accordance with the Uniform Guidance.
5. To ensure continuing compliance with all applicable accounting requirements, the Board of Education may, at its discretion, contract with a CPA firm to provide internal auditing and/or consulting services.
6. The Superintendent or designee (Business Official) shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). Such records shall be retained as required by contractual or regulatory requirements as described in the section of this manual titled "Records Retention".

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Purchasing and Procurement

It is the policy of Muskegon Public School District to ensure that all disbursements of District funds are properly reviewed and authorized, and consistent with sound financial management principles. In order to meet these objectives, all disbursements of District funds shall be subject to the following provisions:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 5830 - Student Fund-Raising
- 6110 - Grant Funds
- 6320 - Purchasing
- 6321 - New School Construction, Renovation
- 6325 - Procurement - Federal Grants/Funds
- 6350 - Prevailing Wage Coordinator
- 6423 - Use of Credit/Debit Cards
- 6440 - Cooperative Purchasing
- 6470 - Payment of Claims
- 6550 - Travel Payment & Reimbursement
- 6610 - Student Activity Fund
- 6670 - Trust and Agency Fund

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The Business Office shall suggest checking more than one vendor pricing for small purchases (currently below \$9,999). If the purchase is \$10,000 to state bid threshold we request 3 quotes from vendors. A formal/competitive quote is needed if it's over the state bid threshold as well as needing board approval for the purchase. A competitive proposal is needed for all goods and services as specified by Board policy and State Law purchases over \$150,000 and required board approval.
2. To the extent practicable, the Business Office shall distribute micro-purchases (not to exceed \$9,999) equitable among qualified suppliers.
3. For small purchases (up to \$9,999) of supplies and services charged to federal grants we suggest checking on more than one place. For other small purchases (\$10,000 to state bid threshold) we require 3 quotes.
4. If the competitive bid threshold issued by the State of Michigan Department of Education differs with Board policy, the lower threshold will be utilized. This applies to the activities below under the relevant sections of the Revised School Code. The Superintendent or designee (Business Official) will be responsible for obtaining information on the annual adjustments to these amounts corresponding to changes in the Consumer Price Index (CPI) as published by MDE.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Purchasing and Procurement (Continued)**

- a. Contracts will be awarded to the responsible firm whose proposal is most advantageous to the program.
- b. The organization may only use qualification-based methods, whereby competitor's qualifications are evaluated and the most qualified competitor is selected, in the procurement of the architectural/engineering professional services.

Expenditure Type	Michigan Revised School Code Section
District procurement of supplies, materials and equipment	623a
District award value limit	634 and 1814
District gift value limit (monthly)	635
School building construction, addition, renovation, or repair	1267
School District or Public School Academy procurement of materials, and equipment	1274

5. Purchases made with federal funds in excess of \$150,000 will require cost or price analysis including independent estimates.
6. Disbursements will be supported by approved vendor invoices. The approved invoice will be attached behind the check stub. Typically bills are paid on a weekly basis. Packing slips are sent to the finance office and reviewed. If the invoice references a purchase order then it is attached with the purchase order and scanned and saved to the accounting system to be able to view and provide proof.
7. The Superintendent or designee (Business Official) is authorized to make purchases for allowable and necessary items within the Board-approved budget allocation.
8. All approved check requests will be processed by the accounts payable clerk (or other person designated by the Business Official). Disbursements will be made by check with the exception of purchase card purchases, debt service payments, and payroll-related expenses.
9. Prior to processing the weekly check run, the Accountant (or Business Official) will approve each voucher for payment and compare the voucher to the invoice for accuracy.
10. Checks are sequentially numbered by the financial software package and verified during check runs. Unused check stock is stored in the Business Office. Since the entire check form/image is generated through the printing process (i.e., the check stock is blank), it will not be deemed necessary to use a physically secure location. Checks will be endorsed by MICR during the printing process.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Purchasing and Procurement (Continued)

11. Claims and invoices will be paid timely based on the conditions of the vendor invoice. It will not be considered acceptable to incur late and/or finance charges on invoice payment.
12. Checks will only be made payable to a specific payee. It is prohibited to issue a check to “cash” or “bearer”. Similarly, it is prohibited to sign a blank check.
13. The District may account for the activities of certain student groups and organizations. Since these activities represent outside parties and are not subject to the oversight of the Board and/or District management, they will be accounted for in a trust and agency fund. Such disbursements will be subject to the same policies and procedures and other District disbursements.
14. When an employee incurs work-related expenses to be reimbursed by the District, the following requirements apply:
 - a. All employee expense reimbursements are required to have a check request filled out and signed by employee and supervisor, with receipts and any other documentation required attached.
 - b. Receipts will be attached to the check request for all expenses (excluding mileage). If a receipt is not available, the employee will be responsible for reimbursing the district for the expense. This form will certify that the reimbursement is for costs incurred on behalf of the District and is not for illegal or unauthorized costs.
 - c. An employee will not be reimbursed for any expense that is disallowed by Federal cost principals.
 - d. Expense reports of the Cabinet (i.e.: administrative leadership team) will be submitted to the Superintendent or designee (Business Official) for review and approval. Expense reports of the Superintendent will be submitted to the Accountant or Business Official for review and approval. It will not be acceptable for any employee to approve his/her own expense report.
 - e. Approved expense reports will be submitted to the payable clerk who will verify that expenses are appropriate and supporting documentation is attached and then it is uploaded to payroll to pay.
 - f. The Business Office will not process any expense reimbursements for payment until all necessary signatures have been obtained.
 - g. An employee making a disbursement using personal funds on behalf of the District may be subject to State sales tax, while payments made by the District directly are exempt from such tax due to its status as a local unit of government. As such, an employee will only incur a work-related expense with personal funds to the extent that it is not practical or reasonable for the purchase to be made directly by the District.
15. Voided checks will be marked “VOID”.
16. The Superintendent or designee (Accountant) will be responsible for compiling information on disbursements and preparing this information for the Board of Education monthly (or other period) meetings. This information will include:
 - a. Detail listing of payments made by check, including: check number, invoice number, vendor name, payment description and amount.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Purchasing and Procurement (Concluded)**

17. Non-check disbursements (such as ACH transfers for Purchase Cards and Employee Insurance) will be prepared by the Financial Specialist, non-check disbursements (such as ACH transfers for payroll, retirement, insurance and TSAs) will be prepared by the Payroll Clerk or Benefits Specialist. Wire transfers will trigger verification by the bank.
18. Specific policies related to credit cards are addressed separately in the section of this manual called "Credit Card Purchases".

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Cash Receipts

In order to safeguard the funds of the District, cash receipts will be deposited promptly and in-tact according to the following policies:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over the cash receipts.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Cash receipts will be recorded approximately 1-3 times per week based on the amount of collections.
2. Schools bringing in activity deposits already sealed in a bank bag that has already been counted and verified at the school.
 - They sign courier deposit record sheet with bag # and Financial Services Specialist also signs that they received the bank bag.
 - Financial Services Specialist secures bag and calls courier for a pick up.
3. Schools bringing in cash and/or checks that are not in a sealed bank bag:
 - Person dropping off waits and the money and checks are verified together by Financial Services Specialist.
 - A receipt is made by Financial Services Specialist for person dropping off money.
 - A copy is given to the person dropping off deposit and the original one to stay with the money.
4. Checks received in the mail are date stamped in and are given to Financial Services Specialist.
 - A copy is made of the check.
 - Checks are secured until deposit is ready to be made.
5. The Financial Specialist will attach supporting documentation and determine the appropriate general ledger coding for the receipt and prepare the deposit slip.
6. When there is cash in a deposit, money and bag number are verified with Payroll Specialist or Benefits Specialist. They sign the deposit worksheet. They then seal everything in the bank bag.
7. Courier services is provided by the bank
 - They pick up weekly and when needed at the Financial Service Specialist office.
 - They are called when needed at the buildings.
 - They check bag number, dates and sign courier deposit record sheet along with the Financial Services Specialist or building clerk.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Cash Receipts (Concluded)**

8. The Financial Services Specialist will input the receipt information into the financial software for all deposits.
9. Direct Deposit (Wire transfer and ACH payments) will be recorded through the financial services software application/receipts.
10. The Financial Services Specialist will then input the amount of deposit into a cash flow spreadsheet (maintained outside of the financial service software). This spreadsheet, which tracks payroll and accounts payable batch postings and wire transfers, is used as a secondary control at month-end as part of the bank reconciliation process.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Payroll and Timekeeping

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6116 - Time and Effort Reporting
- 6510 - Payroll Authorization
- 6520 - Payroll Deductions

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Hourly employees shall submit a timesheet for each pay period, with the following information:
 - a. The total number of hours actually worked each day
 - b. The use of any holiday, personal, vacation, sick, or other approved time off with pay
 - c. The total number of hours to be paid
 - d. An allocation of those hours to each program or department for which work was performed, when necessary
 - e. The dated/signature of the employee and his/her supervisor

The allocation of hours between programs or departments should be based exclusively on the actual hours worked, and not be based on available budgets, or predetermined allocation schedules.

In the event that an after-the-fact correction is necessary to an employee's timesheet due to errors in the allocation of time worked, such corrections must be submitted to the Business Office, and approved in writing by both the employee and his/her supervisor.

2. Salaried employees charged to a Federal grant will document time and effort. The method used by an employee shall be pre-approved by the Superintendent or designee (Office of Instruction Services). If the employee's time is expensed based on budgetary data, an adjustment shall be made at least quarterly to agree the general ledger to the documentation.
 - a. The employee may document time and effort using a timesheet as described above. Timesheets must account for the total activity for which the employee is compensated, and be signed by the employee. It will not be acceptable for timesheets to include the hours worked on Federal grants only.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Payroll and Timekeeping (Concluded)

- b. Or, the employee may complete personnel activity reports (PARs). Such reports will be prepared at least monthly to coincide with specific pay periods, reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the employee is compensated, and be signed by the employee.
 - c. Budgets will not be deemed allowable documentation to support personnel costs and therefore will not be accepted by the Business Office.
 - d. It is the responsibility of the employee being charged to a Federal award(s) to clarify documentation requirements with the Superintendent or designee (Office of Instruction Services) and provide appropriate documentation to the Business Office as it becomes available. The employee should retain a copy of the documentation for his/her personal records.
3. Salaried employees who work 100 percent of their time on a single Federal award or cost objective (regardless of the availability of Federal funding) shall have the option to complete semi-annual time certifications in lieu of timesheets or personnel activity reports (described above). The certifications will be prepared at-least semi-annually and signed by either the employee and/or a supervisory official having first-hand knowledge of the work performed by the employee.
- Certifications should never be signed prior to the end date of the period being certified. Each certification should be provided to the Business Office when available. Employees should retain a copy of the certifications for his/her personal records.
- 4. The District may choose to contract its employees through a staffing company.
 - 5. Refer to Appendix for a sample semi- annual certification and personnel activity report(par).

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Bank Reconciliations

The following procedures will apply to the reconciliation of bank accounts:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over the reconciliation of bank accounts.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Bank reconciliations will be performed monthly for each bank account.
2. Bank reconciliations will be completed within 6 weeks of month-end.
3. Bank reconciliations for deposit accounts will be completed by the Business Office (Financial Specialist)
4. Interbank transfers, ACH receipts, and EFT payments recorded through general journal entry will be verified as part of the bank reconciliation process.
5. Bank reconciliations will be subjected to review and approval by an independent administrator. The reviewer will sign and date the reconciliation as evidence of the control.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Journal Entries and Non-routine Transactions

The District will occasionally need to record a general journal entry or other non-routine transaction. Such transactions may relate to Federal awards. The following policies and procedures apply to all general journal entries:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over journal entries and non-routine transactions.

Additional Policies and Procedures: The following policies and procedures will be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, inter-fund activity, interbank activity, EFT payments, ACH transfers, etc., to the extent that the entries can be reasonably supported.
2. All general journal entries will be filed with adequate supporting documentation.
3. Each general journal entry will be signed/initialed and dated by the preparer.
4. All entries will be reviewed and approved by an independent administrator, which will also be signed/initialed as evidence of the control.
5. The ability to post general journal entries in the accounting system will be limited to specific employees.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Investments

INVESTMENT POLICIES:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6144 - Investments

Additional Policies and Procedures:

1. Authorization for acquisition and disposition of investments is vested with the District Board of Education.
2. The Board of Education has formally adopted an investment policy that limits the school District's allowable investments and addresses the specific types of risk to which the school District may be exposed.
3. The Business Office (designee Business Official) is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that the income earned is dispersed for authorized purposes.
4. Board (or Superintendent / designee Business Official) approval is required before any money is deposited into any investment accounts.

Safekeeping:

5. All persons having access to securities are authorized by the Board of Education or Designee.
6. All securities are held in the name of the District.

Recordkeeping:

7. Detailed records are maintained including the following information:
 - Date of acquisition, identification, purchase amount or cost
 - Physical location of item
 - Interest/dividend/income rates and accrual/receipt dates
 - Ownership by fund
8. Detail records are periodically reconciled to the general ledger control accounts and to safekeeping statements by the Business Manager (or designee Accountant).
9. Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment. Any adjustments of investment accounts are approved by the Business Manager (or designee Financial Specialist).
10. Calculations of fair value and investment income are periodically reviewed for accuracy by the Business Manager (or designee Financial Specialist).
11. Access to computerized investment records is limited to those with a logical need for access.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Fixed Assets

The following provisions will govern the purchasing, accounting, and inventory of fixed assets:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 7450 - Property Inventory
- 7455 - Accounting System for Fixed Assets
- 7510 - Use of School Facilities

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. A fixed asset is defined by the District as an individual item with a useful life in excess of 1 year and an individual cost of more than \$5,000 (see policy above)
2. Procurement of fixed assets will be governed by the Board of Education's procurement and purchasing policies.
3. Donated fixed assets will be recorded at estimated fair value at the date of donation.
4. Purchases of fixed assets will be recorded as capital outlay expenditures in the governmental fund financial statements, and capitalized as noncurrent assets in the government-wide statements. Donated fixed assets will be recorded as a government-wide adjustment only. All fixed assets will be depreciated using the straight-line method over estimated useful lives.
5. Fixed asset purchases financed through bonds payable will be made in compliance with the Bulletin for School District Audits of Bonded Construction and of Sinking Funds issued by the State of Michigan Department of Treasury.
6. Fixed assets with useful lives (i.e., excluding land and construction in progress) will be depreciated using a consistent and systematic approach allowable under GAAP or as specified by Board policy.
7. Construction or other fixed projects in progress at year-end will be reported as "construction in progress" until the related asset is placed into service. No depreciation expense will be incurred on such assets. Outstanding construction commitments at year-end will be disclosed in the District's audited financial statements.
8. If the District determines that depreciation expense cannot be reasonably allocated by function, it will be deemed allowable to report all or a portion of depreciation expense as "Depreciation - unallocated" in the government-wide statement of activities, to the extent that this approach remains allowable under GAAP.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Fixed Assets (Concluded)**

9. The District may outsource the maintenance of depreciation schedules to a third-party consultant or its external auditors. In those instances, additions (along with the estimated useful lives) and disposals will be identified by the Superintendent or designee (Business Official).
10. To the extent that fixed assets are purchased with Federal funds, such items will be flagged as “Federally-funded” in the financial accounting records in order to ensure the appropriate use of proceeds on sale (if applicable) in accordance with Federal guidelines.
11. To the extent that the District has purchased fixed assets with Federal funds, an inventory of these items and reconciliation to the accounting records will be performed no less than once every two years. If it is not feasible to inventory all the District’s fixed assets this frequently, the Federally-funded assets may be inventoried only in order to meet the requirements of the OMB Compliance Supplement.

A detailed list of assets is provided to the buildings to review annually.

Remaining useful lives of assets will be reviewed for reasonableness and adjusted when considered necessary and appropriate.
12. Other policies and procedures related to compliance with the provisions of the OMB compliance supplement are included within this manual in the section titled “Equipment and Real Property Management”.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Long-term Debt

The following provisions will govern the issuance of long-term debt (including, but not limited to: bonds and notes payable, fixed assets, installment purchase agreements, State Aid Anticipation Notes, compensated absences, and severance agreements/early retirement incentives):

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6145 - Borrowing

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The issuance of long-term debt will be subject to approval by the Board of Education and the Michigan Department of Treasury.
2. The issuance of long-term debt will be recorded as an “other financial source” in the governmental fund financial statements, along with any premium or discount thereon. Costs of issuance will be reported in the governmental fund financial statements as a component of debt service expenditures.
3. Short-term debt (such as State Aid Anticipation Notes) with an initial maturity of less than one-year will be recorded as a liability in the governmental fund financial statements, along with accrued interest payable thereon.
4. Compensated absences payable will be recorded in the government-wide statements for earned but unused sick and vacation time, as provided for in bargaining agreements and/or personnel policies. Such accruals will be limited to the maximum payout based on these policies.
5. Severance agreements/early retirement incentives will also be recorded liabilities in the government-wide statements. Multi-year agreements will be reported at the net present value using a discount rate equal to the rate management expects to earn on the assets used to liquidate such liabilities. A current portion will be recorded each year, based on the payment schedule in the severance agreement.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Grant Administration

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6110 - Grant Funds
- 6114 - Cost Principals - Spending Federal Funds

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Grant Development, Application, and Approval -

- a. Legislative Approval - The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by “an individual authorized by the *legislative body*”, then *Board of Education* approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the Superintendent or designee (Business Official or Curriculum Director) may, at his or her discretion, approve grant applications.
- b. Matching Funds - Grants that require cash local matches must be coordinated through the Business Office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Depending on the nature of the grant, there may also be some policy implications that will bear discussion. (For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted?)

In all cases involving matching funds, the grant applicant should contact the Business Office to determine the strategy for securing matching funds.

Refer to the section within this manual titled “Matching, Level of Effort, and Earmarking” for additional information on compliance with the provisions of the OMB Compliance Supplement.

- c. Grant Budgets - Most grants require the submission of an expenditure budget. The Superintendent or designee (Business Official or Curriculum Director) should review this portion of the grant request prior to submission. Frequently, a technical review will discover inconsistencies in the calculations, cost centers that might have been overlooked, or identify reimbursable expenses of which program staff may not be aware—particularly in the area of indirect costs.

Grant applicants should contact the Superintendent or designee (Business Official or Curriculum Director) to request a technical review of a grant proposal budget.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Grant Administration (Continued)

2. Grant Program Implementation -

- a. Notification and Acceptance of an Award - Official notification of a grant award is typically sent by a funding agency to the program director and/or other official designated in the original grant proposal. However, the authorization to actually spend grant funds is derived from the Board of Education through the approval of a grant budget. Such notification should also be directed to the Business Office.
- b. Establishment of Accounts - The department that obtained the grant will provide the Superintendent or designee (Business Official) with information needed to establish revenue and expense accounts for the project. Ordinarily, this information will include a copy of a summary of the project and a copy of the full project budget.

To the extent that the grant awarded is included in the Michigan School Accounting Manual, such guidance will be followed without exception.

- c. Purchasing Guidelines - All other District purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in doubt, the program director should contact the Superintendent or designee (Business Official) for further assistance.

3. Financial and Budgetary Compliance -

- a. Monitoring Grant Funds - Departments may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance. The Superintendent or designee (Business Official) maintains all this information in financial software system as well; this is considered to be the District's "official" accounting system by the granting agencies. Program Directors are strongly encouraged to use financial software reports provided by the Superintendent or designee (Accountant) for their grant tracking.

If any "off-system" accounting records are maintained, it is the responsibility of the Program Director to ensure that the program's internal records agree to the District's accounting system.

- b. Fiscal Years - Occasionally, the fiscal year for the granting agency will not coincide with the District's fiscal year. This may require adjustments to the District's internal budget accounts and interim financial reports as well as special handling during fiscal year-end close. It is the responsibility of the Program Director to bring such discrepancies to the attention of the Superintendent or designee (Business Official) at the time the grant accounts are established.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Grant Administration (Concluded)

- a. Grant Budgets - When the financial accounting software for a specific grant is designed, it will include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. In no case will the program director be authorized to exceed the total budget authority provided by the grant.

If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the program director to notify the Superintendent or designee (Business Official) that budget funds need to be carried forward to the new fiscal year, and to confirm the amounts of such carry-forwards. Carry-forwards of grant funds will be subjected to maximum allowable amounts/percentages based on the grant award agreement and/or the OMB Compliance Supplement.

- b. Fixed Assets - The District is responsible for maintaining an inventory of assets purchased with grant monies. The District is accountable for them and must make them physically available for inspection during any audit. The Superintendent or designee (Business Official and Curriculum Office) must be notified immediately of any sale of these assets. Customarily, the proceeds of the sale can only be used on the grant program that purchased them. (Refer to the specific regulations governing the original grant).

The Superintendent or designee (Business Official) will coordinate this grant requirement. All transactions that involve the acquisition or disposal of grant funded fixed assets must be immediately brought to the attention of the Superintendent or designee (Business Official or Curriculum Office). Refer to the sections of this manual titled "Fixed Assets" and "Equipment and Real Property Management" for additional information

4. Record Keeping -

- a. Audit Work-papers - The District's external auditors audit all grants at the end of each fiscal year. The Superintendent or designee (Business Official) will prepare the required audit work-papers. Program Directors may be asked to assist in this process, if necessary.
- b. Record Keeping Requirements - Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Superintendent or designee (Business Official) will maintain copies of all grant draw requests, and approved grant agreements (including budgets). The program director should maintain all other records.

Refer to this section of this manual titled "Records Retention" for additional information.

5. Other Guidelines - Specific information on policies and procedures related to compliance with the provisions of the OMB Compliance Supplement have been addressed later in this manual and should be considered along with the information in this section.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Financial Management Systems

Year-end Closing and Reporting

The following provisions will govern the year-end close-out process of the District for purposes of external financial reporting:

In accordance with the Michigan Department of Education requirement, the District's fiscal year end for external reporting purposes will be June 30.

Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:

Accounts Payable Disbursements - Invoices for goods or services received during the previous fiscal year will be recorded as expense/accounts payable as of June 30. Such determinations will be made by the Accounts Payable Clerk and reviewed for accuracy and completeness by the Business Official (or designee Accountant). Determination is based on when items are received as to if they are an accounts payable for the prior year.

Payroll-related Accruals - Costs of hourly personnel paid after June 30 for services performed during the previous year will be recorded as expenditures/salaries payable at June 30. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.

Salaried teachers and other employees working during the academic year only may elect to receive their annual salary over the course of the academic year or over the course of the 12 months ended August 31 of each year. In the former, all salary payments will have been made prior to June 30 and no additional accrual is necessary. In the latter, the difference between the total salary and the amount paid through June 30 will be recorded as expense/salaries payable at June 30 since the period of service is complete at that time. Additional consideration will be made for FICA taxes, retirement, health insurance, and related employee benefits.

Health insurance and other benefits for employees working on an academic year are not accrued as their calendar year is a July to June year.

Payroll accruals will be prepared and documented by the Payroll Clerk and reviewed by the Accountant.

Prepays - Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of June 30. The District may elect to not record prepaid items in governmental funds in accordance with GASB Codification 1600.127 *Other Expenditure Recognition Alternatives*.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Year-end Closing and Reporting (Continued)

Inventory - District no longer has a central warehouse that requires inventory. All products are ordered just in time. Food Service reports inventory for food at fiscal yearend. It is provided to the Business Office for review and adjustment in the general ledger.

Receivables - General - Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation, such as remittance advices or dated sub-ledgers.

Receivables - Grant - After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of June 30 as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant cost center.

Receivables - State Aid - State Aid is provided to Michigan School Districts in 11 installments from October through August. Therefore, since the July and August State Aid receipts are intended to finance the previous fiscal year, such amounts will be recorded as revenue/receivable at June 30.

1. The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the District's trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the Superintendent or designee (Business Official) along with any audit-proposed journal entries, to ensure that the audited financial statements agree to the District's books and records.

Refer to the policy on "audits" within this manual for further information on audit requirements and related School policies.

2. To the extent that the District is required to have a single audit completed in accordance with OMB Compliance Supplement, the District will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA or the "schedule") in accordance with Federal and State requirements. This schedule will be characterized as follows:

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Financial Management Systems
Year-end Closing and Reporting (Concluded)

- a. Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.
- b. The schedule will be prepared on the same basis of accounting as the related financial statements.
- c. Federal grants received through the Michigan Department of Education will agree to, or reconcile with, the Grant Auditor Report, as applicable.
- d. Federal awards will be grouped based on Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name (if applicable) and award/pass-through grantor number (if applicable). Such information will agree to the award documentation.
- e. If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the two-digit prefix for the related Federal agency, followed by "UNKNOWN".
- f. To the extent that amounts are passed-through to sub-recipients, a schedule of federal awards provided to sub-recipients, including all necessary information to meet the requirements of the Michigan Department of Education, will be prepared.
- g. In addition to current year expenditures, the schedule will list approved award/grant amount, accrued/deferred revenue at the beginning of the year, current year cash received, current year actual expenditures, and accrued/deferred revenue at the end of the year. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as memorandum-only.
- h. Any adjustments to prior year awards, expenditures, and balances (including transfers between grants) will be disclosed in the footnotes to the schedule.
- i. Accrued/deferred revenue in the schedule shall agree to the amounts recorded as receivable/deferrals in the related financial statements.
- j. To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule. Any reconciling items will be disclosed in the footnotes to the schedule.
- k. The footnotes to the schedule will disclose the significant accounting policies used in preparing the schedule and the fact that management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the schedule.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Michigan Department of Education Requirements
Chart of Accounts**

Muskegon Public School District will maintain its chart of accounts in accordance with the requirements of the Michigan School Accounting Manual.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over Chart of Accounts.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Each account will be assigned a 26-digit number, as follows:

Fund	Function	Object	Program	Grant	Location	Other
XX	XXXX	XXXX	XXX	XXXX	XXXXX	XXXX

Numbers assigned to each category above will be based on the specific requirements of the District Accounting Manual.

2. As applicable, Federal awards revenue and expenditures will be assigned certain program codes.
3. The chart of accounts will facilitate the preparation of the Financial Information Database (FID) and will agree to the audited financial statements.
4. A complete chart of accounts for GASB 34 adjustments will not be maintained formally within the District's accounting system. Such adjustments are made once per year, for external financial reporting only, and therefore will be determined through use of separate spreadsheets, and integrated into the audit by the District's independent auditors. The Superintendent or designee (Business Official) will review all such adjustments for accuracy prior to the issuance of the audited financial statements.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Michigan Department of Education Requirements

Annual Audit

Every Michigan public school must have a financial statement audit completed each year by a certified public accounting firm.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over the annual audit.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. The District will have a financial statement audit completed annually as of its fiscal year ended June 30.
2. The audit will be completed in accordance with *Government Auditing Standards* (the “Yellow Book”).
3. An adequate written agreement (the “engagement letter”) will be signed by the District and its independent auditors. It will contain information on: period to be audited, support to be provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies’ requirements (Michigan School Auditing Manual, OMB, GAAS and GAS). A copy of the engagement letter will be provided each year to the Board of Education.
4. The Superintendent and Business Official shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors in this process, all audit schedules and work-papers should be reviewed by an individual other than the preparer.
5. To the extent that expenditures of federal awards equal or exceed \$750,000, the District will also have a single audit completed in accordance with the Uniform Guidance. Refer to the section of this manual titled “Year-end Closing and Reporting” for information on the schedule of expenditures of federal awards.
6. The audit will be submitted electronically to the Michigan Department of Education Office of Audits (mde-Finaudit@michigan.gov) on or before November 1st of each year. The electronic submission will be performed by the District’s independent auditors.
7. If a single audit is conducted, the data collection form and reporting package will be submitted electronically to the Federal Audit Clearinghouse as a joint effort between the District and its independent auditors.
8. The Superintendent or designee (Business Official) will submit written corrective action to any findings identified in the audit process.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Michigan Department of Education Requirements
Annual Audit (Concluded)

7. If the District issues general obligation bonds to finance capital projects, a bond audit will be performed by the District's independent auditors within 120 days of substantial completion of the project. The bond audit will be submitted to the Michigan Department of Treasury

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Michigan Department of Education Requirements

Budgets and Budgetary Compliance

Muskegon Public School District (the “District”) uses budgets and budgetary accounting in order to fulfill its requirements from the Michigan Department of Education and as an internal management tool for monitoring expenditures and identifying abnormalities. Policies and procedures regarding the budgetary process are as follows:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6220 - Budget Preparation
- 6321 - Budget Hearing
- 6231 - Budget Implementation

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. An operating budget will be prepared for the general fund and each special revenue fund consistent with GAAP and the uniform chart of accounts (see previous section titled “Chart of Accounts”).
2. The minimum level of legal control will be determined based on the specification of the Michigan School Accounting Manual.
3. In accordance with MCL 141.411-415 and MCL 15.261-275, a public hearing on the budget will be held prior to formal adoption by the Board of Education.
4. The budget will be formally adopted by the Board of Education prior to the commencement of the fiscal year.
5. The adopted budget will include:
 - a. Revenue and expenditure data for the most recently completed fiscal year and estimated revenue and expenditures for the ensuing fiscal year.
 - b. The amount of surplus or deficit that has accumulated from prior fiscal year, along with an estimate of the amount of surplus or deficit expected in the current fiscal year.
 - c. An estimate of the amounts needed for deficiency, contingent, or emergency purposes.
 - d. Other data relating to fiscal conditions that the Superintendent or designee (Business Official) deems to be useful.
6. The budget will be amended by the Board of Education, as necessary, throughout the fiscal year. No budget amendments will be allowable after year-end.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Michigan Department of Education Requirements
Budgets and Budgetary Compliance (Concluded)**

7. In no instance will the total estimated expenditures, including an accrued deficit, exceed the total revenues, including available unappropriated surplus.
8. The budgets, or any adopted amendments to the budget, will be posted to the District's website within 15 days of formal adoption.
9. Expenditures in excess of budget at the legal level of compliance will be disclosed in the annual audit.
10. The original budget, final amended budget, actual expenditures, and excess of expenditures over budget will be included for the general fund and each major special revenue fund in the annual audit.
11. Each Federal grant will have an award budget, which will be incorporated into the District-wide operating budget.
12. Management will review budget vs. actual reports on a periodic basis with the Board of Education in order to identify inconsistencies. Such reports will be prepared at the same as the adopted budget and include both revenues and expenditures.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
Michigan Department of Education Requirements
Additional Federal Awards Compliance Requirements**

A substantial amount of the Federal awards received by the Muskegon Public School District are passed-through the Michigan Department of Education. In addition to the requirements of the OMB Compliance Supplement, which are applicable to all Federal grants (refer to next section of this manual for specific on each compliance requirement); the Michigan Department of Education has issued its own set of guidance on compliance with Federal awards. Management will consider both the OMB Compliance Supplement and the Michigan Department of Education School Auditing Manual in identifying applicable compliance requirements.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over Michigan Department of Education requirements or additional federal awards compliance requirements.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

General Information

Source of Information - Each year the Federal government (Office of Management and Budget) issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program-specific guidance on various grant awards. There are 12 compliance requirements identified, each of which is considered individually in this manual.

The following pages document the policies and procedures of the District related to compliance with such procedures, as applicable. In each year that the District is subject to a single audit, applicable compliance requirements are expected to be tested in detail by the District's independent auditors.

Objectives - The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the District have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the District that all Federal awards are subject to the following policies and procedures.

Controls over Compliance - In addition to creating policies and procedures over compliance with provisions of Federal awards, the District has implemented internal controls over such compliance, generally in the form over administrative oversight and/or independent review and approval. In order to document these control activities, all independent reviews are signed/initialed and dated.

Documentation - The District will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the District's independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies.

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Activities Allowed/Unallowed and Allowable Costs/Cost Principles

Source of Governing Requirements - The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for allowable costs/cost principles are contained in the A-102 Common Rule (§___,22), OMB Circular A-110 (2 CFR section 215.27), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. All grant expenditures will be in compliance with the Uniform Guidance, State law, District policy, and the provisions of the grant award agreement will also be considered in determining allowability. Grant funds will only be used for allowable costs and costs must meet the following general criteria to be allowable under Federal awards:
 - a. Be reasonable and necessary for the performance of the program and allocable thereto (see detail below);
 - b. Conform to any limitations or exclusions set forth in applicable regulations or in the award itself;
 - c. Be consistent with policies and procedures that apply uniformly to federally-financed activities and other activities of the non-Federal entity; and
 - d. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
 - f. Be adequately documented.
2. A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:
 - a. Whether the cost is ordinary and necessary for the proper and efficient performance of the Federal award;
 - b. The requirements imposed by such factors as: sound business practices; arms-length bargaining; Federal, state, local, tribal and other laws and regulations; and

Muskegon Public School District
Business Office Procedures and Federal Awards Administration
OMB Compliance Supplement
Activities Allowed/Unallowed and Allowable Costs/Cost Principles
(Concluded)

- c. Market prices for comparable goods or services.
- 3. A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. This standard is met if the cost:
 - a. Is incurred specifically for the Federal award;
 - b. Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
 - c. Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.
- 4. Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to the Federal award. To the extent that such credits relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

The Federal award may be subject to statutory requirements that limit the allowability of costs. Payments made for costs determined to be unallowable must be refunded (including interest) to the Federal Government unless Federal statute or regulation directs otherwise.

- 5. Grant expenditures will be approved by department heads/program managers initially through the purchase order process, and again with the bill or invoice is received. This will be evidenced by signature or initials and date on the invoice. Accounts payable disbursements will not be processed for payment by the Business Office until necessary approval has been obtained.
- 6. Payroll costs will be documented in accordance with the Uniform Guidance as described in the section of this manual titled "Payroll and Timekeeping".
- 7. Indirect costs will be charged to federal grants at the federally negotiated indirect cost rate (if available) or the de minimis rate of 10% permitted by the Uniform Guidance. The selected rate will be applied to Modified Total Direct Costs (MTDC). The District may, at its discretion, choose to use all available grant funds for program purposes and not charge an indirect cost rate to a federal awards.
- 8. To the extent that the District passes through federal awards to subrecipients, the District will review the subrecipient's grant budgets for compliance with allowable/unallowable costs.
- 9. Bad debt incurred through the inability to collect lunch payment from students is not an allowable cost chargeable to any Federal Program. Any related collection cost, including legal cost, arising from such bad debt after they have been determined to be uncollectable are also unallowable.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Cash Management

Source of Governing Requirements - The requirements for cash management are contained in the A-102 Common Rule (§ _____.21), OMB Circular A-110 (2 CFR section 215.22), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6112 - Cash Management of Grants

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Substantially all of the District's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency.
2. Cash draws will be initiated by the Superintendent or designee (Accountant or Business Official) who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained and signed/dated.
3. The physical draw of cash will be processed in CMS (for Michigan Department of Education grants) or through the means prescribed by the grant agreement for other awards by the Superintendent or designee (Accountant or Business Official).
4. Supporting documentation from CMS (for grant through the Michigan Department of Education) or a copy of the cash draw paperwork will be filed along with the approved paperwork described above and retained for audit purposes.
5. To the extent that the District passes through federal awards to subrecipients, the District will make payments to the subrecipients within 30 calendar days after receipt of billing unless the District reasonably believes the request to be improper.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Davis-Bacon Act**

Source of Governing Requirements - The requirements for Davis-Bacon are contained in 40 USC 3141-3144, 3146, and 3147; 29 CFR part 29; the A-102 Common Rule (§ __.36(i)(5)); OMB Circular A-110 (2 CFR part 215, Appendix A, Contract Provisions); program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

This requirement has not historically been applicable to any of the Federal grants of the Muskegon Public School District. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Eligibility

Source of Governing Requirements - The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over OMB Compliant Supplement.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.
2. Free and reduced lunch applications will be available at the District offices and on the district website if the District does not qualify for Community Eligibility Participant (CEP). Currently Muskegon Public Schools is a CEP recipient. If MPS loses CEP eligibility then the following apply:
 - a. In accordance with grant guidelines, an eligible student from the immediately preceding school year will be deemed eligible for the first 30 school days of the next academic year, or until a revised application is submitted.
 - b. Letters will be generated prior to the end of the 30 day grace period to notify families that eligibility will cease at the end of the period if a revised application indicating student eligibility is not submitted.
 - c. Income eligibility guidelines will be updated annually based on a letter provided to the District by the Michigan Department of Education. Completed applications will be input into the food service software by a designee of the food service department and the software will make the eligibility determination automatically. The Food Service director will oversee this process and double check data input periodically for accuracy. Paper applications will be retained and filed alphabetically by year. If a revised application is submitted during the school year, it will be stapled in front of the previous application.
3. On a an annual basis, the District will verify the current free and reduced price eligibility of the households selected from a sample of applications that is has approved for free and reduced price meals. The sample size will be based on the lesser 3 percent of the total number of approved application on file as of October 1st, or 3,000. Follow-up action will be taken for children whose eligibility status has changed as a result of the verification activities. The verification process will be the responsibility of the food service department.
4. Eligible attendance areas under the Title 1 program will be determined annually based on free and reduced lunch counts and total enrollment counts from the same period.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Equipment and Real Property Management

Source of Governing Requirements - The requirements for equipment are contained in the A-102 Common Rule (§ __ .32), OMB Circular A-110 (2 CFR section 215.34), (34 CFR section 74.34), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 7300 - Disposition of Real Property
- 7310 - Deposition of Surplus Property

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. All equipment will be used in the program for which it was acquired or, when appropriate, other Federal programs.
2. When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The Superintendent or designee (Business Official or Curriculum Director) will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.
3. All items purchased with federal funds are received, labeled with the funding source and tracked on an inventory log including room number/location in the building. It is then noted on the inventory log when equipment is disposed.
4. Equipment records (inventory) will be maintained and an appropriate system shall be used to safeguard equipment, as described in the section of this manual titled "Fixed Assets". Equipment should be assigned to a program and physical location on the inventory. If such equipment is moved, it will be noted on the inventory. Inventory logs are reviewed by building clerks, Finance department and program staff. Specific hardware items and computer equipment are received by Technology department, tagged with a serial number and logged into an inventory list before it is sent to buildings.
5. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.
6. If the District no longer has a use for the equipment or it no longer has a residual value, the District may request, and follow, disposition instructions from the USED Secretary.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Matching, Level of Effort and Earmarking

Source of Governing Requirements - The requirements for matching are contained in the A-102 Common Rule (§ __.24), OMB Circular A-110 (2 CFR section 215.23), program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

There are no existing Board policies over matching, level of effort, and earmarking.

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

Muskegon Public School District defines “matching”, “level of effort”, and “earmarking” consistent with the definitions of the OMB Compliance Supplement:

Matching or cost sharing includes requirements to provide contributions (usually non-Federal) or a specified amount or percentage of match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program’s funding that must/may be used for specified activities, including funds provided to sub-recipients. Earmarking may also be specified in relation to the types of participants covered.

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Compliance with matching, level of effort, and earmarking requirements will be the responsibility of the Superintendent or designee (Accountant).
2. Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.
3. Maintenance of effort for grants through the Michigan Department of Education will be determined at the State level.
4. Services provided in Title 1 schools will be at least comparable to services provided in non-Title 1 schools. Comparability will be based on the instructional staff/pupil ratios or the per pupil expenditures for instruction staff between equivalent grade span schools within the District.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Period of Performance**

Source of Governing Requirements - The requirements for period of availability of Federal funds are contained in the A-102 Common Rule (§ __.23), OMB Circular A-110 (2 CFR sections 215.28 and 215.71), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
2. All obligations will be liquidated not later than 90 days after the end of the funding period (or as specified by program legislation).
3. Compliance with period of availability requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval in the central office as part of the payment processing.
4. No more than 15 percent of the District's annual Title I allocation will be carried over to the subsequent year. In situations where the remaining unspent award exceeds this percentage, a waiver can be formally requested from the Michigan Department of Education. A waiver can be granted once every three years unless waived by the U. S. Department of Education (USED).

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Procurement, Suspension and Debarment

Source of Governing Requirements - The requirements for procurement are contained in the A-102 Common Rule (§____.36); OMB Circular A-110 (2 CFR sections 215.40 through 215.48), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for suspension and debarment are contained OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations in 2 CFR implementing the OMB guidance; the A-102 Common Rule (§____.36); OMB Circular A-110 (2 CFR section 215.13); program legislation; Federal awarding agency regulations; and the terms and conditions of the award.

Suspension and debarment actions prevent companies and individuals from participating in government contracts, subcontracts, loans, grants, and other assistance programs.

“Suspension” is the temporary disqualification of an entity from receiving federal funds, either directly or indirectly, while suspect circumstances are under investigation.

“Debarment” is a federal sanction which prohibits an entity from receiving federal funds either directly or indirectly for a specific length of time.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6325 Procurement-Federal Grants/Fund

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the District (described in the section of this manual titled “Purchasing and Procurement”).
2. Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
3. Procurement will provide for full and open competition.
4. The District is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

“Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (i.e., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Procurement, Suspension and Debarment**

5. The District will ensure compliance with suspension/debarment requirements through ONE of the following controls for contracts equal to or exceeding \$25,000:
 - a. Including a suspension/debarment clause in all written contracts in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the District immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
 - b. Requiring vendors and contractors to sign a statement certifying that they are not suspended or debarred and agreeing to notify the District immediately upon being suspended or debarred. This would also serve as adequate documentation as long as the contract/vendor relationship remains in effect.
 - c. Periodically searching the federal excluded parties database at www.sam.gov for the vendor name. Any potential match would be followed-up on immediately. A listing of the vendors search and the date of the procedures would be retained.
6. If a vendor is found to be suspended or debarred, the District will immediately cease to do business with this vendor.



Office of Instructional Services 349 W Webster Avenue Muskegon, MI 49440 (231) 720-2000 phone (231) 720-2050 fax

Service Provider Agreement

By signing below, I agree that my company/organization of any of its principals, personnel, division or affiliates presently or in the past have not been debarred or suspended from entering into contracts with any federal, state or local governmental entity.

The company/organization has not been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under public transaction; violation of Federal or State anti-trust statutes, or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

The company/organization is not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local).

The company/organization has not had one or more public transactions (Federal, State or local) terminated for cause or default.

The certifications made in this statement are deemed to be valid as long as the company/organization continues to conduct business transactions with Sample School District unless notification is made in writing to the District. The company/organization will notify the District immediately if any of the certifications made in this statement become invalid.

Company/Organization Name: _____

Certification Made by (Name and Title): _____

Date: _____

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Program Income

Source of Governing Requirements - The requirements for program income are found in the A-102 Common Rule (§____.21 (payment) and §____.25 (program income)); OMB Circular A-110 (2 CFR section 215.2 (program income definition), 2 CFR section 215.22 (payment), and 2 CFR section 215.24 (program income)), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Program income will include (but will not be limited to): income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
2. Muskegon Public School District will allow program income to be used in one of three methods:
 - a. Deducted from outlays
 - b. Added to the project budget
 - c. Used to meet matching requirements

Absent specific guidance in the Federal awarding agency regulations or the terms and conditions of the award, program income shall be deducted from program outlays.

3. Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant. See additional information on the uniform chart of accounts in the section of this manual titled "Chart of Accounts".

Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Real Property Acquisition and Relocation Assistance

Source of Governing Requirements - Government-wide requirements for real property acquisition and relocation assistance are contained in Department of Transportation's single government-wide rule at 49 CFR part 24, Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally-Assisted Programs.

This requirement has not historically been applicable to any of the Federal grants of Muskegon Public School District. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Reporting

Source of Governing Requirements - Reporting requirements are contained in the following documents:

A-102 Common Rule - Financial reporting, §____.41, Performance reporting, §____.40(b), OMB Circular A-110 - Financial reporting, 2 CFR section 215, Performance reporting, 2 CFR section 215.51, program legislation, ARRA (and the previously listed OMB documents and future additional OMB guidance documents that may be issued), the Transparency Act, implementing requirements in 2 CFR part 170 and the FAR, and previously listed OMB guidance documents, Federal awarding agency regulations, and the terms and conditions of the award.

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. Reports will be submitted in the required frequency and within the required deadlines. For Federal grants through the Michigan Department of Education, a final expenditure report can be filed when the total expenditures equal all approved funds or within 60 days of the grant ending date.
2. Reports will be completed using the standard forms (as applicable) and method of delivery (i.e., e-mail, grantor website, postal service, etc.).
3. Regardless of the method of report delivery, a copy of the submitted report will be retained along with any documentation necessary to support the data in the report. The report will evidence the date of submission in order to document compliance with timeliness requirements.
4. Financial reports will always be prepared based on the general ledger using the required basis of accounting (i.e., cash or accrual). In cases where financial data is tracked outside of the general accounting system (such as in spreadsheets or paper ledgers), this information will be reconciled to the general ledger prior to report submission.
5. Any report with financial-related data will either be prepared or reviewed by the Superintendent or designee (Business Official or Accountant).
6. Preparation of reports will be the responsibility of the Accountant or Business Official. All reports (whether financial, performance or special) must be reviewed and approved by a knowledgeable administrator or Board Member prior to submission. Both the preparer and reviewer will sign and date the report and retain this document.
7. Copies of submitted reports with preparer and, if applicable, reviewer signatures and data will be filed with supporting documentation and any follow-up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
OMB Compliance Supplement
Sub-recipient Monitoring**

Source of Governing Requirements - The requirements for sub-recipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB (§____.225, §____.310(d)(5), §____.400(d)), A-102 Common Rule (§____.37 and §____.40(a)), and OMB Circular A-110 (2 CFR section 215.51(a)), program legislation, 2 CFR parts 25 and 170, and 48 CFR parts 4, 42, and 52 Federal awarding agency regulations, and the terms and conditions of the award

This requirement has not historically been applicable to any of the Federal grants of Muskegon Public School District. Grant administrators are aware of existence of such compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

OMB Compliance Supplement

Special Tests and Provisions

Source of Governing Requirements - The laws, regulations, and the provisions of contract or grant agreements pertaining to the program

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 2261.01 - Parent Participation in Title I Programs

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

In order to ensure compliance with these requirements, Muskegon Public School District has implemented the following policies and procedures:

1. The Superintendent or designee (Business Official) will be assigned the responsibility for identifying financial-related compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation. Program-related compliance requirements will be the responsibility of the department administering the grant.
2. In any given fiscal year that the District's Title I award is more than \$500,000, an amount equal to at least 1 percent of the grant award will be set-aside for parent involvement activities. Of this amount, at least 95 percent will be distributed. The District will use separate general ledger account(s) to track the expenditure of such funds.
3. Annually, the District will offer participation in its Title 1 program to Private Schools within the District's eligible attendance area. Correspondence will be made by the Curriculum Director and copies will be retained. The District will request that the private school respond in writing whether the offer is accepted or rejected. This documentation will also be retained.
4. Teachers and instructional paraprofessionals will meet the definition of "highly qualified". Documentation to support highly qualified status will be retained in the employee's personnel file and made available to auditors or grantor agencies upon request. The Human Resources *Director* and Special Education *Supervisors* will be responsible for ensuring that all teachers and instructional paraprofessionals in Title I classrooms meet this standard and have adequate documentation on file.
5. Set-asides may be required for Priority and Focus schools. Refer to Mi Excel for additional information.

Muskegon Public School District Business Operating Procedures & Federal Award Administration Manual Conflict of Interest

Transactions involved Federal awards are subject to all conflict of interest policies, as applicable:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 1130 - Conflict of Interest
- 3110 - Conflict of Interest
- 4110 - Conflict of Interest
- 6420 - Conflict of Interest - Legal Counsel, Advisors, or Consultants

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Board members will disclose any conflict of interest (whether in fact or in appearance). When a member of the Board determines that the possibility of a person interest conflict exists, he/she should, prior to the matter being considered, disclose his/her interest in a public meeting (which will be noted in the official meeting minutes). The individual shall abstain from discussing or voting on this matter.
2. Any related party transactions will be disclosed as part of the annual audit.
3. Board members and District employees (including contractual employees through the District's staffing company) will not accept money or gifts from current or potential vendors of the District if such items are valued in excess of the threshold published annually by the State of Michigan.
4. District employees (including contractual employees through the District's staffing company) are prohibited from using District equipment, materials, and supplies for personal benefit.

Muskegon Public Schools Conflict of Interest Disclosure Form

Employees in a position to influence decisions on purchase or contracts for Muskegon Public Schools (the "District") shall not have a personal financial interest either directly or indirectly in any contract or purchase of the District or benefit directly or indirectly from any financial transaction or contract of the District unless that interest has been fully disclosed and the person involved has removed him/herself from the decision-making process.

Purchases of or use of Agency property, materials and manpower by employees shall be accomplished in accordance with good business practices and within the framework of applicable laws and regulations.

The Superintendent, and any other District employee deemed by the Superintendent to be in a position to influence the purchase of any goods or services, shall sign and file the following information.

For purposes of this document, the following definitions are used:

AGENCY: Muskegon Public Schools

SUPPLIER: any person, partnership, trust, corporation, or other business entity that supplies materials, equipment, real estate or services to the District.

FINANCIAL INTEREST: means any stock, bond or other debt, obligation, option or right to purchase stock, share in profits, investment, partnership interest or other interest of any nature. Ownership in securities in a corporation shall not be considered to constitute a financial interest for this purpose if all the following conditions are met:

- a. The securities are traded on a national securities exchange or regularly reported in over-the-counter quotations in the financial press
- b. The securities owned by you and to your knowledge or belief, owned by your near relatives don't exceed 1% of the outstanding securities of such corporation of the same class, and
- c. The market value of the securities of such corporation so owned does not exceed 50% of your gross annual income.

FAMILY MEMBER: means your spouse, children, spouse(s) of your children; parent(s)/guardian(s); sisters and brothers of yourself and your spouse; and the spouse(s) of your brothers and sisters, and the nieces and nephews of you and your spouse. All relationships include those created by adoption or marriage. It is not necessary to interrogate the members of your family. It is sufficient to give the facts, as you know them or believe them to be.

We require complete honesty and candor of all employees asked to submit this form subject to penalties under Sec. 2 or Public Act 317.

Should you have inadvertently omitted a company in your statement and later there is a transaction involving that company come before the Board, you have a clear obligation to make that interest known. If after this statement is signed you acquire an interest in a company doing business with the District, that interest should be made public as soon as practical. Failure to disclose this may subject you to disciplinary action up to and including dismissal.

**Muskegon Public Schools
Conflict of Interest Disclosure Form
For Employees in a position to influence decisions**

a. At any time since January 1, _____, have you, or to your knowledge and belief has any family member or member of your household, had any direct or indirect financial interest in any supplier of good and/or services to Agency?

Yes _____ Provide details

No _____

b. At any time since January 1, _____, have you been a Director, officer, sole proprietor, partner, agent, representative, employee or paid consultant or received any fee or commission from any business enterprise doing business with Agency?

Yes _____ Provide details

No _____

c. At any time since January 1, _____, have you been paid from another source for hours worked during time that you are working for the said district. Essentially being paid from two or more sources for the same time frame. Example: Coaching

Yes _____ Provide details

No _____

d. Please disclose any immediate family members as described above that work for the district. Since you are an employee of influence for decisions of the district these members must be disclosed.

Please sign and date below:

I declare that to the best of my knowledge and belief, the answers I have given and any statements attached are true and correct.

Signature

Printed Full Name

Date

September 2019

Muskegon Public School District Business Operating Procedures & Federal Award Administration Manual Records Retention

The District has developed various policies and procedures regarding the retention of financial and other grant-related records. Transactions involved Federal awards are subject to all such policies, as applicable:

Board Policies:. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 8320 - Personnel Files
- 8330 - Student Records

Additional Policies and Procedure:. The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Record retention policies will be designed to mirror those suggested by the State of Michigan. Periodically, the Business Office will review the most recent information released by the State and determine if the District's practices continue to meet these standards.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Information Technology

Muskegon Public School District identifies the efficiencies and risks that come with the increased reliance on information technology. As such, policies have been adopted to govern the use of information technology:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 7540 - Computer Technology and Networks
- 7540.01B - Technology Privacy
- 7540.03 - Student Education Technology Acceptable Use and Safety
- 8315 - Information Management

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Staff passwords are set to be changed on a yearly basis.
2. Back-ups of the financial accounting system are done by the ISD. The District's network backups are stored at different buildings within MPS.

Muskegon Public School District Business Operating Procedures & Federal Award Administration Manual Supplies

Muskegon Public School District utilizes various supplies in its operations. The following policies and procedures will govern the purchase, use, and recording of such items:

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6152 - Student Fees, Fines, and Supplies
- 6610 - Student Activity Fund

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Purchase - The purchase of supplies will be subject to the same purchasing and procurement requirements as general District expenditures. Refer to the “Purchasing and Procurement” section of this manual.
2. Accounting - Supplies will be recorded as expenditures when purchased. Once per year, in conjunction with the annual audit, department heads will inventory unused supplies. Refer to the section of this manual titled “Year-end Closing and Reporting” for additional information.

Certain supplies on-hand at year-end (such as office supplies) will be deemed immaterial and not inventoried or recorded in the year-end financial statements.

3. Controls - It will be the responsibility of the building principals and department heads to determine the appropriate access to supplies, based on cost v. benefit considerations.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Copyrights

All employees, administrators, and students of the District are subject to the provisions of the Copyright Act of 1976. As such, Muskegon Public School District's Board of Education has adopted the following guidelines. These policies are deemed to be applicable to printed materials, internet materials, computer software, audio visual materials, and sheet music.

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 2531 - Copyrighted Works

Additional Policies and Procedures: The following policies and procedures will also be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Unlawful copies of copyrighted materials will not be produced using District-owned equipment, nor will such materials be distributed.
2. Teachers and administrators are responsible for the determination of whether photocopies are legal. The District will not be responsible for any fees imposed on its employees or administrators for misuse of copyrighted materials, nor will legal representation be provided in the event of wrongdoing.
3. The Superintendent or designee (Principal) will be responsible for communicating copyright guidelines to District employees and students and monitoring compliance with these guidelines.

This policy is deemed applicable to all transactions, including those with Federal funds.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

District Credit Card Procedures

The District Superintendent or designee (Business Official/Accountant) shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls, and generally overseeing the use of District credit cards for employees. All credit cards are issued to the District, and in the name of Muskegon Public Schools and the cardholder. The program shall be supervised by the Superintendent or designee (Business Official/Accountant).

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 6423 - Use of Credit/Debit Cards

Credit cards may be used only for the purchase of the following:

- Conference or workshop registrations
- Lodging for authorized trips or meetings, or
- Supplies

Other expenses as deemed necessary need to be approved by the building Supervisor before the purchase is made.

The District participates in the MSBO JPMorgan purchasing card consortium. Cardholder agreement, guide, and other pertinent documents are kept under separate cover. All purchases shall be supported by proper documentation and turned in at the designated time with the Purchase Card Expenditure Report.

1. The Accountant or Fiscal Service Specialist shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls and generally overseeing the use of District credit cards for employees.
2. All credit cards issued to and in the name of District shall be held and supervised by the Accountant or Fiscal Service Specialist.
4. Credit cards may be used only for the purchase of the following:
 - a. Conference or workshop registrations
 - b. Lodging for authorized trips or meetings, or
 - c. Supplies and equipment
 - d. Other expenses as deemed necessary
5. Credit cards may not be used to purchase meals when traveling on school business.
6. A credit card dedicated to fuel purchases is available and should be used for fuel purchases in school vehicles only. This card cannot be used to purchase fuel for personal vehicles used for school business.

**Muskegon Public School District
Business Operating Procedures & Federal Award Administration Manual
District Credit Card Procedures**

7. The staff member to whom a credit card is issued shall be responsible for its use and shall not allow the card to be used by anyone else or for any unauthorized purchases. Any charges made on the card during the time that the card is in the possession of the employee are the responsibility of that employee. Unauthorized charges must be paid by the person to whom the card is assigned, and such unauthorized use shall subject the card holder to disciplinary action in accordance with law, District policy, and/or the terms of a negotiated agreement.
8. The person to whom a credit card is issued is responsible for the protection and custody of the card. If a District card is lost or stolen, the person to whom the card was issued shall immediately notify the Accountant or Fiscal Service Specialist. The Business Office will notify the issuing company to cancel the card if necessary.
9. The Business Office shall receive reconciled statements from each card holder. The reconciled statement will include invoices relating to credit card transactions. Any charges appearing on statement that are missing invoices or other documentation will be investigated by the Business Office staff. The Business Office staff must notify the credit card issuing company of any suspected fraudulent transactions appearing on the statement. Credit card balances must be paid within sixty (60) days of the initial statement date.

Muskegon Public School District

Business Operating Procedures & Federal Award Administration Manual

Training and Sanctions

Board Policies: The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- 3242 - Professional Growth Requirements

TRAINING:

Muskegon Public School District will provide training to all staff involved in these procedures through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Muskegon Public School District policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business Office staff will meet with District staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

EMPLOYEE ACCOUNTABILITY AND SANCTIONS:

Failure to follow the provisions of these procedures will subject the individuals responsible for the violation(s) to administrative and/or disciplinary actions in accordance with District disciplinary procedures and the judgment of management. Sanctions may include comments on employee evaluations, suspension and/or dismissal.

Muskegon Public School District Business Office Procedures and Federal Awards Administration Travel

Source of Governing Requirements. Lodging and subsistence costs incurred by employees for travel will comply with the non-Federal entities written travel policies (§ 200.474(b0)),

Board Policies. The following policies have been separately reviewed and approved by the Board of Education, and are incorporated here by reference:

- Board policy name/number
- Board policy name/number

Business Office Procedures. The following procedures will be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

1. Travel must receive pre-approval for conferences and meetings outside of the county.
2. Superintendent or Designee must sign off on conference forms.
3. Reimbursements will follow district guidelines.

Example of a School District
Business Office Procedures and Federal Awards Administration
Appendix
Personnel Activity Report

Federally Funded Time and Effort Report (Personnel Activity Report - PAR)

Name of Employee: Jane Doe	Beginning Date: 8/1/2016	School Year 16-17
	Ending Date: 8/28/2016	

Enter data in the highlighted cells only

Activity/Program	8/1/2016	8/7/2016	8/8/2016	8/14/2016	8/15/2016	8/21/2016	8/22/2016	8/28/2016	Total Hours	Percent of Each Activity
	Time	Percent	Time	Percent	Time	Percent	Time	Percent		
Federal Funded Program	60.00	75.00%	80.00	100.00%	35.00	43.75%	20.69	25.86%	195.69	61.15%
Non Federal Funded Program	20.00	25.00%	0.00	0.00%	45.00	56.25%	59.31	74.14%	124.31	38.85%
									0	
									0	
Total hours distributed	80	100.00%	80	100.00%	80	100.00%	80	100.00%	320	100.00%

Hours						
Worked Hours Federal Program	60	60	35	15	170	
Worked Hours Non Federal Program	20		45	43	108	
Holiday Leave Hours		16		7	23	
Non-Holiday Leave Hours		4		15	19	
Grand Total All Hours Paid	80	80	80	80	320	
Total hours distributed should equal total hours paid each period						

I hereby certify that the information contained in the Time and Effort Report accurately reflects 100% of my actual time and effort distribution for the pay periods reported.

Employee Signature: _____

Supervisor Signature: _____

Example of a School District
Business Office Procedures and Federal Awards Administration
Appendix
Semi-Annual Certification

EMPLOYEE TIME CERTIFICATION

This is to certify that the following individuals have worked 100% of their time on the [INSERT FEDERAL COST OBJECTIVE] from [INSERT SIX-MONTH PERIOD].

Employee Name: _____

Employee Signature: _____

Date: _____

CONCURRENCE

Supervisor Name: _____

Supervisor Signature: _____

Date: _____

Employees should retain a copy of the signed certification for his/her records. Certification should be signed no earlier than the last day of the period covered by the certification.

Muskegon Public Schools
Business Office Procedures and Federal Awards Administration
Appendix
Receipt Exception Form

It is the policy of Muskegon Public Schools (the "District") to require employees to submit receipts for all expenses (excluding mileage) being claimed for reimbursement. If an employee is unable to provide a receipt for a claimed reimbursement, the following form should be attached to the expense report in lieu of the receipt.

Employee Name: _____

Amount Claimed for Reimbursement
Without Receipt: _____

Reason for not Providing Receipt: _____

My signature certifies that I have incurred the expense reported above using personal funds as part of my job duties at Sample School District.

Employee Signature: _____

Date: _____

Supervisory Approval: _____

Date: _____

Muskegon Public Schools
Business Office Procedures and Federal Awards Administration
Appendix
2 CFR 200 Subpart E: Cost Principles - Selected Items of Cost

This table is for reference purposes only and is not exhaustive of all changes or requirements; therefore, grantees are encouraged to consult the full text of the regulations in 2 CFR 200.

Reference	Title	Noteworthy Additions, Changes, or Clarifications
200.425	Audit services.	Costs associated with audits not conducted in accordance with Single Audit requirements and audits that fall below the Single Audit threshold are unallowable. Under the cost principles, those costs were allowable if included in the indirect cost rate or approved by awarding agency as a direct cost. Financial statement audit and agreed upon procedures
200.428	Collections of improper payments.	New - The costs incurred by a non-Federal entity to recover improper payments are allowable as either direct or indirect costs, as appropriate.
200.430	Compensation - personal services.	Charges for employee compensation must be based on records accurately reflecting work performed; however, no specific types of documentation (e.g., personnel activity reports) are required. Documentation standards that grantees must meet are listed. Substitute systems, if approved by cognizant Federal agency, are allowed State, local, and tribal government.
200.432	Conferences.	Requires conference hosts/sponsors to ensure that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The costs of identifying, but not providing, locally available dependent-care resources are allowable.
200.433	Contingency provisions.	Allowable in limited circumstances, with appropriate methodology used to create estimates, and must be consistent with the cost principles and other requirements in this Part (see also Standards for Financial and Program Management of Subpart D and section 200.403 Factors Affecting Allowability of Costs); be necessary and reasonable for proper and efficient accomplishment of project or program objectives, and be verifiable from the non-Federal entity's records.
200.435	Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.	Language streamlined for consistency and now specifically references Whistleblower Protection Act.
200.436	Depreciation.	Change to GAAP standards. Donated assets valued at time of donation and may be depreciated or claimed as matching but not both. Eliminates the use allowance method of recovering costs associated with recovering building costs.

Muskegon Public Schools
Business Office Procedures and Federal Awards Administration
Appendix
2 CFR 200 Subpart E: Cost Principles - Selected Items of Cost (Continued)

Reference	Title	Noteworthy Additions, Changes, or Clarifications
200.437	Employee health and welfare costs.	Employee morale costs are unallowable. Costs incurred in accordance with the non-Federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable, but must be equitably distributed to all activities of the non-Federal entity.
200.438	Entertainment costs.	Unallowable unless costs have a programmatic purpose and are authorized in the approved budget for the Federal award or costs have prior written approval from the Federal awarding agency.
200.441	Fines, penalties, damages, and other settlements.	Added Tribal law violations. Now states that "alleged violations" and not just "violations" are unallowable except when they result directly from complying with the terms of a Federal award or are approved in advance by the Federal awarding agency.
200.449	Interest.	Establishes the date of January 1, 2016, as the date that non-Federal entities whose fiscal year starts on or thereafter may be reimbursed for financing costs associated with patents and computer software.
200.453	Materials and supplies costs, including costs of computing devices.	Changes/additions to definitions
200.455	Organization costs.	Unallowable to all organizations unless specific approval by the awarding Federal agency.
200.456	Participant support costs.	Defined and allowable with prior approval. The treatment of participant support costs is in the definition of modified total direct costs and in the appendices on indirect costs rates, Appendix IV to Part 200.
200.460	Proposal costs.	Changed the language that allowed for other than indirect treatment of these costs, though rule remains that these costs should normally be treated as indirect. Proposal costs of past accounting periods will be allocable to the current period.
200.461	Publication and printing costs.	Resolves a long-standing issue with charges necessary to publish research results, which typically occur after expiration, but are otherwise allowable costs of an award.
200.463	Recruiting costs.	Clarifies that special emoluments, fringe benefits, and salary allowances that do not meet the test of reasonableness or do not conform to the established practices of the entity are unallowable. Specifically addresses allowability of short-term travel visa costs.

Muskegon Public Schools
Business Office Procedures and Federal Awards Administration
Appendix
2 CFR 200 Subpart E: Cost Principles - Selected Items of Cost (Concluded)

Reference	Title	Noteworthy Additions, Changes, or Clarifications
200.464	Relocation costs of employees.	Repayment of funds is required if employee resigns for reasons within the employee's control within 12 months after hire date.
200.465	Rental costs of real property and equipment.	Includes "sale and lease back" and "less-than-arm's-length" restrictions and home office space.
200.469	Student activity costs.	Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable unless specifically provided for in the Federal award.
200.474	Travel costs.	Provides that temporary dependent care costs that result directly from travel to conferences and meet specified standards are allowable.

Glossary of Terms

ABATEMENT: A reduction of a previously recorded expenditure or receipt item by such means as refunds, rebates, and collections for loss or damage to school property.

ACCOUNT: A descriptive heading under which are recorded financial transactions that are similar in terms of a given frame of reference, such as purpose object or source.

ACCOUNTS RECEIVABLE: Amounts owed to the school district by private persons, firms, governmental units or others.

ACCRUAL BASIS: The basis of accounting under which revenues are recorded when earned or when levies are made and expenditures are recorded as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made.

ACCRUE: To record revenues when earned or when levies are made and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. Sometimes the term is used in a restricted sense to denote the recording of revenues earned but not yet due, such as accrued interest on investments and the recording of expenditures which result in liabilities that are payable in another accounting period, such as accrued interest on bonds.

ACCRUED EXPENSES: Expenses incurred for goods or services received by the district for which payment is not yet due.

ACCRUED INTEREST: Interest accumulated between interest dates but not yet due.

ACCRUED REVENUE: Levies made or other revenue earned and not collected regardless of whether or not due.

ADDED NEEDS: The classroom costs of added needs instructional programs offered by the school. This includes special education, compensatory education, and vocational education. These expenditures do not include capital outlay. The denominator for this category includes K-12 and special education pupils.

ADMINISTRATION: Those activities which have as their purpose the general regulation, direction and control of the affairs of the school district that are system wide and not confined to one school, subject or restricted phase of school activity.

ADULT EDUCATION: The classroom costs of adult/continuing education programs operated within the school's general fund. These expenditures do not include capital outlay. The denominator for this category includes adult education participants only.

ALLOWANCE: An amount (usually estimated) deducted from the carrying amount of an asset in order to reflect the amount expected to be eventually realized, as in the case of an allowance for uncollectible receivables. An allowance also is used to fully offset certain assets in the financial statements as in the case of an allowance for uncollected taxes in an amount equal to taxes receivable- sometimes referred to as a 'reserve'.

APPROPRIATION: An authorization granted by the appropriating body to make expenditures and to incur obligations for specific purposes.

APPROPRIATION EXPENDITURE: An authorization granted by the appropriating body to make expenditures and to incur obligations for specific purposes.

ARBITRAGE: Act of using money obtained from bond issues to earn a rate of return in excess of the interest cost to issue the bonds.

ASSESSMENT, SPECIAL: A compulsory levy made by local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be a general benefit to the public and of special benefit to the owners of such properties.

ATTENDANCE OFFICERS: Persons, who enforce the compulsory attendance laws, analyze cause of non-attendance, and to help improve the attendance of individual pupils.

AUDIT: The examination of records and documents and securing of other evidence for one or more of the following purposes: (a) determining the propriety of propose or completed transactions, (b) ascertaining whether all transactions have been recorded, (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from the accounts.

BALANCE SHEET: A summarized statement, as of a given date, of the financial condition of a school district (or a fund) showing assets, liabilities, and fund balances.

BASIC PROGRAMS: The classroom costs related to basic instructional programs. This includes pre-school, elementary, middle and high school programs. These expenditures do not include capital outlay. The denominator for this category includes K-12 and special education pupils.

BOND: A written promise, generally under seal, to pay a specified sum of money, called the principal amount, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. The difference between a note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality.

BOND DISCOUNT: The excess of a principal amount of a bond over the price for which it is acquired or sold. The price does not include accrued interest at the date of acquisition or sale.

BOND PREMIUM: The excess of the price at which a bond is acquired or sold, over its principal amount. The price does not include accrued interest at the date of acquisition or sale.

BONDED DEBT: The part of the school district debt which is covered by outstanding bonds of the district- sometimes referred to as a 'Funded Debt'.

BOOK VALUE: Value as shown by books of an account.

BUILDING: One continuous structure which may or may not be connected with other structures by passageways. It includes the building itself and the plumbing, heating, ventilating, mechanical, and electric work; and lockers, cabinets, and shelves which are built into the building. Two structures connected by a breezeway, a covered walkway, or tunnel.

BULLETIN 1022: Finance Accounting for Michigan School Districts Manual, the purpose of be usable as a working manual in outlining the District's design of the entire financial system.

CAPITAL OUTLAY: An expenditure which results in the acquisition of fixed assets or additional to fixed assets. It is expenditures for land, buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial or additional equipment. The term does not include replacements of assets as described under maintenance of plant.

CASH BASIS: The basis of accounting under which revenues are recorded only when actually received, and only cash disbursement are recorded as expenditures.

CODING: A system of numbering, or otherwise designating, accounts, entries, invoices, vouchers, etc. in such a manner that the symbol used reveals quickly certain required information.

COMMUNITY COLLEGE: A public school beginning with grade 13 which offers at least 1 but less than 4 years of work and does not grant baccalaureate degree.

COMMUNITY SERVICES: Those services which are provided by the school district for the community as a whole, or some segment of the community, outside of the pupil education programs provided under instruction.

COMPLIANCE REQUIREMENTS, GENERAL: Either federal laws that constitute a national priority, or OMB Circulars that are considered necessary to adequately administer a grant.

COMPLIANCE REQUIRMENTS, SPECIFIC: Compliance requirements applicable to each separate federal program and are based on the federal regulations established on a grant by grant basis.

CONSULTANT: A person who provides assistance to the regular personnel through conference, demonstration, research, or other means. There are two types of consultants: Those retained on a temporary basis and those who are permanently employed.

CONTINGENT LIABILITIES: Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, and unsettled disputed claims.

CONTRACTED SERVICES: Serviced rendered by personnel who are not on payroll of the school district, including all related expense covered by the contract.

CONTROLLING ACCOUNT: An account usually kept in the general ledger in which the posting to a number of identical, similar or related accounts are summarized so that the balance in the controlling account equals the sum of the balances of the detailed accounts. The controlling account serves as a check on the accuracy of the detailed account postings.

COST: The amount of money or money's worth given for property or services. Costs may be incurred before money is paid, this is, as soon as liability is incurred. Ultimately, however, money or money's worth must be given in exchange. Again, the cost of some property or service may in turn become a part of the cost of another property or service. For example, the cost of part or all of the materials purchased at a certain time will be reflected in the cost of the articles made from such materials or in the cost of those services in the rendering of which the materials were used.

COST ACCOUNTING: That method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unity of work or a specific job.

CURRENT: As used in this manual, the term has reference to the fiscal year in progress.

CURRENT EXPENSES: If any accounts are kept on the accrual basis, current expense includes total charges incurred, whether paid or unpaid. If accounts are kept on the cash basis, it includes only actual disbursements.

CURRENT LOAN: Loans payable in the same fiscal year in which the money was borrowed.

CURRENT TAX COLLECTIONS: Amounts received from taxes levied for the current fiscal year.

DEBT SERVICE: Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current or short term loans.

DEFERRED CHARGES: Expenditures which are not chargeable to the fiscal period in which made, but are carried on the asset side of the balance sheet pending amortization or other disposition.

DEFICIT: The excess of the obligations of a fund over the funds' resources.

DELINQUENT TAX COLLECTIONS: Amounts received from taxes levied in prior fiscal years.

DIRECT EXPENSES: Those elements of cost which can be easily, obviously, and conveniently identified with specific activities, as distinguished from those cost incurred for several different activities and whose elements are not readily identifiable with specific activities.

DOUBLE ENTRY: A system of bookkeeping which requires from every entry made to the debit side of an account or accounts an entry for the corresponding amount or amounts to the credit side of another account or accounts.

ELEMENTARY GRADES: Grades classified as elementary by State and local practice and composed of any span of grades not above grade eight. This term includes kindergartens and nursery schools if they are under the control of the local board of education.

EXPENDITURES: If accounts are kept on the accrual basis, this includes total charges incurred, whether paid or unpaid, for current expense, capital outlay, and debt service. If accounts are kept on the cash basis, this includes only actual disbursements for these purposes.

FACE VALUE: As applied to securities, this term designates the principal amount of the liability stated in the security document.

FALL PUPIL COUNT: The number of pupils legally enrolled and reported to the Center for Educational Performance and Information on the fall submission of the Single Record Student Database file. The count includes prorated portions of the instructional time spent by private school pupils in the public school district and all four adult education participant counts for the fiscal year.

FIDELITY BOND: A bond guaranteeing the school district against losses resulting from the dishonest actions of the treasurer, employees, or other persons of the district.

FISCAL PERIOD: Any period at the end of which the school district determines its financial condition and the results of its operations and closes its books. The fiscal period for school district is July 1 through June 30.

FIXED ASSETS: Land, buildings, machinery, furniture, and other equipment which the school district intends to hold or continue to use over a long period of time. "Fixed" denotes probability or intent to continue use or possession, and does not indicate immobility of an asset.

FIXED CHARGES: Charges of a generally recurrent nature which are not readily allocable to other expenditure categories, they consist of such charges as: contributions for employee retirement, insurance and judgements, rental of land and buildings, and interest on short-term loans.

FLOATING DEBT: Liabilities (except bonds) payable on demand or at an early date: for example, accounts payable, bank loans, notes or warrants.

FOOD SERVICE: Those activities which have as their purpose the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

FORM B: Annual school district financial report for the fiscal year ended June 30 to be sent to the State Department of Education.

FUND: A sum of money or other resources set aside for specific activities of a school district. The fund accounts constitute a complete accounting entity and all of the financial transactions for the particular fund are recorded in them.

FUND, BONDED DEBT: The fund used to maintain a record of bonded debt.

FUND, BUILDING AND SITE (Capital Projects): The fund designated for recording transactions in monies and other assets earmarked for use in acquiring new school sites, buildings, and equipment additions, and in major remodeling of or additions to facilities.

FUND, DEBT SERVICE: A fund designated for recording transactions in monies and other assets earmarked for use in payment of principal and interest in long-term debt.

FUND, ENDOWMENT: A fund from which the income may be expended, but whose principal must remain intact.

FUND, GENERAL: The fund used to record the operations of the district pertaining to education, except those specifically described under other funds.

FUND, PERMANENT SCHOOL: Money, securities, or land which have been set aside as an investment for public school purposes of which the income but not the principal may be expended. In some instances, there may be endowment funds for individual schools. There may also be nonexistent funds which are legally recognized as an obligation; these may be considered as permanent funds.

FUND, REVOLVING: A fund provided to carry out a cycle of operations.

FUND, ACCOUNTS: All accounts necessary to set forth the financial operations and financial condition of a fund.

FUND BALANCE, DESIGNATED: Used to identify tentative plans for or restrictions on the future use of financial resources.

FUND BALANCE, RESERVED: That portion of the fund balance of a given fund that is not available for expenditure or is legally segregated for a specific future use.

FUND BALANCE SURPLUS: The term is referred to generally as the "Fund Balance" representing the excess of the assets of a fund over its liabilities and reserves.

FUNDED DEBT: Same as Bonded Debt.

FUND DEFICIT: The excess of the liabilities of a fund over its assets.

FUNDING: The conversion of judgements and other floating debt into bonded debt.

GENERAL FIXED ASSET GROUP OF ACCOUNTS: A set of self-balancing accounts used to record unmatured general long-term debt and the amount available in debt service funds to fund the debt and the amount to be provided to fund the debt.

GENERAL LEDGER: A book, file, or other device in which accounts are kept to the degree of detail necessary that summarizes the financial transactions of the school district.

GENERAL LONG TERM GROUP OF ACCOUNTS: A set of self-balancing accounts used to record unmatured long-term debt and the amount available in debt service funds to fund the debt and the amount to be provided to fund the debt.

GIFT: Money received from a philanthropic foundation, private individual, or private organization for which no repayment or special service to the contributor is expected.

GRANT, PUBLIC: A contribution, either money or material goods, made by one governmental unit to another and for what the contributing unit expects no repayment. Grants may be for specific general purpose.

IMPREST SYSTEM: A system for handling disbursements whereby a fixed amount of money is set aside for a particular purpose. Disbursements are made from time to time as needed. At certain intervals, a report is rendered of the amount disbursed, and the cash is replenished for the amount of the disbursements, ordinarily by check drawn on the fund or funds from which the items are payable. The total of cash plus unreplenished disbursements must always equal the fixed sum of cash set aside.

INDIRECT EXPENSES: Those elements of cost necessary in the provision of a service which are of such nature that they cannot be readily or accurately identified with the specific service. For example, the custodial staff may clean corridors in school building which is used jointly by administrative, instructional, maintenance, and attendance personnel. In this case, a part of custodial salaries is an indirect expense of each service using the corridor. However, it is impossible to determine readily of accurately the amount of salary which applies to each of these services.

INSTRUCTION: The cost of activities dealing directly with the teaching of students or improving the quality of teaching.

INTERFUND TRANSFERS: Money which is taken from one fund under the control of the board of education and added to another fund under the board's control.

INTERMEDIATE SOURCES OR REVENUE: An intermediate administrative unit or a political subdivision between school districts and the State that collects revenue and distributes it to school districts in amounts different from which were collected within such districts.

INTERNAL CONTROL: A plan of organization under which employees duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues and expenditures. For example, under such a system the employees' work is subdivided so that no one employee performs a complete cycle of operations. For instance, an employee handling cash would not post the accounts receivable records. Again, under such a system the procedures to be followed are definitely laid down and such procedures call for proper authorizations by designated officials for all actions to be taken.

INVENTORIES: Physical items not yet recorded under appropriate expenditure accounts usually located in centralized storage areas from which the items are distributed periodically on requisitions to schools, individuals or other organizational units.

INVESTMENTS: Securities or other property in which money is put at interest either temporarily or permanently.

JOURNAL: Any form in which the financial transactions of the school district are formally recorded for the first time, such as the cash receipts book, check register, and journal voucher.

JOURNAL VOUCHER: A paper or form on which financial transactions of the school district are authorized and from which any or all transactions may be entered in the books. Journal vouchers are used for authorizing entries in the bookkeeping system form which no other authorizations, such as deposit slips, invoices, etc., are available.

JUDGEMENT: An amount to be paid or collected as the result of a court decision.

KINDERGARTEN: A group or class that is organized to provide educational experiences for children for the year immediately preceding the first grade and conducting during the regular school year.

LEVY: (verb) To impose taxes or special assessment. (noun) The total of taxes or special assessment imposed by a governmental unit.

LIABILITY, GENERAL FUND: Debt or other legal obligation arising from past general fund transactions, which is payable but not necessarily due immediately.

MAINTENANCE OF PLANT: Those activities which are concerned with keeping the grounds, buildings, and equipment at their original condition of completeness or efficiency, either through repairs or by replacements of property (anything less than replacement of a total building).

MEMORANDUM ACCOUNT: An informal record of a school district transaction that is not recorded under the regular financial accounts, but for which a record is desired.

MODIFIED ACCURAL BASIS: The basis of accounting providing for the recording of some items of revenue and expenditure on a cash basis, when the procedure does not materially affect the financial operations of the district.

NET EXPENDITURE: The actual outlay by the school district for some service or object after the deduction of any discounts, rebates, reimbursements, or revenue produced by the service or activity.

NURSERY SCHOOL: A beginning group or class that is organized to provide educational experiences for children for the year immediately preceding the kindergarten and conducting during the regular school year. These groups are sometimes called preschool groups, child care centers, co-operative nursery schools, etc.

OBLIGATIONS: Amounts which the school district will be required to meet out of its resources.

OPERATION OF PLANT: Those activities which are concerned with keeping the physical plant open and ready for use. It includes cleaning, lighting, heating, moving furniture, caring for grounds, operating telephone switchboards, and other such housekeeping activities as are repeated somewhat regularly; daily, weekly, monthly, or seasonally. It does not include repairing.

PAYROLL: A list of individual employees entitled to pay, with the amounts due to each personal service rendered.

PER PUPIL: Unless otherwise noted. The total revenue or expenditures amount was divided by the Fall Pupil Count of the school district to arrive at the per pupil amount.

PERSONNEL, ADMINISTRATIVE: Personnel on the school payroll who are primarily engaged in activities which have at their purpose the general regulation, direction and control of the affairs of the school district that are system wide and not confined to one school, subject, or narrow phase of school activity; for example, superintendent of schools, business manager, and accountant.

PERSONNEL, FULL-TIME: School employee who occupy positions the duties which require them to be on the job on school days, throughout the school year, for at least the number of hours the schools in the system are in session.

PERSONNEL, GUIDANCE: Persons who have been assigned specific duties and school time to carry on recognized functions of the guidance programs in whole or in part. Classify here: Counselors, deans, placement counselors, guidance specialists, and similar personnel. This refers to both certified and non-certified personnel.

PERSONNEL, HEALTH: Persons in the field of physical and mental health, such as physicians, psychiatrists, school nurses, dentists, dental hygienists, psychiatric social workers, and therapists whose services are directed primarily at individuals, although sometimes used for group activities.

PERSONNEL, INSTRUCTIONAL: Those who render direct and personal services which are in the nature of teaching, or the improvement of the teaching-learning situation. Included here are: Consultants or supervisors of instruction, principals, teachers (including teachers of homebound), guidance personnel, librarians, and psychological personnel. Attendance personnel, health personnel, and clerical personnel should not be included as instructional personnel.

PERSONNEL, MAINTENANCE: Personnel on the school payroll who are primarily engaged in the repairing and upkeep of grounds, buildings and equipment.

PERSONNEL, OPERATIONAL: Personnel on the school payroll who are primarily engaged in keeping the physical plant open and ready for use.

PERSONNEL, PART-TIME: Personnel who occupy positions the duties of which require less than full-time service.

PERSONNEL, PSYCHOLOGICAL: This term applies to psychologists and psychometrists. It does not apply to psychiatrists and psychiatric social workers; they are treated as health personnel.

PETTY CASH: Money set aside for the purpose of making change or immediate payments of comparatively small amount.

PREPAID EXPENDITURES: Those portions of expenditures made during a fiscal year that cover services or benefits to be recorded in succeeding years, such as prepaid insurance premiums and rent.

PRINCIPAL OF A SCHOOL: The administrative head of a school (not school district) to whom has been delegated the major responsibility for the coordination and supervision of the activities.

PROGRAM AREA: This term has reference to the instruction areas described as elementary grades, secondary grades, special education, summer schools, adult education, community college, or other specially designated instruction areas.

PRORATING: The allocation of parts of a single expenditure to two or more different accounts in proportion to the benefits which the expenditure provides for the purpose or program area for which the accounts were established.

PUPIL TEACHER RATIO: Calculated by dividing the Fall Pupil Count excluding special education pupils by the total K-12 teachers.

PURCHASE ORDER: A document which authorizes the delivery of specified merchandise or the rendering of certain services and making of a charge for them.

REBATES: Abatements or refunds.

RECEIPTS, NON-REVENUE: Amounts received which either incur an obligation that must be met at some future date or change the form of an asset to cash.

REFUND: (noun) An amount paid back or credit allowed because of an over-collection or the return of an object sold. (verb) To pay back or allow credit for an amount because of an over-allocation or the return of an object sold.

REFUNDING BONDS: Bonds issued to pay off bonds already outstanding. Also known as 'defeasance of debt'.

REGISTER: A record for the consecutive entry of a certain class of events, documents, or transactions, with a proper notation of all the required particulars. The form of register for accounting purposes varies from a one column to a multicolumn sheet of special design whereon the entries are distributed, summarized and aggregated usually for convenient posting of the accounts.

REIMBURSEMENT: Cash or other assets received as a repayment of the cost of work or service performed, or of other expenditures made for or on behalf of another governmental unit or department, or for an individual, firm, or corporation.

REMODELING: Any major permanent structural improvement to a building. It includes changes of partitions, roof structure, or walls. Repairs are not included here, but are included under maintenance.

REPAIRS: The restoration of a given piece of equipment, or a given building, or of grounds to original condition of completeness of efficiency from a worn, damage, or deteriorated condition.

REPLACEMENT OF EQUIPMENT: A complete unit of equipment purchased to take the place of another complete unit of equipment which is to be sold, scrapped, or written off the records, and serving the same purpose as the replaced until in the same way.

REQUISITION: A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services.

RESERVE: An amount appropriated for a specific project or purpose carried forward if not separately reappropriated in the following fiscal year; amounts received or bills for revenues applicable to the period subsequent to the close of the accounting period and therefore carried forward in a "reserve" account. A reserve is shown on the liability side of the balance sheet. An amount deducted from an asset, sometimes called a "reserve" is more properly described on an "allowance".

RETIREMENT FUND SYSTEM: A plan whereby a fund of money, built up through contributions from participants and/or other sources, is used to make regular payments to those who retire from service in the education system by reason of age, disability, or length of service.

REVENUE: Additions to assets which do not incur an obligation that must be met at some future date and do not represent exchanges of property for money. If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all collected during the period; if the accounts are kept on a cash basis, the term designated the amount of revenues collected during a given period.

REVENUE, LOCAL: Revenue produced within the school district boundaries for operating the schools and available to the district in the amount produced. The major source of local revenue is more districts is the general property tax levy. Includes local funds received through other public schools.

REVENUE, FEDERAL: Revenue received or to be received from the federal government which is redistributed by the state; or redistributed by a local unit of government, such as a county or a city; or allocated directly by a federal agency, e.g., U.S. Department of Education. Includes federal funds received through other public schools.

REVENUE, STATE: Revenues received or to be received from the State of Michigan which are appropriated by the state out of state levied funds. The major source of state revenue in most districts is the State School Aid foundation allowance. Includes state funds received through other public schools.

SALARY: The total amount regularly paid or stipulated to be paid to an individual, before deductions, for personal services rendered while on the payroll of the school district. Payments for sabbatical leave are also considered salary.

SCHOOL, SUMMER: The name applied to the school session carried on during the period between the end of the regular school term and the beginning of the next regular school term.

SCHOOL SERVICES: Activities not directly part of the regular instructional programs which are carried on for the benefit of public school pupils.

SCHOOL SITE: The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings, play courts, and playfields.

SECONDARY GRADES: Secondary grades comprise any span of grades beginning with the next grade following elementary and ending with or below grade 12, including junior high schools, the different types of high schools, and vocational or trade high schools.

SECURITIES: Bonds, notes mortgages, or other forms of negotiable instruments.

SERIAL BONDS: Issues redeemable by installments, each of which is to be paid in full ordinarily out of revenue of the fiscal year in which it matures, or revenues of preceding years.

SHORT-TERM LOANS: Loans due subsequent to the current year, but limited to relatively short-term of years because of their very nature.

SINGLE AUDIT: Allows the entity to engage one auditor to perform all the necessary audit tests and issue the applicable financial and compliance reports for federal programs. The single audit was mandated by the Single Audit Act of 1984.

SITE BASED COSTING: Process of desegregating ones total costs of define costs associated with a particular site based upon utilization of common and individual resources. Empowers individual school buildings to prioritize and control their own expenditures.

STUDENT BODY ACTIVITIES: Direct and personal services for public schools pupils, such as interscholastic athletics, entertainments, publications, class organizations, clubs, band and orchestra that are managed or operated by the student body under the guidance and direction of adults, and are not part of the regular instructional program.

SUBSIDIARY ACCOUNTS: Related accounts which support in detail the summaries recorded in a controlling account.

SUPERVISORS OF INSTRUCTION: School personnel who have been delegated the responsibility of assisting teachers in improving the learning situation and instructional methods.

SUPPLY: A material item of expendable nature that is consumed, worn out, or deteriorated in use, or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

SURETY BOND: A written promise to pay damages or to indemnify against losses cause by the party or parties named in the document, through non-performance or through defalcation; for example, a surety bond given by a contractor or by an official handling cash or securities.

TAX ANTICIPATION NOTES: Notes (sometimes called “warrants) issued in anticipation of collection of taxes, usually able to be retired only from tax collections, and frequently only from the tax collections anticipated with their issuance. The process of tax anticipation notes or warrants are treated as current or short-term loans if paid back from the tax collections anticipated with the issuance of the notes.

TAXES: Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. The term includes licenses and permits. It does not include special assessments.

TAXES RECEIVABLE: The uncollected portion of taxes which a governmental unit has levied.

TEACHER: A person employed to instruct pupils or students in a situation where the teacher and the pupils or students are in the presence of each other. This term is not applied to principals, librarians, or other instructional personnel.

TEXTBOOKS: Books obtained primarily for use in certain classes, grades, or other particular student groups rather than for general school use.

TRANSPORATION SERVICES, PUPIL: Those activities which have as their purpose the conveyance of pupils to and from school activities, either between home and school or on trips from curricular or co-curricular activities.

TRIAL BALANCE: A list of balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balances agrees with a controlling account, the ledger from which the figures are taken is said to be “in balance”.

UNRESERVED FUND BALANCE: That portion of the fund balance of a given fund which is not segregated for specific purposes and is available for appropriation.

VISITING TEACHER (Home-School Counselor): Visiting teachers, home-school counselors, home-school visitors, and school social workers who bring together the home, school, and community in solving the problems of the individuals. Excluded are teachers for home instruction and teachers for instruction in hospitals, convalescent homes and detention homes; they are included under instructional personnel as teachers.

VOUCHER: A document which authorizes the payment of money and usually indicates the accounts to be charged.

VOUCHER SYSTEM: A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book or original entry known as a voucher register in the order in which payment is approved.

WORK ORDER: A written order authorizing and directing the performance of a certain task. Among the information shown on the order are the nature and location of the job, specifications of the work to be performed, and a job number which is referred to in reporting the amount of labor, materials and equipment used.