CONCEPTS AND ROLES

The Board of Trustees recognizes that the business and other noninstructional operations of the district support the educational program by maximizing and prioritizing resources and providing a safe and healthy environment for students and staff. The Superintendent or designee shall ensure that the district's business and noninstructional operations are efficient and responsive to the needs of students, parents/guardians, staff, and the community. When needed, the Board shall advocate and seek community, state or federal support for additional financing.

(cf. 3511 - Energy and Water Management)
(cf. 3511.1 - Integrated Waste Management)
(cf. 3512 - Equipment)
(cf. 3517 - Facilities Inspection)
(cf. 3540 - Transportation)
(cf. 3550 - Food Service/Child Nutrition Program)
(cf. 5030 - Student Wellness)

The district shall maintain high standards of safety in the operation of facilities, equipment, and services. The Superintendent or designee shall establish a risk management program that promotes safety and protects district resources.

(cf. 3514 - Environmental Safety)
(cf. 3514.2 - Integrated Pest Management)
(cf. 3515 - Campus Security)
(cf. 3515.6 - Criminal Background Checks for Contractors)
(cf. 3516 - Emergencies and Disaster Preparedness Plan)
(cf. 3530 - Risk Management/Insurance)
(cf. 3543 - Transportation Safety and Emergencies)

In the development of a district budget, the Board and the Superintendent or designee shall establish a calendar that reflects the full budget cycle and a process that satisfies the requirements of law, including opportunities for public input. The Superintendent or designee shall provide fiscal data and prepare a proposed budget document within the budget priorities and parameters set by the Board. The Board shall adopt a budget that is aligned with the district’s vision and goals and enables the district to meet its fiscal obligations.

(cf. 0000 - Vision)
(cf. 0100 - Philosophy)
(cf. 0200 - Goals for the School District)
(cf. 3100 - Budget)
(cf. 9000 - Role of the Board)

The Board expects sound fiscal management from the administration. The Superintendent or designee shall administer the adopted budget in accordance with Board policies and accepted business practices.

(cf. 3110 - Transfer of Funds)
(cf. 3300 - Expenditures and Purchases)
(cf. 3311 - Bids)
CONCEPTS AND ROLES (continued)

(cf. 3312 - Contracts)
(cf. 3400 - Management of District Assets(Accounts)
(cf. 3430 - Investing)
(cf. 3440 - Inventories)

The Board shall monitor financial operations so as to ensure the district's fiscal integrity and accountability to the community. The Superintendent or designee shall complete all required financial reports, facilitate the independent audit process, recommend financial plans for meeting program needs, and keep the Board informed about the district's fiscal and noninstructional operations.

(cf. 0500 - Accountability)
(cf. 3460 - Financial Reports and Accountability)

Legal Reference:
EDUCATION CODE
35035  Powers and duties of superintendent
35160  Authority of governing boards
35160.1  Broad authority of school district
35161  Powers and duties of governing boards

Management Resources:
WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California Department of Education: http://www.cde.ca.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org
School Services of California: http://www.sscal.com
BUDGET

The Board of Trustees recognizes its critical responsibility for adopting a sound budget each fiscal year which is aligned with and reflects the district's vision, goals, priorities, local control and accountability plan (LCAP), and other comprehensive plans. The district budget shall guide decisions and actions throughout the year and shall serve as a tool for monitoring the fiscal health of the district.

(cf. 0000 - Vision)
(cf. 0200 - Goals for the School District)
(cf. 0400 - Comprehensive Plans)
(cf. 0460 - Local Control and Accountability Plan)
(cf. 3300 - Expenditures and Purchases)
(cf. 3460 - Financial Reports and Accountability)
(cf. 9000 - Role of the Board)

The district budget shall show a complete plan and itemized statement of all proposed expenditures and all estimated revenues for the following fiscal year, together with a comparison of revenues and expenditures for the current fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Government Code 7900-7914. (Education Code 42122)

Budget Development and Adoption Process

In order to provide guidance in the development of the budget, the Board shall annually establish budget priorities based on identified district needs and goals and on realistic projections of available funds.

The Superintendent or designee shall oversee the preparation of a proposed district budget for approval by the Board and shall involve appropriate staff in the development of budget projections.

The Board shall hold a public hearing on the proposed budget in accordance with Education Code 42103 and 42127. The hearing shall occur at the same meeting as the public hearing on the district's LCAP and the local control funding formula (LCFF) budget overview for parents/guardians. (Education Code 42103, 42127, 52062, 52064.1)

(cf. 9320 - Meetings and Notices)
(cf. 9322 - Agenda/Meeting Materials)
(cf. 9323 - Meeting Conduct)

The Board shall adopt the district budget at a public meeting held after the date of the public hearing but on or before July 1 of each year. The Board shall adopt the budget following its adoption of the LCAP, or annual update to the LCAP, and the LCFF budget overview for parents/guardians. The budget shall include the expenditures necessary to implement the LCAP or the annual update to the LCAP. (Education Code 42127, 52062)
The budget that is presented at the public hearing as well as the budget formally adopted by the Board shall adhere to the state's Standardized Account Code Structure as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42126, 42127)

The Superintendent or designee may supplement this format with additional information as necessary to effectively communicate the budget to the Board, staff, and public.

No later than five days after the Board adopts the district budget or by July 1, whichever occurs first, the Board shall file the adopted district budget with the County Superintendent of Schools. The budget and supporting data shall be maintained and made available for public review. (Education Code 42127)

(cf. 1340 - Access to District Records)

If the County Superintendent disapproves or conditionally approves the district's budget, the Board shall review and respond to the County Superintendent's recommendations at a regular public meeting on or before October 8. The response shall include any revisions to the adopted budget and any other proposed actions to be taken as a result of those recommendations. (Education Code 42127)

Budget Advisory Committee

The Superintendent or designee may appoint a budget advisory committee composed of staff, Board representatives, and/or members of the community.

The committee shall submit recommendations during the budget development process and its duties shall be assigned each year based on district needs. All recommendations of the committee shall be advisory only and shall not be binding on the Board.

(cf. 1220 - Citizen Advisory Committees)
(cf. 2230 - Representative and Deliberative Groups)
(cf. 3350 - Travel Expenses)
(cf. 9130 - Board Committees)
(cf. 9140 - Board Representatives)

Budget Criteria and Standards

The district budget shall be developed in accordance with state criteria and standards specified in 5 CCR 15440-15450 as they relate to projections of average daily attendance (ADA), enrollment, ratio of ADA to enrollment, LCFF revenue, salaries and benefits, other revenues and expenditures, facilities maintenance, deficit spending, fund balance, and reserves. In addition, the Superintendent or designee shall provide the supplemental information specified in 5 CCR 15451 which addresses the methodology and budget assumptions used, contingent liabilities, use of one-time revenues for ongoing expenditures, use of ongoing revenues for one-time expenditures, contingent revenues, contributions, long-term commitments, unfunded liabilities, status of collective bargaining agreements, the LCAP, and LCAP expenditures. (Education Code 33128, 33129, 42127.01; 5 CCR 15440-15451)
BUDGET (continued)

The district budget shall provide for increased or improved services for unduplicated students at least in proportion to the increase in funds apportioned on the basis of the number and concentration of unduplicated students in accordance with 5 CCR 15496. Unduplicated students are students who are eligible for free or reduced-price meals, English learners, and/or foster youth. (Education Code 42238.07; 5 CCR 15496)

(cf. 3553 - Free and Reduced Price Meals)
(cf. 6173.1 - Education for Foster Youth)
(cf. 6174 - Education for English Learners)

The Board may establish other budget assumptions or parameters which may take into consideration the stability of funding sources, legal requirements and constraints on the use of funds, anticipated increases and/or decreases in the cost of services and supplies, program requirements, and any other factors necessary to ensure that the budget is a realistic plan for district revenues and expenditures.

(cf. 2210 - Administrative Discretion Regarding Board Policy)
(cf. 3110 - Transfer of Funds)

Fund Balance

The district shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54, as follows:

1. Nonspendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

2. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.

3. Committed fund balance includes amounts constrained to specific purposes by the Board.

For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period (June 30), although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

4. Assigned fund balance includes amounts which are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed.
The Board delegates authority to assign funds to the assigned fund balance to the Superintendent and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. The Superintendent shall have discretion to further delegate the authority to assign funds.

5. *Unassigned fund balance* includes amounts that are available for any purpose.

When multiple types of funds are available for an expenditure, the district shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

The Board intends to maintain a minimum assigned and unassigned fund balance in an amount the Board deems sufficient to maintain fiscal solvency and stability and to protect the district against unforeseen circumstances.

If the assigned and unassigned fund balance falls below the level set by the Board due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

**Reserve Balance**

The district budget shall include a minimum reserve balance for economic uncertainties that is consistent with the percentage or amount specified in 5 CCR 15450.

In any year following the fiscal year in which the district is notified by the SPI that the amount of monies in the state Public School System Stabilization Account equals or exceeds three percent of the combined total of general fund revenues appropriated for school districts and allocated local proceeds of taxes, the district budget shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10 percent of these funds, unless the requirement is waived in accordance with Education Code 42127.01. (Education Code 42127.01)

**Long-Term Financial Obligations**

The district's current-year budget and multiyear projections shall include adequate provisions for addressing the district's long-term financial obligations, including, but not limited to, long-term obligations resulting from collective bargaining agreements, financing of facilities projects, unfunded or future liability for retiree benefits, and accrued workers' compensation claims.

(cf. 4141/4241 - Collective Bargaining Agreement)
(cf. 4154/4254/4354 - Health and Welfare Benefits)
(cf. 7210 - Facilities Financing)
(cf. 9250 - Remuneration, Reimbursement and Other Benefits)
The Board shall approve a plan for meeting the district's long-term obligations to fund nonpension, other postemployment benefits (OPEBs). This plan shall include a specific funding strategy and the method that will be used to finance the district's annual fiscal obligations for such benefits in a manner that continually reduces the deficit to the district to the extent possible. The Board reserves the authority to review and amend the funding strategy as necessary to ensure that it continues to serve the best interests of the district and maintains flexibility to adjust for changing budgetary considerations.

Budget Amendments

No later than 45 days after the Governor signs the annual Budget Act, the Superintendent or designee shall make available for public review any revisions in budgeted revenues and expenditures which occur as a result of the funding made available by that Budget Act. (Education Code 42127)

Whenever revenues and expenditures change significantly throughout the year, the Superintendent or designee shall recommend budget amendments to ensure accurate projections of the district's net ending balance. When final figures for the prior-year budget are available, this information shall be used as soon as possible to update the current-year budget's beginning balance and projected revenues and expenditures.

In addition, budget amendments shall be submitted for Board approval as necessary when collective bargaining agreements are accepted, district income declines, increased revenues or unanticipated savings are made available to the district, program proposals are significantly different from those approved during budget adoption, interfund transfers are needed to meet actual program expenditures, and/or other significant changes occur that impact budget projections.

*Legal Reference: (see next page)*
BUDGET (continued)

Legal Reference:

EDUCATION CODE
1240 Duties of county superintendent of schools
33127-33131 Standards and criteria for local budgets and expenditures
41202 Determination of minimum level of education funding
42103 Public hearing on proposed budget; requirements for content of proposed budget
42122-42129 Budget requirements
42130-42134 Financial certifications
42140-42142 Disclosure of fiscal obligations
42238-42251 Apportionments to districts, especially:
42238.01-42238.07 Local control funding formula
42602 Use of unbudgeted funds
42610 Appropriation of excess funds and limitation thereon
45253 Annual budget of personnel commission
45254 First year budget of personnel commission
52060-52077 Local control and accountability plan

GOVERNMENT CODE
7900-7914 Appropriations limit
21710-21716 California Employer's Pension Prefunding Trust Program

CODE OF REGULATIONS, TITLE 5
15060 Standardized account code structure
15440-15451 Criteria and standards for school district budgets
15494-15497 Local control funding formula, supplemental and concentration grant expenditures

Management Resources:

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
California School Accounting Manual
New Requirements for Reporting Fund Balance in Governmental Funds, January 7, 2011

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS
Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, December 2015

GOVERNMENT FINANCE OFFICERS ASSOCIATION
Best Practice: Fund Balance Guidelines for the General Fund, September 2015

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
Statement 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, June 2015
Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, February 2009

WEB SITES
CSBA: http://www.csba.org
Association of California School Administrators: http://www.acsa.org
California Department of Education, Finance and Grants: http://www.cde.ca.gov/fg
California Department of Finance: http://www.dof.ca.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org
Government Finance Officers Association: http://www.gfoa.org
Governmental Accounting Standards Board: http://www.gasb.org
School Services of California, Inc.: http://www.sscal.com

Policy adopted:

PALMDALE SCHOOL DISTRICT
Palmdale, California
Budget Advisory Committee

Membership of the district's budget advisory committee may include representatives of each of the following groups:

1. Board of Trustees members, provided that less than a majority of the Board serves on the committee

(cf. 9140 - Board Representatives)

2. District and school site administrators

3. Representatives of bargaining units

4. Certificated and/or classified staff

5. Parents/guardians

6. Representatives of the business community and/or other community members

(cf. 1220 - Citizen Advisory Committees)
(cf. 2230 - Representative and Deliberative Groups)
(cf. 9130 - Board Committees)

The committee's duties may include, but are not necessarily limited to:

1. Making recommendations regarding budget priorities which align with the district's vision, goals, priorities, local control and accountability plan (LCAP), and other comprehensive plans

2. Recommending cost reduction strategies, such as identifying services that may be reduced, made more efficient, or discontinued

3. Reviewing the clarity and effectiveness of budget documents and communications

4. Presenting progress reports on the committee's work and a final report of recommendations to the Superintendent or designee and to the Board

The specific duties of the committee shall be clearly defined and presented to each member in writing, along with any background information necessary for the successful completion of the committee's charges, the timelines for reporting the committee's progress, and timelines for completion of each task.

(cf. 3350 - Travel Expenses)
BUDGET (continued)

Public Hearing

The agenda for the public hearing on the district budget shall be posted at least 72 hours before the hearing and shall indicate the location where the budget may be inspected. The proposed budget shall be available for public inspection at least three working days before this hearing. (Education Code 42103, 42127, 52062)

(cf. 0460 - Local Control and Accountability Plan)
(cf. 9320 - Meetings and Notices)
(cf. 9322 - Agenda/Meeting Materials)

The Superintendent or designee shall notify the County Superintendent of Schools of the location and dates at which the proposed budget may be inspected, as well as the location, date, and time of the public hearing, in sufficient time for the County Superintendent to publish such information in a newspaper of general circulation at least 10 days but not more than 45 days before the hearing, as required by Education Code 42103.

Whenever the proposed district budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties adopted by the State Board of Education, the district shall provide, for each fiscal year included in the budget, the following information for public review and discussion at the public hearing: (Education Code 42127; 5 CCR 15450)

1. The minimum recommended reserve for economic uncertainties
2. The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve
3. A statement of reasons substantiating the need for the combined assigned and unassigned ending balances that are in excess of the minimum recommended reserve

During the hearing, any district resident may appear and object to the proposed budget or to any item in the budget. The hearing may conclude when all residents who have requested to be heard have had the opportunity to speak. (Education Code 42103)

(cf. 9323 - Meeting Conduct)

Budget Review Committee for Disapproved Budgets

If the district's budget is disapproved by the County Superintendent for any reason other than disapproval of the district's LCAP or annual update to the LCAP, the budget shall be reviewed by a budget review committee, unless the Board and County Superintendent agree to waive the requirement and the California Department of Education accepts the waiver. (Education Code 42127)
BUDGET (continued)

This committee shall consist of either: (Education Code 42127.1, 42127.2)

1. Three persons selected by the Board from a list of candidates provided by the Superintendent of Public Instruction (SPI), who shall be selected within five working days after receiving the list of candidates

2. A regional review committee selected and convened by the County Superintendent with the approval of the Board and SPI

If the budget review committee recommends disapproval of the district budget, the Board may submit a response to the SPI no later than five working days after receipt of the committee's report. The response may include any revisions to the adopted final budget and any other proposed actions to be taken as a result of the committee's recommendations. (Education Code 42127.3)

If the SPI disapproves the district budget after reviewing the committee's report and the district's response, the Board shall consult with the County Superintendent to develop and adopt, by December 31, a fiscal plan and budget that will allow the district to meet its current fiscal year and multiyear financial obligations. For the current fiscal year, the district shall operate in accordance with the budget adopted by the County Superintendent. (Education Code 42127.3)

Until the district receives approval of its budget, it shall continue to operate either on the basis of the prior year's budget or on the basis of the current year's unapproved budget as adopted and revised by the Board, whichever budget contains a lower total spending authority. (Education Code 42127.4)
The Board of Trustees recognizes its responsibility to monitor the district's fiscal practices to ensure accountability regarding the expenditure of public funds and compliance with legal requirements.

(cf. 0460 - Local Control and Accountability Plan)
(cf. 3100 - Budget)
(cf. 3400 - Management of District Assets/Accounts)
(cf. 3460 - Financial Reports and Accountability)

The total amount budgeted by the district for each major classification of expenditures, as listed in the California Department of Education's budget forms, shall be the maximum amount which the district may expend for that classification for the school year. (Education Code 42600)

However, when it is in the best interest of the district, the Board may:

1. At any time, adopt a written resolution providing for transfers from the designated fund balance or the unappropriated fund balance to any expenditure classification or between classifications. The resolution shall be filed with the County Superintendent of Schools and the county auditor. (Education Code 42600)

2. Direct the temporary transfer of monies held in any district fund or account to another fund or account as necessary for the payment of obligations. No more than 75 percent of the maximum amount held in any fund or account during the current fiscal year may be transferred. Amounts transferred shall be repaid in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. (Education Code 42603)

3. At the close of a school year, request that the County Superintendent make transfers between the designated fund balance or the unappropriated fund balance and any expenditure classification(s), or balance any expenditure classifications of the district budget as necessary for the payment of obligations incurred during that school year. (Education Code 42601)

4. Specify amounts to be transferred by the county auditor and treasurer from the district's general fund to the special reserve fund during the fiscal year. If any special reserve funds are maintained for purposes other than capital outlay or if monies in the special reserve fund are not actually encumbered for ongoing expenses, the Board may transfer those monies into the general fund for the general operating purposes of the district. If any monies remain in the special reserve fund at the conclusion of a project, the Board may, by written request to the County Superintendent, auditor, and treasurer, transfer those monies to the district's general fund. (Education Code 42841-42843)
TRANSFER OF FUNDS  (continued)

5. Transfer monies between other funds or accounts when authorized by law.

Legal Reference:

EDUCATION CODE
78  Definition, governing board
5200  Districts governed by boards of education
16095  Transfer of district funds to district state school building fund
41301  Section A state school fund allocation schedule
42125  Designated and unappropriated fund balances
42238-42251  Apportionments to districts, especially:
42238.01-42238.07  Local control funding formula
42600  District budget limitation on expenditure
42601  Transfers between funds to permit payment of obligations at close of year
42603  Transfer of monies held in any fund or account to another fund; repayment
42840-42843  Special reserve fund
52616.4  Expenditures from adult education fund

Management Resources:

WEB SITES
CSBA: http://www.csba.org
California Department of Education: http://www.cde.ca.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org

Policy adopted:  PALMDALE SCHOOL DISTRICT  Palmdale, California
LOTFERY FUNDS

The Board of Trustees intends to use California State Lottery funds for supplemental and nonrecurring expenditures in support of educational programs and activities. In recognition of the yearly fluctuations of lottery funds received by the district, the Board shall not commit lottery funds for any purpose until they have been received.

(cf. 3000 - Concepts and Roles)
(cf. 3100 - Budget)

The Board shall establish funding priorities and approve all allocations in accordance with law.

(cf. 6161.1 - Selection and Evaluation of Instructional Materials)

Lottery funds allocated by the state for the purchase of instructional materials shall be expended on instructional materials as defined in Education Code 60010. Lottery funds shall not be used for the acquisition of real property, construction of school facilities, financing of research, or any other noninstructional purpose. (Government Code 8880.4, 8880.5)

(cf. 3460 - Financial Reports and Accountability)

For the receipt and expenditure of lottery funds, the Superintendent or designee shall establish a separate account that shall be clearly identified as a lottery education account. (Government Code 8880.5)

(cf. 0420 - School Plans/Site Councils)
(cf. 1220 - Citizen Advisory Committees)

Legal Reference:

EDUCATION CODE
14600 Legislative findings and declarations: state control of lottery funds
14700-14701 Use of lottery funds
60010 Definitions
60119 Sufficiency of instructional materials
GOVERNMENT CODE
8880-8880.5 California State Lottery: general provisions
CODE OF REGULATIONS, TITLE 5
19834 Audits, Proposition 20 lottery funds
19835 Audits, state lottery funds

Management Resources:

CALIFORNIA DEPARTMENT OF EDUCATION CORRESPONDENCE
2001.05.10 Proposition 20 - Allocation of Lottery Funds for Instructional Materials

WEB SITES
California Department of Education, Finance and Grants: http://www.cde.ca.gov/fg
Education Audit Appeals Panel: http://www.eaap.ca.gov

Policy
adopted: PALMDALE SCHOOL DISTRICT
Palmdale, California
FEDERAL GRANT FUNDS

The Board of Trustees recognizes the district's responsibility to maintain fiscal integrity and transparency in the use of all funds awarded through federal grants. The district shall comply with all requirements detailed in any grant agreement with an awarding agency and with the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards specified in 2 CFR 200.0-200.521 and any stricter state laws and district policy.

Any goods or services purchased with federal funds shall be reasonable in cost and necessary for the proper and efficient performance or administration of the program.

The Superintendent or designee shall ensure that the district's financial management systems and procedures provide for the following: (2 CFR 200.302)

1. Identification in district accounts of each federal award received and expended and the federal program under which it was received
   (cf. 3100 - Budget)

2. Accurate, current, and complete disclosure of the financial and performance results of each federal award or program in accordance with the reporting requirements of 2 CFR 200.327 and 200.328
   (cf. 3460 - Financial Reports and Accountability)

3. Records and supporting documentation that adequately identify the source and application of funds for federally funded activities, including information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest
   (cf. 1340 - Access to District Records)
   (cf. 3580 - District Records)

4. Effective controls and accountability for all funds, property, and other assets and assurance that all assets are used solely for authorized purposes

5. Comparison of actual expenditures with budgeted amounts for each federal award

6. Written procedures to implement provisions governing payments as specified in 2 CFR 200.305

7. Written procedures for determining the allowability of costs in accordance with 2 CFR 200.400-200.475 and the terms and conditions of the federal grant award
   (cf. 3400 - Management of District Assets/Accounts)
FEDERAL GRANT FUNDS (continued)

The Superintendent or designee shall develop and implement appropriate internal control processes to reasonably assure that transactions are properly executed, recorded, and accounted for so that the district can prepare reliable financial statements and federal reports, maintain accountability over assets, and demonstrate compliance with federal laws, regulations, and conditions of the federal award. (2 CFR 200.61, 200.62, 200.303)

Equipment purchased with federal funds shall be properly inventoried and adequately maintained to safeguard against loss, damage, or theft of the property.

(cf. 3270 - Sale and Disposal of Books, Equipment and Supplies)
(cf. 3440 - Inventories)
(cf. 3512 - Equipment)

All staff involved in the administration or implementation of programs and activities supported by federal funds shall receive information and training on the allowable use of federal funds, purchasing procedures, and reporting processes commensurate with their duties.

(cf. 4131 - Staff Development)
(cf. 4231 - Staff Development)
(cf. 4331 - Staff Development)

The district shall submit performance reports to the awarding agency in accordance with the schedule and indicators required for that federal grant by law and the awarding agency. As required, such reports may include a comparison of actual accomplishments to the objectives of the federal award, the relationship between financial data and performance accomplishments, the reasons that established goals were not met if applicable, cost information to demonstrate cost effective practices, analysis and explanation of any cost overruns or high unit costs, and other relevant information. The final performance report shall be submitted within 90 days after the ending date of the grant. (2 CFR 200.301, 200.328)

(cf. 0500 - Accountability)
(cf. 6190 - Evaluation of the Instructional Program)

Legal Reference: (see next page)
FEDERAL GRANT FUNDS (continued)

Legal Reference:
- EDUCATION CODE
  42122-42129 Budget requirements
- CODE OF FEDERAL REGULATIONS, TITLE 2
  180.220 Amount of contract subject to suspension and debarment rules
  200.0-200.521 Federal uniform grant guidance, especially:
    200.1-200.99 Definitions
    200.100-200.113 General provisions
    200.317-200.326 Procurement standards
    200.327-200.329 Monitoring and reporting
    200.333-200.337 Record retention
    200.400-200.475 Cost principles
    200.500-200.521 Audit requirements
- CODE OF FEDERAL REGULATIONS, TITLE 34
  76.730-76.731 Records related to federal grant programs
- CODE OF FEDERAL REGULATIONS, TITLE 48
  2.101 Federal acquisition regulation; definitions

Management Resources:
- CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
  California Department of Education Audit Guide
  California School Accounting Manual
- EDUCATION AUDIT APPEALS PANEL PUBLICATIONS
  Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting
- U.S. DEPARTMENT OF EDUCATION PUBLICATIONS
  Questions and Answers Regarding 2 CFR Part 200, March 17, 2016
- WEB SITES
  California Department of Education: http://www.cde.ca.gov
  Education Audit Appeals Panel: http://www.eaap.ca.gov
  Office of Management and Budget, Uniform Guidance: https://www.whitehouse.gov/omb/grants_docs
  State Controller's Office: http://www.sco.ca.gov
  System for Award Management (SAM): www.sam.gov/portal/SAM/##11
FEDERAL GRANT FUNDS

To ensure the lawful expenditure of any federal formula or discretionary grant funds awarded to the district, the Superintendent or designee shall comply with the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"), as contained in 2 CFR 200.0-200.521 and Appendices I-XII.

Allowable Costs

Prior to obligating or spending any federal grant funds, the Superintendent or designee shall determine whether a proposed purchase is an allowable expenditure in accordance with 2 CFR 200.400-200.475 and the terms and conditions of the award. He/she shall also determine whether the expense is a direct or indirect cost as defined in 2 CFR 200.413 and 200.414 and, if the purchase will benefit other programs not included in the grant award, the appropriate share to be allocated to the federal grant.

(cf. 3350 - Travel Expenses)

The Superintendent or designee shall review and approve all transactions involving federal grant funds and shall ensure the proper coding of expenditures consistent with the California School Accounting Manual.

(cf. 3300 - Expenditures and Purchases)
(cf. 3314 - Payment for Goods and Services)

Period of Performance

All obligations of federal funds shall occur on or between the beginning and ending dates of the grant project and shall be paid no later than 90 days after the end of the funding period, unless specifically authorized by the grant award to be carried over beyond the initial term of the grant. (2 CFR 200.77, 200.308, 200.309, 200.343)

Procurement

When procuring goods and services with a federal grant, the Superintendent or designee shall comply with the standards contained in 2 CFR 200.317-200.326 and Appendix II of Part 200, or with any applicable state law or district policy that is more restrictive.

As appropriate to encourage greater economy and efficiency, the Superintendent or designee shall avoid acquisition of unnecessary or duplicative items, give consideration to consolidating or breaking out procurements, analyze lease versus purchase alternatives, consider entering into an interagency agreement for procurement of common or shared goods and services, and/or use federal excess or surplus property. (2 CFR 200.318)
FEDERAL GRANT FUNDS  (continued)

The procurement of goods or services with federal funds shall be conducted in a manner that provides full and open competition in accordance with state laws and district regulations and the following requirements:

1. Any purchase of supplies or services that does not exceed the "micro-purchase" threshold specified in 48 CFR 2.101 may be awarded without soliciting competitive quotes, provided that the district considers the price to be reasonable and maintains written evidence of this reasonableness in the record of all micro-purchases. (2 CFR 200.67, 200.320)

2. For any purchase that exceeds the micro-purchase threshold but is less than the bid limit required by Public Contract Code 20111, the Superintendent or designee shall utilize "small-purchase" procedures that include obtaining price or rate quotes from an adequate number of qualified sources. (2 CFR 200.320)

3. Contracts for goods or services over the bid limits required by Public Contract Code 20111 shall be awarded pursuant to California law and AR 3311 - Bids, unless exempt from bidding under the law. (cf. 3311 - Bids)

4. If a purchase is exempt from bidding and the district's solicitation is by a request for proposals, the award may be made by either a fixed-price or cost-reimbursement type contract awarded to the entity whose proposal is most advantageous to the program, with price and other factors considered. (2 CFR 200.320) (cf. 3312 - Contracts)

5. Procurement by noncompetitive proposals (sole sourcing) may be used only when the item is available exclusively from a single source, the need or emergency will not permit a delay resulting from competitive solicitation, the awarding agency expressly authorizes sole sourcing in response to the district's request, and/or competition is determined inadequate after solicitation of a number of sources. (2 CFR 200.320)

6. Time and materials type contracts may be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract for which the cost is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general administrative expenses, and profit. (200.328)

For any purchase of $25,000 or more, the Superintendent or designee shall verify that any vendor which is used to procure goods or services is not excluded or disqualified by the federal government. (2 CFR 180.220, 200.213)
FEDERAL GRANT FUNDS  (continued)

All solicitations shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description shall avoid detailed product specifications to the extent possible, but may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. When it is impractical or not economical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used to define the performance or other salient requirements of procurement, clearly stating the specific features of the named brand which must be met by offers. In addition, every solicitation shall identify all requirements which the offer must fulfill and any other factors to be used in evaluating bids or proposals.  (2 CFR 200.319)

The Superintendent or designee shall maintain sufficient records to document the procurement, including, but not limited to, the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price.  (2 CFR 200.318)

The Superintendent or designee shall ensure that all contracts for purchases using federal grant funds contain the applicable contract provisions described in Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.  (2 CFR 200.326)

Capital Expenditures

The Superintendent or designee shall obtain prior written approval from the awarding agency before using federal funds to make capital expenditures, including the acquisition of land, facilities, equipment, and intellectual property and expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.  (2 CFR 200.12, 200.13, 200.20, 200.33, 200.48, 200.58, 200.89, 200.313, 200.439)

Conflict of Interest

No Board of Trustees member, district employee, or district representative shall participate in the selection, award, or administration of a contract supported by federal funds if he/she has a real or apparent conflict of interest, such as when he/she or a member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of them has a financial interest in or a tangible personal benefit from a firm considered for a contract. Such persons are prohibited from soliciting or accepting gratuities, favors, or anything of monetary value from contractors or subcontractors unless the gift is an unsolicited item of nominal value.  (2 CFR 200.318)
FEDERAL GRANT FUNDS (continued)

Employees engaged in the selection, award, and administration of contracts shall also comply with BB 9270 - Conflict of Interest.

(cf. 9270 - Conflict of Interest)

Cash Management

The Superintendent or designee shall ensure the district's compliance with 2 CFR 200.305 pertaining to payments and cash management, including compliance with applicable methods and procedures that minimize the time elapsing between the transfer of funds to the district and the district's disbursement of funds. (2 CFR 200.305)

When authorized by law, the district may receive advance payments of federal grant funds, limited to the minimum amounts needed and timed in accordance with the actual immediate cash requirements of the district for carrying out the purpose of the program or project. Except under specified conditions, the district shall maintain the advance payments in an interest-bearing account. The district shall remit interest earned on the advanced payment to the awarding agency on an annual basis, but may retain interest amounts specified in 2 CFR 200.305 for administrative expenses. (2 CFR 200.305)

When required by the awarding agency, the district shall instead submit a request for reimbursement of actual expenses incurred. The district may also request reimbursement as an alternative to receiving advance payments. (2 CFR 200.305)

The Superintendent or designee shall maintain source documentation supporting the expenditure of federal funds, such as invoices, time sheets, payroll stubs, or other appropriate documentation.

Personnel

All district employees who are paid in full or in part with federal funds, including employees whose salary is paid with state or local funds but is used to meet a required match or in-kind contribution to a federal program, shall document the amount of time they spend on grant activities. (2 CFR 200.430)

Records

Except as otherwise provided in 2 CFR 200.333, or where state law or district policy requires a longer retention period, financial records, supporting documents, statistical records, and all other district records related to a federal award shall be retained for a period of three years from the date of submission of the final expenditure report or, for a federal award that is renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. (2 CFR 200.333)
FEDERAL GRANT FUNDS (continued)

(cf. 1340 - Access to District Records)  
(cf. 3580 - District Records)

Audits

Whenever the district expends $750,000 or more in federal grant funds during a fiscal year, it shall arrange for either a single audit or a program-specific audit in accordance with 2 CFR 200.507 or 200.514. (2 CFR 200.501)

The Superintendent or designee shall ensure that the audit meets the requirements specified in 2 CFR 200.500-200.521.

Specified records pertaining to the audit of federal funds expended by the district shall be transmitted to the clearinghouse designated by the federal Office of Management and Budget and shall be made available for public inspection. Such records shall be transmitted within 30 days after receipt of the auditor's report or within nine months after the end of the audit period, whichever is sooner, unless a longer period is agreed to in advance by the federal agency or a different period is specified in a program-specific audit guide. (2 CFR 200.512)

In the event that the audit identifies any deficiency, the Superintendent or designee shall promptly act to either correct the identified deficiency, produce recommended improvements, or demonstrate that the audit finding is invalid or does not warrant action. (2 CFR 200.26, 200.508, 200.511)
TRANSPORTATION FEES

Whenever the cost of providing student transportation exceeds funding provided by the state, the Board of Trustees may charge fees for home-to-school student transportation and other transportation services as expressly authorized by law.

(cf. 3260 - Fees and Charges)
(cf. 3540 - Transportation)

The Superintendent or designee shall annually submit proposed transportation fee schedules for Board approval.

The transportation fee shall be waived for students with demonstrated financial need in accordance with Education Code 39807.5. Eligibility for free transportation based on financial need shall be determined in accordance with the income eligibility scales used for Community Eligibility Provision (CEP).

(cf. 3553 - Free and Reduced Price Meals)

In addition, no charge shall be made for any transportation of a student with a disability whose individualized education program includes transportation as a related service necessary to receive a free appropriate public education. (Education Code 39807.5)

(cf. 3541.2 - Transportation for Students with Disabilities)
(cf. 6159 - Individualized Education Program)

The Board shall certify to the County Superintendent of Schools that the district has levied fees in accordance with law and that, in the event that excess fees have been charged, the fees have been reduced and excess fee revenue eliminated. (Education Code 39809.5)

Legal Reference: (see next page)
TRANSPORTATION FEES (continued)

Legal Reference:

**EDUCATION CODE**
10900-10914.5 Community recreation program, especially:
10913 Fees for uses of school buses for community recreation purposes
35330 Excursions or field trips
39800-39860 Transportation, especially:
39801.5 Transportation fees for adults
39807.5 Payment of transportation cost; amount of payment
39809.5 Excess fees; adjustments
39837 Fees for summer employment transportation
41850 Home-to-school and special education transportation
49014 Public School Fair Debt Collection Act
49557-49558 Applications for free and reduced-price meals
56026 Individuals with exceptional needs

**CODE OF REGULATIONS, TITLE 5**
350 Fees not permitted

**COURT DECISIONS**

Management Resources:

**CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS**
Pupil Fees, Deposits and Other Charges, Fiscal Management Advisory 17-01, July 28, 2017

**WEB SITES**
CSBA: http://www.csba.org
California Department of Education: http://www.cde.ca.gov
TRANSPORTATION FEES

When approved by the Board of Trustees, the district may charge transportation fees for students traveling to and from school. (Education Code 39807.5)

(cf. 3540 - Transportation)
(cf. 3541 - Transportation Routes and Services)

With Board approval, the district may also charge transportation fees for:

1. Participants in a community recreation program offered pursuant to Education Code 10900-10914.5 (Education Code 10913, 39835)

The total amount received by the district from the state and parent/guardian fees shall not exceed the actual operating cost of home-to-school transportation during the fiscal year. If excess fees are collected due to errors in estimated costs, fees shall be reduced in succeeding years. (Education Code 10913, 39801.5, 39809.5, 39837)

Bus passes and tickets shall be sold at all district schools and at the district office. No money shall be collected on school buses.

Exemption from Fees

Upon enrollment and at the beginning of each school year, parents/guardians shall receive information about income eligibility standards and application procedures for a waiver of the transportation fee. All applications and related records shall be confidential and used only for the purpose of determining a student's eligibility for a fee waiver.

(cf. 3553 - Free and Reduced Price Meals)
(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)
(cf. 5125 - Student Records)

Students receiving free transportation shall not be identified by the use of special bus passes, tickets, lines, seats, or any other means. They shall in no way be treated differently from other students, nor shall their names be published, posted, or announced in any manner or used for any purpose other than the transportation program.
FEES AND CHARGES

The Board of Trustees recognizes its responsibility to ensure that books, materials, equipment, supplies, and other resources necessary for student participation in the district's educational program are made available to students at no cost.

No student shall be required to pay a fee, deposit, or other charge for participation in an educational activity which constitutes an integral fundamental part of the district's educational program, including curricular and extracurricular activities. (Education Code 49010, 49011; 5 CCR 350)

(cf. 3100 - Budget)
(cf. 6145 - Extracurricular and Cocurricular Activities)

As necessary, the Board may approve fees, deposits, and other charges which are specifically authorized by law. When approving such fees, deposits, or charges, establishing fee schedules, or determining whether waivers or exceptions should be granted, the Board shall consider relevant data, including the socioeconomic conditions of students' families and their ability to pay.

(cf. 0410 - Nondiscrimination in District Programs and Activities)
(cf. 0415 - Equity)
(cf. 3250 - Transportation Fees)
(cf. 3553 - Free and Reduced Price Meals)
(cf. 5143 - Insurance)
(cf. 9323.2 - Actions by the Board)

The prohibition against student fees shall not prevent the district from soliciting for donations, conducting fundraising activities, or providing prizes or other recognition for participants in such activities and events. The Superintendent or designee shall emphasize that participation of students, parents/guardians, district employees, volunteers, or educational or civic organizations in such activities and events is voluntary. The district shall not offer or award to a student any course credit or privileges related to educational activities in exchange for voluntary donations or participation in fundraising activities by or on behalf of the student. The district also shall not remove or threaten to remove from a student any course credit or privileges related to educational activities, or otherwise discriminate against the student, due to a lack of voluntary donations or participation in fundraising activities by or on behalf of the student.

(cf. 1321 - Solicitation of Funds from and by Students)
(cf. 3290 - Gifts, Grants and Bequests)

The Superintendent or designee may provide information or professional development opportunities to administrators, teachers, and other personnel regarding permissible fees.

(cf. 4131 - Staff Development)
(cf. 4231 - Staff Development)
(cf. 4331 - Staff Development)
FEES AND CHARGES  (continued)

Complaints

A complaint alleging district noncompliance with the prohibition against requiring student fees, deposits, or other charges shall be filed in accordance with the district's procedures in BP/AR 1312.3 - Uniform Complaint Procedures. (Education Code 49013)

(cf. 1312.3 - Uniform Complaint Procedures)

If, upon investigation, the district finds merit in the complaint, the Superintendent or designee shall recommend and the Board shall adopt an appropriate remedy to be provided to all affected students and parents/guardians in accordance with 5 CCR 4600.

Information related to the prohibition against requiring students to pay fees for participation in an educational activity shall be included in the district's annual notification of uniform complaint procedures to be provided to all students, parents/guardians, employees, and other interested parties pursuant to 5 CCR 4622. (Education Code 49013)

(cf. 4112.9/4212.9/4312.9 - Employee Notifications)
(cf. 5145.6 - Parental Notifications)

Collection of Debt

The Superintendent or designee shall, in accordance with law, recover any debt owed to the district as a result of unpaid permissible student fees approved by the Board. However, the district shall not bill a current or former student for accumulated debt, nor take negative action against a student or former student because of such debt, including, but not limited to, any of the following: (Education Code 49014)

1. Denying full credit for any class assignment
2. Denying full and equal participation in any classroom activity
3. Denying access to the library or other on-campus educational facilities
4. Denying or withholding grades or transcripts
5. Denying or withholding a diploma

Legal Reference:  (see next page)
FEES AND CHARGES (continued)

Legal Reference:

EDUCATION CODE
8239 Preschool and wraparound child care services
8250 Child care and development services for children with disabilities
8263 Child care eligibility
8422 21st Century High School After School Safety and Enrichment for Teens programs
8482.6 After School Education and Safety programs
8760-8774 Outdoor science, conservation, and forestry programs
17453.1 District sale or lease of Internet appliances or personal computers to parents of students
17551 Property fabricated by students
1990-19911 Offenses against libraries
32033 Eye protective devices
32221 Insurance for athletic team member
32390 Fingerprinting program
35330-35332 Excursions and field trips
35335 School camp programs
38080-38086.1 Cafeteria establishment and use
38120 Use of school band equipment on excursions to foreign countries
39801.5 Transportation for adults
39807.5 Payment of transportation costs
39837 Transportation of students to places of summer employment
48050 Residents of adjoining states
48052 Tuition for foreign residents
48904 Liability of parent or guardian
49010-49013 Student fees
49014 Public School Fair Debt Collection Act
49065 Charge for copies
49066 Grades, effect of physical education class apparel
49091.14 Prospectus of school curriculum
49557.5 Unpaid school meal fees
51810-51815 Community service classes
52612 Tuition for adult classes
52613 Nonimmigrant foreign nationals
56504 School records; students with disabilities
60410 Students in classes for adults
GOVERNMENT CODE
6253 Request for copy; fee
CALIFORNIA CONSTITUTION
Article 9, Section 5 Common school system
CODE OF REGULATIONS, TITLE 5
330 Fees not permitted
4600-4687 Uniform complaint procedures
UNITED STATES CODE, TITLE 8
1184 Nonimmigrant students

Legal Reference continued: (see next page)
FEES AND CHARGES (continued)

Legal Reference: (continued)

COURT DECISIONS

Management Resources:
CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
Pupil Fees, Deposits and Other Charges, Fiscal Management Advisory 17-01, July 28, 2017
WEB SITES
CSBA: http://www.csba.org
California Department of Education: http://www.cde.ca.gov
FEES AND CHARGES

When approved by the Board of Trustees, the Superintendent or designee may impose a fee for the following: (5 CCR 350)

1. Insurance for athletic team members, with an exemption providing for the district to pay the cost of the insurance for any team member who is financially unable to pay (Education Code 32221)

(c.f. 5143 - Insurance)

2. Insurance for medical or hospital service for students participating in field trips and excursions (Education Code 35331)

3. Expenses of students' participation in a field trip or excursion within the state or to another state, the District of Columbia, or a foreign country, as long as no student is prohibited from making the field trip due to lack of funds (Education Code 35330)

(c.f. 6153 - School-Sponsored Trips)

4. Student fingerprinting program, as long as the fee does not exceed the actual costs associated with the program (Education Code 32390)

(c.f. 5142.1 - Identification and Reporting of Missing Children)

5. School camp programs in outdoor science education, conservation education, or forestry operated pursuant to Education Code 8760-8774, provided that the fee is not mandatory and no student is denied the opportunity to participate for nonpayment of the fee (Education Code 35335)

(c.f. 6142.5 - Environmental Education)

6. Reimbursement to the district for the direct cost of materials used by students to fabricate property they will take home for their own possession and use, such as wood shop, art, or sewing projects kept by students (Education Code 17551)

7. Home-to-school transportation and transportation between regular, full-time day schools and regional occupational centers, programs, or classes, as long as the fee does not exceed the statewide average nonsubsidized cost per student, the district provides a waiver based on financial need, and an exemption is made for any student with a disability whose individualized education program includes transportation as a related service necessary to receive a free appropriate public education (Education Code 39807.5)

(c.f. 3250 - Transportation Fees)
(c.f. 6159 - Individualized Education Program)
(c.f. 6178.2 - Regional Occupational Center/Program)
FEES AND CHARGES (continued)

8. Deposit for school band instruments, music, uniforms, and other regalia which school band members take on excursions to foreign countries (Education Code 38120)

9. Sale or lease of personal computers or of Internet appliances that allow a person to connect to or access the district's educational network, provided that the items are sold or leased to parents/guardians at no more than cost and the district provides network access for families who cannot afford it (Education Code 17453.1)

(cf. 0440 - District Technology Plan)
(cf. 6163.4 - Student Use of Technology)

10. An adult education or secondary school community service class in civic, vocational, literacy, health, homemaking, and technical and general education, not to exceed the cost of maintaining the class (Education Code 51810-51815)

(cf. 6142.4 - Service Learning/Community Service Classes)

11. Eye safety devices worn in courses or activities involving the use of hazardous substances likely to cause injury to the eyes, when being sold to students and/or teachers or instructors to keep and at a price not to exceed the district's actual costs (Education Code 32033)

(cf. 3514.1 - Hazardous Substances)
(cf. 5142 - Safety)

12. Actual cost of furnishing copies of any student's records, except that no charge shall be made for furnishing up to two transcripts or two verifications of a former student's records or for reproducing records of a student with a disability when the cost would effectively prevent the parent/guardian from exercising the right to receive the copies (Education Code 49065, 56504)

(cf. 5125 - Student Records)

13. Actual cost of duplication for reproduction of the prospectus of school curriculum or for copies of public records (Education Code 49091.14; Government Code 6253)

(cf. 1340 - Access to District Records)
(cf. 5020 - Parent Rights and Responsibilities)

14. Food sold at school, subject to free and reduced-price meal program eligibility and other restrictions specified in law (Education Code 38084)

(cf. 3550 - Food Service/Child Nutrition Program)
(cf. 3551 - Food Service Operations/Cafeteria Funds)
(cf. 3552 - Summer Meal Program)
FEES AND CHARGES (continued)

(cf. 3553 - Free and Reduced Price Meals)
(cf. 3554 - Other Food Sales)

15. In accordance with law, replacement cost or reimbursement for lost or willfully damaged district books, supplies, or property, or for district property loaned to a student that the student fails to return (Education Code 19910-19911, 48904)

(cf. 3515.4 - Recovery for Property Loss or Damage)

16. Tuition for district school attendance by an out-of-state or out-of-country resident (Education Code 48050, 48052, 52613; 8 USC 1184)

(cf. 5111.1 - District Residency)
(cf. 5111.2 - Nonresident Foreign Students)

17. Adult education books, materials, transportation, and classes, except that no fee may be charged for classes in elementary subjects, classes for which high school credit is granted when taken by a person who does not hold a high school diploma, or classes in English and citizenship (Education Code 39801.5, 52612, 60410)

(cf. 6200 - Adult Education)

18. Preschool and child care and development services, in accordance with the fee schedule established by the Superintendent of Public Instruction, unless the family qualifies for subsidized services or the program is exempted from fees by law (Education Code 8239, 8250, 8263)

(cf. 5148 - Child Care and Development)
(cf. 5148.3 - Preschool/Early Childhood Education)

19. Participation in a before-school or after-school program that is funded as an After School Education and Safety (ASES) program, 21st Century Community Learning Center (21st CCLC), or 21st Century High School After School Safety and Enrichment for Teens program, provided that fees are waived or reduced for families with students who are eligible for free or reduced-price meals and, in regard to ASES and 21st CCLC programs, fees are not charged if the district knows the student is a homeless or foster youth (Education Code 8422, 8482.6)

(cf. 5148.2 - Before/After School Programs)
(cf. 6173 - Education for Homeless Children)
(cf. 6173.1 - Education for Foster Youth)

20. Advanced Placement and International Baccalaureate Diploma examinations for college credits, as long as the examination is not a course requirement and the results have no impact on student grades or credits in the course
FEES AND CHARGES  (continued)

(cf. 6141.4 - International Baccalaureate Program)
(cf. 6141.5 - Advanced Placement)

Collection of Debt

Before pursuing payment of any debt that has accumulated from unpaid permissible fees, the Superintendent or designee shall provide an itemized invoice for any amount owed by the parent/guardian on behalf of a student or former student. The invoice shall reference district policies related to debt collection and the rights established pursuant to Education Code 49014 and 49557.5. For each payment received, the district shall provide a receipt to the parent/guardian. (Education Code 49014)
SALE AND DISPOSAL OF BOOKS, EQUIPMENT AND SUPPLIES

The Board of Trustees recognizes its fiscal responsibility to maximize the use of district equipment, supplies, instructional materials, and other personal property while providing up-to-date resources that facilitate student learning and effective district operations. When the Board, upon recommendation of the Superintendent or designee, declares any district-owned personal property unusable, obsolete, or no longer needed, the Board shall determine the estimated value of the property and shall decide whether the property will be donated, sold, or otherwise disposed of as prescribed by law and administrative regulation.

(cf. 0440 - District Technology Plan)
(cf. 3512 - Equipment)
(cf. 6161.11 - Supplementary Instructional Materials)
(cf. 6163.1 - Library Media Centers)

The Board shall approve the price and terms of any sale or lease of personal property of the district.

If the Board members who are in attendance at a meeting unanimously agree that the property, whether one or more items, does not exceed $2,500 in value, the property may be sold without advertising for bids. (Education Code 17546)

(cf. 9323.2 - Actions by the Board)

If the Board members who are in attendance at a meeting unanimously find that the value of the property is insufficient to defray the costs of arranging a sale, the property may be donated to a charitable organization deemed appropriate by the Board or may be disposed of in the local public dump. (Education Code 17546)

Instructional materials shall be considered obsolete or unusable by the district if they have been replaced by more recent editions or new materials selected by the Board, are not aligned with the district's academic standards or course of study, and have no foreseeable value in other instructional areas. Such materials may be sold or donated if they continue to serve educational purposes that would benefit others outside the district. Obsolete materials such as older adoptions, older instructional materials and resources, and classroom sets of books may be distributed to students if deemed no longer usable, donatable to a library, or sellable to an outside entity. Instructional materials are not appropriate for sale or donation if they meet any of the following criteria:

1. Contain information rendered inaccurate or incomplete by new research or technologies
2. Contain demeaning, stereotyping, or patronizing references to any group of persons protected against discrimination by law or Board policy
3. Are damaged beyond use or repair
SALE AND DISPOSAL OF BOOKS, EQUIPMENT AND SUPPLIES  (continued)

(cf. 0410 - Nondiscrimination in District Programs and Activities)
(cf. 1312.4 - Williams Uniform Complaint Procedures)
(cf. 6011 - Academic Standards)
(cf. 6143 - Courses of Study)
(cf. 6161.1 - Selection and Evaluation of Instructional Materials)

The Superintendent or designee shall establish procedures to be used whenever the district sells equipment or supplies originally acquired under a federal grant or subgrant. Such procedures shall be designed to ensure the highest possible return.  (2 CFR 200.313)

(cf. 3230 - Federal Grant Funds)
(cf. 3440 - Inventories)

Legal Reference:

EDUCATION CODE
17540-17542  Sale or lease of personal property by one district to another
17545-17555  Sale of personal property
35168  Inventory, including record of time and mode of disposal
60510-60530  Sale, donation, or disposal of instructional materials

GOVERNMENT CODE
25505  District property; disposition; proceeds

CODE OF REGULATIONS, TITLE 5
3944  Consolidated categorical programs, district title to equipment
3946  Disposal of equipment purchased with state and federal consolidated application funds

UNITED STATES CODE, TITLE 40
549  Surplus property

CODE OF FEDERAL REGULATIONS, TITLE 2
200.0-200.521  Federal uniform grant guidance

Management Resources:

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
California School Accounting Manual
Standards for Evaluating Instructional Materials for Social Content, 2013

WEB SITES
California Department of Education: http://www.cde.ca.gov
School Services of California, Inc.: http://www.sscal.com

Policy adopted:  PALMDALE SCHOOL DISTRICT
                                        Palmdale, California
SALE AND DISPOSAL OF BOOKS, EQUIPMENT AND SUPPLIES

Instructional Materials

Surplus or undistributed obsolete instructional materials that are usable for educational purposes may be sold by the district, in which case all of the proceeds of the sale shall be available to acquire basic instructional materials, supplemental instructional materials, or technology-based materials. (Education Code 60510, 60510.1, 60521)

(cf. 0440 - District Technology Plan)
(cf. 6161 - Equipment, Books and Materials)
(cf. 6161.1 - Selection and Evaluation of Instructional Materials)
(cf. 6161.11 - Supplementary Instructional Materials)
(cf. 6163.1 - Library Media Centers)

Such materials also may be donated to another district, county free library or other state institution; any United States public agency or institution; any nonprofit charitable organization; or children or adults in California or foreign countries for the purpose of increasing literacy. Obsolete materials such as older adoptions, older instructional materials and resources, and classroom sets of books may be distributed to students if deemed no longer usable, donatable to a library, or sellable to an outside entity. Any organization, agency, or institution receiving obsolete instructional materials donated by the district shall certify to the Board that it agrees to make no charge to any persons to whom it gives or lends these materials. (Education Code 60510, 60511)

Surplus or undistributed obsolete instructional materials which are unusable or which cannot be distributed as specified above may be disposed of by either of the following: (Education Code 60530)

1. By being mutilated so as not to be salable and sold for scrap at the highest obtainable price
2. By being destroyed by any economical means at least 30 days after the district has given notice to all persons who have requested such notice

(cf. 3510 - Green School Operations)
(cf. 3511.1 - Integrated Waste Management)

Replacement of School Buses

Upon receiving a state apportionment for the replacement of a school bus, the Board may sell the bus that is being replaced to another California school district if the following conditions are met: (Education Code 42303)

1. The other district is replacing a bus that is in service and has not been designated a temporary school bus pursuant to Education Code 42291.5.
SALE AND DISPOSAL OF BOOKS, EQUIPMENT AND SUPPLIES  (continued)

2. The bus being replaced by the other district is older than the bus that is being sold by this district.

3. The bus being replaced by the other district is not sold to a third school district.

4. The other district, by Board resolution, holds the state and this district harmless for any liability that may result from the bus that this district is selling.

5. The proceeds from the sale of the bus shall be used by this district for home-to-school transportation purposes and/or bus replacement program.

(cf. 3540 - Transportation)

6. Before the sale is finalized, the bus being sold is in compliance with all relevant provisions of the Vehicle Code and the California Code of Regulations, Title 13.

Equipment/Supplies Acquired with Federal Funds

When the district has a need to replace equipment originally purchased with funds from a federal grant or subgrant, it may, subject to the approval of the agency that awarded the grant, trade in the original equipment or sell the property and use the proceeds to offset the cost of the replacement property.  (2 CFR 200.313)

(cf. 3230 - Federal Grant Funds)

When any original or replacement equipment or supplies acquired under a federal grant or subgrant are no longer needed for the original project or program or for other federally supported activities, the district may retain or sell such items or, if the item has a current fair market value of less than $5,000, may otherwise dispose of the item in a manner approved by the Board. Whenever the district sells equipment or supplies that have a current fair market value of $5,000 or more, it shall provide an amount to the federal agency equal to the agency's share of the current market value of the equipment or the proceeds from the sale of the equipment or supplies.  (2 CFR 200.313, 200.314)

In the event that the district is provided equipment that is federally owned, the district shall request disposition instructions from the federal agency when it no longer needs the equipment.  (2 CFR 200.313)

Other Personal Property

The district may sell other surplus or obsolete district-owned personal property through any of the following methods:
SALE AND DISPOSAL OF BOOKS, EQUIPMENT AND SUPPLIES  (continued)

1. The Superintendent or designee may advertise for bids by posting a notice in at least three public places in the district for at least two weeks, or by publishing a notice at least once a week for at least two weeks in a newspaper having a general circulation in the district and, if possible, publishing within the district. The district shall sell the property to the highest responsible bidder or shall reject all bids.  (Education Code 17545, 17548)

   Property for which no qualified bid has been received may be sold, without further advertising, by the Superintendent or designee.  (Education Code 17546)

   (cf. 3311 - Bids)

2. The property may be sold by means of a public auction conducted by district employees, employees of other public agencies, or by contract with a private auction firm.  (Education Code 17545)

3. The district may sell the property without advertising for bids under any of the following conditions:

   a. The Board members in attendance at a meeting have unanimously determined that the property does not exceed $2,500 in value.  (Education Code 17546)

   (cf. 9323.2 - Actions by the Board)

   b. The district sells the property to agencies of the federal, state, or local government, to any other school district, or to any agency eligible under the federal surplus property law and the sale price equals the cost of the property plus the estimated cost of purchasing, storing, and handling.  (Education Code 17540; 40 USC 549)

   c. The district sells or leases the property to agencies of the federal, state, or local government or to any other school district and the price and terms of the sale or lease are fixed by the Board and approved by the County Superintendent of Schools.  (Education Code 17542)

Money received from the sale of surplus personal property shall be either deposited in the district reserve or general fund or credited to the fund from which the original purchase was made.  (Education Code 17547)

   (cf. 3100 - Budget)
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY

The Board of Trustees believes that district facilities and resources should be utilized in an economical and practical manner. The Superintendent or designee shall periodically study the current and projected use of all district facilities to ensure the efficient utilization of space for the effective delivery of instruction.

(cf. 1330 - Use of School Facilities)
(cf. 7110 - Facilities Master Plan)
(cf. 7111 - Evaluating Existing Buildings)
(cf. 7160 - Charter School Facilities)

The Board shall appoint a district advisory committee prior to the sale or lease of any surplus real property to advise the Board regarding the use or disposition of schools or school building space which is not needed for school purposes. Rentals of surplus property not exceeding 30 days are exempted from this requirement. When the sale, lease, or rental of surplus property is for the purpose of teacher or other employee housing or for the offering of summer school by a private educational institution, the Board may elect not to appoint a district advisory committee. (Education Code 17387-17391)

(cf. 1220 - Citizen Advisory Committees)

If the local planning agency has adopted a general plan that affects or includes the area where the surplus property is located, the Board shall submit a report to the local planning agency describing the location of the surplus property and the purpose and extent of the proposed sale or lease. (Government Code 65402)

The Board shall determine whether the sale or lease of the surplus property is subject to review under the California Environmental Quality Act. (Public Resources Code 21000-21177; 14 CCR 15061-15062)

When selling or leasing district real property, the Board shall comply with the priorities and procedures specified in applicable law. (Education Code 17230, 17464, 17485-17499; Government Code 54222)

(cf. 5148 - Child Care and Development)
(cf. 5148.2 - Before/After School Programs)
(cf. 5148.3 - Preschool/Early Childhood Education)

In addition, when selling real property purchased, constructed, or modernized with funds received within the past 10 years from a state school facilities funding program, the Board shall consider whether any of the proceeds from the sale will need to be returned to the State Allocation Board (SAB) pursuant to Education Code 17462.3.
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY  (continued)

Resolution of Intention to Sell or Lease

Before ordering the sale or lease of any real property, the Board shall adopt a resolution by a two-thirds vote of all of its members at a regularly scheduled open meeting. The resolution shall describe the property proposed to be sold or leased in such a manner as to identify it, specify the minimum price or rent, describe the terms upon which it will be sold or leased, and specify the commission or rate, if any, which the Board will pay to a licensed real estate broker out of the minimum price or rent. The resolution shall fix a time, not less than three weeks thereafter, for a public meeting, held at the Board's regular meeting place, at which sealed proposals to purchase or lease will be received and considered. (Education Code 17466)

(cf. 9320 - Meetings and Notices)
(cf. 9323.2 - Actions by the Board)

The Superintendent or designee shall provide notice of the adoption of the resolution and of the time and place of the meeting that will be held to consider bids by posting copies of the resolution, signed by the Board, in three public places not less than 15 days before the date of the meeting. In addition, the notice shall be published at least once a week for three successive weeks before the meeting, in a newspaper of general circulation published in the county in which the district is located, if such a newspaper exists. (Education Code 17469)

In accordance with Education Code 17470, the Superintendent or designee shall take reasonable steps to provide notification to the former owners of the property of the district's intent to sell it.

Acceptance/Rejection of Bids

At the public meeting specified in the resolution of intention to sell or lease property, the Board shall open, examine, and declare all sealed bids. Before accepting a written proposal, the Board shall call for oral bids in accordance with law. (Education Code 17472, 17473)

The Board may reject any and all bids, either written or oral, and withdraw the properties from sale when the Board determines that rejection is in the best public interest. If no proposals are submitted or the submitted proposals do not conform to all the terms and conditions specified in the resolution of intention to lease, the Board may lease the property in accordance with Education Code 17477. (Education Code 17476, 17477)

Of the proposals submitted by responsible bidders which conform to all terms and conditions specified in the resolution of intention to sell or lease, the Board shall finally accept the highest bid after deducting the commission, if any, to be paid to a licensed real estate broker, unless the Board accepts a higher oral bid or rejects all bids. (Education Code 17472)
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY  (continued)

The final acceptance of the bid may be made either at the same meeting specified in the resolution or at any adjourned/continued meeting held within 10 days. Upon acceptance of the bid, the Board may adopt a resolution of acceptance that directs the Board president, or any other Board member, to execute the deed or lease and to deliver the document upon performance and compliance by the successful bidder of all of the terms and conditions of the contract. (Education Code 17475-17478)

(cf. 1431 - Waivers)

Use of Proceeds

The Superintendent or designee shall ensure that the proceeds from the sale or lease with an option to purchase of surplus district property are used for one-time expenditures and not for ongoing expenditures such as salaries and general operating expenses. (Education Code 17462)

Proceeds from a sale of surplus district property shall be used for capital outlay or maintenance costs that the Board determines will not recur within a five-year period. (Education Code 17462)

Proceeds from a lease of district property with an option to purchase may be deposited into a restricted fund for the routine repair of district facilities, as defined by the SAB, for up to a five-year period. (Education Code 17462)

If the Board and SAB determine that the district has no anticipated need for additional sites or building construction for the next 10 years and no major deferred maintenance requirements, the proceeds from the sale or lease with an option to purchase may be deposited in a special reserve fund for the future maintenance and renovation of school sites or in the district's general fund. Proceeds from the sale or lease with option to purchase of district property may also be deposited in a special reserve fund for capital outlay or maintenance costs of district property that the Board determines will not recur within a five-year period. (Education Code 17462)

(cf. 3100 - Budget)
(cf. 3460 - Financial Reports and Accountability)

Legal Reference: (see next page)
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY (continued)

Legal Reference:

EDUCATION CODE
17219-17224 Acquisition of property not utilized as school site; nonuse payments; exemptions
17230-17234 Surplus property
17385 Conveyances to and from school districts
17387-17391 Advisory committees for use of excess school facilities
17400-17429 Leasing property
17430-17447 Leasing facilities
17453 Lease of surplus district property
17455-17484 Sale or lease of real property, especially:
17462.3 State Allocation Board program to reclaim funds
17485-17500 Surplus school playground (Naylor Act)
17515-17526 Joint occupancy
17527-17535 Joint use of district facilities
33050 Request for waiver
38130-38139 Civic Center Act

GOVERNMENT CODE
50001-50002 Definitions
54220-54232 Surplus land, especially:
54222 Offer to sell or lease property
54950-54963 Brown Act, especially:
54952 Legislative body, definition

PUBLIC RESOURCES CODE
21000-21177 California Environmental Quality Act

CODE OF REGULATIONS, TITLE 2
1700 Definitions related to surplus property

COURT DECISIONS

Management Resources:

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
Closing a School Best Practices Guide

OFFICE OF PUBLIC SCHOOL CONSTRUCTION PUBLICATIONS
Unused Site Program Handbook, December 2015

WEB SITES
CSBA: http://www.csba.org
California Department of Education, School Facilities Planning Division: http://www.cde.ca.gov/fs/faq
Coalition for Adequate School Housing: http://www.cashnet.org
Office of Public School Construction: http://www.dgs.ca.gov/opsc
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY

District Advisory Committee

The district advisory committee on use or disposition of surplus school buildings or space shall consist of 7-11 members representative of each of the following: (Education Code 17389)

1. The district's ethnic, age group, and socioeconomic composition
2. The business community, such as store owners, managers, or supervisors
3. Landowners or renters, with preference to representatives of neighborhood associations
4. Teachers
5. Administrators
6. Parents/guardians of students
7. Persons with expertise in environmental impact, legal contracts, building codes, and land use planning, including, but not limited to, knowledge of the zoning and other land use restrictions of the cities and counties in which the surplus property is located

This committee shall: (Education Code 17390)

1. Review projected school enrollment and other data to determine the amount of surplus space and real property
2. Establish and circulate throughout the attendance area a priority list for use of surplus space and real property that will be acceptable to the community
3. Hold hearings, with community input, on acceptable uses of space and real property, including the sale or lease of surplus real property for child care development purposes
4. Make a final determination of limits of tolerance of use of space and real property
5. Send the Board of Trustees a report recommending uses of surplus space and real property
SALE OR LEASE OF DISTRICT-OWNED REAL PROPERTY  (continued)

The district advisory committee shall comply with open meeting requirements of the Brown Act. (Government Code 54952)

(cf. 1220 - Citizen Advisory Committees)
(cf. 9130 - Board Committees)
GIFTS, GRANTS AND BEQUESTS

The Board of Trustees may accept any bequest or gift of money, property, or service to the district from any individual, private agency or organization, or other public agency that desires to support the district's educational program. While greatly appreciating suitable donations, the Board discourages any gifts which may directly or indirectly impair its ability or commitment to providing equitable educational opportunities for all district students.

Before accepting a gift, grant, or bequest, the Board shall consider whether the gift:

1. Has a purpose consistent with the district's vision, philosophy, and operation
2. Begins a program which the Board would be unable to continue when the donated funds are exhausted
3. Entails undesirable or excessive costs
4. Promotes the use of violence, drugs, tobacco, or alcohol or the violation of any law or district policy
5. Implies endorsement of any business or product or unduly commercialize or politicize the school environment

The Board shall carefully evaluate any conditions or restrictions imposed by the donor in light of district philosophy and operations. If the Board feels the district will be unable to fully satisfy the donor's conditions, the gift shall not be accepted.

Gift of books and instructional materials shall be accepted only if they meet regular district criteria for selection of instructional materials.

All gifts, grants and bequests shall become district property. Donors are encouraged to donate all gifts to the district rather than to a particular school, classroom, or teacher. At the Superintendent or designee's discretion, a gift may be used at a particular school or classroom.
GIFTS, GRANTS AND BEQUESTS (continued)

When any gift of money received by the district is not immediately used, it shall be placed in the county treasury in accordance with law. (Education Code 41030-41031)

The Superintendent or designee shall annually provide a report to the Board indicating the gifts, grants, and/or bequests received on behalf of the district in the preceding fiscal year. The report shall include a statement of account and expenditure of all gifts of money and an inventory of all gifts of physical assets.

(cf. 3440 - Inventories)
(cf. 3460 - Financial Reports and Accountability)

Appreciation

The Board may show appreciation for any donation to the district in any manner it deems appropriate. Such appreciation may take the form of letters of recognition or Board resolutions; plaques, commendations, or awards; planting of commemorative trees or gardens; or naming or renaming of buildings, grounds, or facilities. Conferment of any such honor shall be in accordance with applicable Board policy.

(cf. 1150 - Commendations and Awards)
(cf. 7310 - Naming of Facility)

Corporate Sponsorship

The Board may enter into an agreement or arrangement with an outside entity for the sponsorship of an educational, athletic, or other program or activity. When appropriate, the agreement may allow the outside entity to advertise or promote its business, product, or service in district publications or on district property or web sites.

(cf. 1113 - District and School Web Sites)
(cf. 1700 - Relations Between Private Industry and the Schools)
(cf. 3312 - Contracts)
(cf. 6145.2 - Athletic Competition)

Every sponsorship agreement shall be in writing and shall be approved by the Board. The Board shall ensure that the district's relationship and arrangement with the sponsor are consistent with the district's mission, values, and goals. Any advertising or promotional message, image, or other depiction to be used by the sponsor shall meet the standards set for commercial advertising on district property and in district-sponsored publications in accordance with BP 1325 - Advertising and Promotion.

Each sponsorship agreement shall contain statements including, but not limited to:

1. The purpose of the relationship with the sponsor, details of the benefits to the district, and how the benefits will be distributed.
GIFTS, GRANTS AND BEQUESTS  (continued)

2. The duration of the agreement and the roles, expectations, rights, and responsibilities of the district and the sponsor, including whether and to what extent the sponsor is allowed to advertise or promote its products and/or services.

3. The authority of the Board to retain exclusive right over the use of the district's name, logo, and other proprietary information. The sponsor's use of such information shall require prior approval of the Board.

4. The authority of the Board to terminate the agreement without any penalty or sanction to the district if the sponsor's message, business, or product becomes inconsistent with district vision, mission, or goals or the sponsor engages in any prohibited activity.

5. The prohibition against the collection of students' personal information except as allowed by law.

(cf. 5022 - Student and Family Privacy Rights)
(cf. 5125 - Student Records)

Online Fundraising

Any person or entity who wishes to conduct an online fundraising campaign, including a crowdfunding campaign, for the benefit of the district, a school, or a classroom shall submit a written request for prior approval to the Superintendent or designee. Approval of requests shall take into consideration compatibility with the district's vision and goals, core beliefs, instructional priorities, and infrastructure; the manner in which donations are collected and distributed; equity of the use of funds; and any other factors deemed relevant or appropriate by the district.

Any person or entity approved to conduct an online fundraising campaign shall comply with relevant district policies and procedures, including ensuring financial transparency in describing the purpose and use of the funds and protecting student privacy as applicable. Such person or entity shall specify that the district, rather than a staff member, classroom, or school, will own the funded resources.

Funds raised by an online fundraising campaign and donated to the district shall be subject to the same terms, criteria for acceptance, and accountability measures as any other donation as specified in this policy.

Legal Reference: (see next page)
GIFTS, GRANTS AND BEQUESTS  (continued)

Legal Reference:
EDUCATION CODE
1834 Acquisition of materials and apparatus
35160 Powers and duties
35162 Power to sue, be sued, hold and convey property
41030 School district may invest surplus monies from bequest or gifts
41031 Special fund or account in county treasury
41032 Authority of school board to accept gift or bequest; investments; gift of land requirements
41035 Advisory committee
41036 Function of advisory committee
41037 Rules and regulations
41038 Applicability of other provisions of chapter

Management Resources:
WEB SITES
EXPENDITURES/EXPENDING AUTHORITY

It is the policy of the Board of Trustees that the administration strictly observes the letter and the spirit of all laws and regulations relating to purchases by the school system and to the control of its finances and property.

The Superintendent or designee may purchase supplies, materials, apparatus, equipment and services up to the amounts specified in Public Contract Code 20111, beyond which a competitive bidding process is required.

The Board holds the Superintendent directly responsible for carrying out this policy and toward that end, the Superintendent shall detail the procedures for executing this policy in written administrative directives.

(cf. 3310 - Purchasing Procedures)
(cf. 3311 - Bids)
(cf. 3312 - Contracts)

The Superintendent or designee may authorize an expenditure which exceeds the budget classification allowance against which the expenditure is the proper charge only if an amount sufficient to cover the purchase is available in the budget for transfer by the Board of Trustees.

(cf. 3100 - Budget)
(cf. 3110 - Transfer of Funds)

All transactions entered into by the Superintendent or designee on behalf of the Board shall be reviewed by the Board every 60 days. (Education Code 17605)

The Superintendent or designee is authorized to supervise expenditures according to policies and regulations of the district. In no case shall this authorization permit the expenditure by the district to be in excess of the Contract Code requirements.

No district funds shall be expended for the purchase of alcoholic beverages. (Education Code 32435)

The Board shall not recognize obligations incurred contrary to Board policy and administrative regulations.

Credit Cards

Authorized employees may use district credit cards while attending to district business. Under no circumstances may personal or unallowable expenses be charged on district credit cards.

(cf. 9250 - Remuneration, Reimbursement, and Other Benefits)
EXPENDITURES/EXPENDING AUTHORITY  (continued)

When approved by the Superintendent or designee, an employee may be issued a district credit card for use while on authorized district business. Under no circumstances may personal expenses or non-allowable expenses be charged on district cards. Use of district issued credit cards is subject to all applicable expenditure/purchasing procedures. All credit cards must be properly secured at all times.

District credit card purchases must be supported by current authorized open purchase orders. Original receipts for all purchases or expenditures charged on district credit cards must be submitted upon return of the district credit card.

District credit cards may be used by authorized district employees only.

District sole source vendor credit cards shall not be issued in the name of individuals. The district authorizes sole source vendor cards issued in the name of the district.

The Cal-Card; State of California Purchasing Card Program, shall require direct Board approval to be issued in the assigned employee name as approved by the Board.

Allowable costs as defined by Education Code and Board approved policies and procedures.

Oil company credit cards are issued to provide fuel for district-owned vehicles. They must only be used for this purpose. Receipts shall be obtained for all gasoline purchases and submitted to the administrator responsible for district vehicle use.

Legal Reference: (see next page)
EXPENDITURES/EXPENDING AUTHORITY (continued)

Legal Reference:

**EDUCATION CODE**
17604 Delegation of powers to agents; approval or ratification of contracts by governing board
17605 Delegation of authority to purchase supplies and equipment
32370-32376 Recycling paper
32435 Prohibited use of public funds, alcoholic beverages
35010 Control of district; prescription and enforcement of rules
35035 Powers and duties of superintendent
35160 Authority of governing boards
35250 Duty to keep certain records and reports
38083 Purchase of perishable foodstuffs and seasonal commodities
41010 Accounting system
41014 Requirement of budgetary accounting

**GOVERNMENT CODE**
4330-4334 California made materials

**PUBLIC CONTRACT CODE**
3410 U.S. produce and processed foods
20111 Contracts over $50,000; contracts for construction; award to lowest responsible bidder

Management Resources:

**CSBA PUBLICATIONS**
Maximizing School Board Governance: Fiscal Accountability, 2006

**WEB SITES**
CSBA, Financial Services: http://www.csba.org/fs
California Association of School Business Officials: http://www.casbo.org
California Department of Education: http://www.cde.ca.gov
In order to ensure transparency and the prudent expenditure of public funds, the Board of Trustees shall award contracts in an objective manner and in accordance with law. District equipment, supplies, and services shall be purchased using competitive bidding when required by law or if the Board determines that it is in the best interest of the district to do so.

(cf. 0410 - Nondiscrimination in District Programs and Activities)
(cf. 3000 - Concepts and Roles)
(cf. 3300 - Expenditures and Purchases)

The Superintendent or designee shall establish comprehensive bidding procedures for the district in accordance with law. The procedures shall include a process for advertising bids, instructions and timelines for submitting and opening bids, and other relevant requirements.

No work, project, service, or purchase shall be split or separated into smaller work orders or projects for the purpose of evading the legal requirements of Public Contract Code 20111-20118.4. (Public Contract Code 20116)

When calling for bids, the Superintendent or designee shall ensure that the bid specification clearly describes in appropriate detail the quality, delivery, and service required and includes all information which the district knows, or has in its possession, that is relevant to the work to be performed or that may impact the cost of performing the work.

The Superintendent or designee shall develop the procedures to be used for rating bidders for award of contracts which, by law or Board policy, require prequalification. The procedures shall identify a uniform system for rating bidders and shall address the issues covered by the standardized questionnaire and model guidelines developed by the Department of Industrial Relations pursuant to Public Contract Code 20101.

(cf. 9270 - Conflict of Interest)

Except as authorized by law and specified in the administrative regulation, contracts shall be let to the lowest responsible bidder who shall give such security as the Board requires, or else all bids shall be rejected. (Public Contract Code 20111)

When the Board has determined that it is in the best interest of the district, the district may piggyback onto the contract of another public agency or corporation to lease or purchase equipment or supplies to the extent authorized by law. (Public Contract Code 20118)

Legal Reference: (see next page)
BP 3311(a)

**BIDS (continued)**

**Legal Reference:**

**EDUCATION CODE**
17070.10-17079.30 Leroy F. Greene School Facilities Act
17406 Lease-leaseback contract
17595 Purchase of supplies through Department of General Services
17602 Purchase of surplus property from federal agencies
38083 Purchase of perishable foodstuffs and seasonable commodities
38110-38120 Apparatus and supplies
39802 Transportation services

**GOVERNMENT CODE**
4217.10-4217.18 Energy conservation contracts
4330-4334 Preference for California-made materials
6252 Definition of public record
53060 Special services and advice
54201-54205 Purchase of supplies and equipment by local agencies

**PUBLIC CONTRACT CODE**
1102 Emergencies
2000-2002 Responsive bidders
3000-3010 Roofing projects
3400 Bids, specifications by brand or trade name not permitted
3410 United States produce and processed foods
6610 Bid visits
12200 Definitions, recycled goods, materials and supplies
20101-20103.7 Public construction projects, requirements for bidding
20103.8 Award of contracts
20107 Bidder’s security
20111-20118.4 Contracting by school districts
20189 Bidder’s security, earthquake relief
22002 Definition of public project
22030-22045 Alternative procedures for public projects (UPCCAA)
22050 Alternative emergency procedures
22152 Recycled product procurement

**COURT DECISIONS**
City of Inglewood-Los Angeles County Civic Center Authority v. Superior Court, (1972) 7 Cal.3d 861

**ATTORNEY GENERAL OPINIONS**

**Management Resources:**

**WEB SITES**
CSBA:  http://www.csba.org
California Association of School Business Officials:  http://www.casbo.org

Policy adopted:  February 19, 2019

PALMDALE SCHOOL DISTRICT
Palmdale, California
BIDS

Advertised/Competitive Bids

The district shall seek competitive bids through advertisement for contracts involving an expenditure of $15,000 or more for a public project. Public project means construction, reconstruction, erection, alteration, renovation, improvement, painting, repainting, demolition and repair work involving a district owned, leased or operated facility. (Public Contract Code 20111, 22002).

The district shall also seek competitive bids through advertisement for contracts exceeding the amount specified in law, and as annually adjusted by the Superintendent of Public Instruction, for any of the following: (Public Contract Code 20111; Government Code 53060)

1. The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district
2. Services, not including construction services or special services and advice in accounting, financial, legal, or administrative matters
3. Repairs, including maintenance that is not a public project

Maintenance means routine, recurring and usual work for preserving, protecting and keeping a district facility operating in a safe, efficient and continually usable condition for the intended purpose for which it was designed, improved, constructed, altered or repaired. Maintenance includes, but is not limited to, carpentry, electrical, plumbing, glazing and other craft work designed to preserve the facility as well as repairs, cleaning and other operations on machinery and other permanently attached equipment. This definition does not include, among other types of work, janitorial or custodial services and protection provided by security forces, nor does it include painting, repainting or decorating other than touchup. (Public Contract Code 20115)

Instructions and Procedures for Advertised Bids

The Superintendent or designee shall call for bids by placing a notice at least once a week for two weeks in a local newspaper of general circulation published in the district, or if no such newspaper exists, then in some newspaper of general circulation, circulated in the county, and may post the notice on the district's web site or through an electronic portal. The notice shall state the work to be done or materials or supplies to be furnished and the time and place and web site where bids will be opened. The district may accept a bid that has been submitted electronically or on paper. (Public Contract Code 20112)

The notice shall contain the time, date, and location of any mandatory prebid conference, site visit, or meeting. The notice shall also detail when and where project documents, including final plan and specifications, are available. Any such mandatory visit or meeting shall not occur within a minimum of five calendar days of the publication of the initial notice. (Public Contract Code 6610)
BIDS (continued)

Bid instructions and specifications shall include the following requirements and information:

1. All bidders shall certify the minimum, if not exact, percentage of post-consumer materials in products, materials, goods, or supplies offered or sold. (Public Contract Code 22152)

(cf. 3510 - Green School Operations)

2. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security: (Public Contract Code 20107, 20111)

   a. Cash
   b. A cashier's check made payable to the district
   c. A certified check made payable to the district
   d. A bidder's bond executed by an admitted surety insurer and made payable to the district

The security of unsuccessful bidders shall be returned in a reasonable period of time, in no event any later than 60 days after the bid is awarded. (Public Contract Code 20111)

3. When a standardized proposal form is provided by the district, bids not presented on the standard form shall be disregarded. (Public Contract Code 20111.5)

4. Bids shall not be accepted after the advertised bid opening time, regardless of whether the bids are actually opened at that time. (Public Contract Code 20112)

5. When two or more identical lowest or highest bids are received, the Board may determine by lot which bid shall be accepted. (Public Contract Code 20117)

6. If the district requires that the bid include prices for items that may be added to or deducted from the scope of work in the contract, the bid solicitation shall specify which one of the following methods will be used to determine the lowest bid. In the absence of such a specification, only the method provided in item #6a below shall be used. (Public Contract Code 20103.8)

   a. The lowest bid shall be the lowest total of the bid prices on the base contract without consideration of the prices on the additive or deductive items.
BIDS (continued)

b. The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically identified in the bid solicitation as being used for the purpose of determining the lowest bid price.

c. The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that, when taken in order from a specifically identified list of those items in the solicitation, and added to or subtracted from the base contract, are less than or equal to a funding amount publicly disclosed by the district before the first bid is opened.

The lowest bid shall be determined in a manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the district before the ranking of all bidders from lowest to highest has been determined. (Public Contract Code 20103.8)

7. Any subsequent change or alteration of a contract shall be governed by the provisions of Public Contract Code 20118.4.

8. After being opened, all submitted bids become public records pursuant to Government Code 6252 and shall be made available for review pursuant to law, Board policy, and administrative regulation.

(cf. 1340 - Access to District Records)

Prequalification Procedure

When required by law or the Board of Trustees, each prospective bidder shall complete and submit a standardized questionnaire and financial statement. For this purpose, the Superintendent or designee shall supply a form which requires a complete statement of the bidder's financial ability and experience in performing public works. (Public Contract Code 20111.5)

Prospective bidders shall submit the questionnaire and financial statement at least five days before the date fixed for public opening of sealed bids. The information shall be verified under oath in the manner in which civil law pleadings are verified. The questionnaires and financial statements shall not be public records and shall not be open to public inspection. (Public Contract Code 20111.5, 20111.6)

The Superintendent or designee shall establish a uniform system for rating bidders on the basis of completed questionnaires and financial statements in order to determine the size of contracts on which each bidder is qualified to bid. Bidders must be deemed prequalified by the district at least one day before the fixed bid-opening date. (Public Contract Code 20111.5)
The Superintendent or designee shall furnish each qualified bidder with a standardized proposal form. Bids not presented on the standard form shall be disregarded. (Public Contract Code 20111.5)

The district may establish a procedure for prequalifying bidders on a quarterly basis and may authorize that prequalification be considered valid for up to one calendar year following the date of the initial prequalification. (Public Contract Code 20111.5)

Award of Contract

The district shall award each contract to the lowest responsible bidder except in the following circumstances:

1. When the contract is for the procurement and/or maintenance of electronic data processing systems and supporting software, in which case the Board may contract with any one of the three lowest responsible bidders. (Public Contract Code 20118.1)

2. For any transportation service contract involving an expenditure of more than $10,000, which the Board contemplates may be made with a person or corporation other than a common carrier, municipally owned transit system, or a parent/guardian of students who are to be transported, in which case the Board may contract with other than the lowest bidder. (Education Code 39802)

3. When the contract is one for which the Board has established goals and requirements relating to participation of minority, women, disabled veteran, or small business enterprises in accordance with Public Contract Code 2000-2002, in which case the Board may contract with the lowest responsible bidder who complies or makes a good faith effort to comply with the goals and requirements (Public Contract Code 2000-2002)

Protests by Bidders

A bidder may protest a bid award if he/she believes that the award was inconsistent with Board policy, the bid's specifications or not in compliance with law. A protest must be filed in writing with the Superintendent or designee within five working days after receipt of notification of the contract award. The bidder shall submit all documents supporting or justifying the protest. A bidder's failure to timely file a protest shall constitute a waiver of his/her right to protest the award of the contract.

The Superintendent or designee shall review the documents submitted with the bidder's claims and render a decision in writing within 30 days. The Superintendent or designee also may convene a meeting with the bidder in order to attempt to resolve the problem.
The bidder may appeal the Superintendent or designee's decision to the Board. The Superintendent or designee shall provide reasonable notice to the bidder of the time for Board consideration of the contract award. The Board's decision shall be final.

**Alternative Bid Procedures for Technological Supplies and Equipment**

Upon a finding by the Board that a particular procurement qualifies for the alternative procedure, the district may acquire computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus through competitive negotiation. This procedure shall not apply to contracts for construction or for the procurement of any product that is available in substantial quantities to the general public. (Public Contract Code 20118.2)

The competitive negotiation shall include, but not be limited to, the following requirements: (Public Contract Code 20118.2)

1. The Superintendent or designee shall prepare a request for proposals (RFP) that shall be submitted to an adequate number of qualified sources, as determined by the district, to permit reasonable competition consistent with the nature and requirement of the procurement.

2. Notice of the RFP shall be published at least twice in a newspaper of general circulation, at least 10 days before the date for receipt of the proposals.

3. The district shall make every effort to generate the maximum feasible number of proposals from qualified sources and shall make a finding to that effect before proceeding to negotiate if only a single response to the RFP is received.

4. The RFP shall identify all significant evaluation factors, including price, and their relative importance.

5. The district shall provide reasonable procedures for the technical evaluation of the RFPs received, the identification of qualified sources, and the selection for the award of the contract.

6. An award shall be made to the qualified bidder whose proposal meets the evaluation standards and will be most advantageous to the district with price and all other factors considered.

7. If an award is not made to the bidder whose proposal contains the lowest price, then the district shall make a finding setting forth the basis for the award.

8. The district, at its discretion, may reject all proposals and request new RFPs.
9. Provisions in any contract concerning utilization of small business enterprises that are in accordance with the RFP shall not be subject to negotiation with the successful proposer.

**Sole Sourcing**

In any contract for the construction, alteration, or repair of school facilities, the Superintendent or designee shall not draft the bid specification in a manner that, either directly or indirectly, limits bidding to any one specific concern or calls for a designated material, product, thing, or service by a specific brand or trade name, unless the specification designating the specific material, product, thing, or particular brand name is followed by the words "or equal" so that bidders may furnish any equal material, product, thing, or service. In such cases, the bid specification shall provide a time period, before and/or after the award of the contract, for the contractor to submit data substantiating the request for substituting the designated material, product, thing, or service. If no such time period is specified, the contractor may submit the data within 35 days after the award of the contract. (Public Contract Code 3400)

When the bid is for a roof project, a material, product, thing, or service is considered "equal" to the one designated if it is equal in quality, durability, design, and appearance; will perform the intended function equally well; and conforms substantially to the detailed requirements in the bid specification. (Public Contract Code 3002)

However, specifications for such contracts may designate specific concern, material, product, thing, or service by brand or trade name (sole sourcing) if the Board has made a finding, described in the invitation for bids or RFP, that a particular material, product, thing, or service is designated for any of the following purposes: (Public Contract Code 3400)

1. To conduct a field test or experiment to determine its suitability for future use
2. To match others in use on a particular public improvement that has been completed or is in the course of completion
3. To obtain a necessary item that is only available from one source
4. To respond to the Board's declaration of an emergency, as long as the declaration has been approved by four-fifths of the Board when issuing the invitation for bid or RFP
**BIDS** (continued)

**Bids Not Required**

Without advertising for bids and upon a determination that it is in the best interest of the district, the Board may authorize, by contract, lease, requisition, or purchase order, another public corporation or agency to lease data-processing equipment or to purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property for the district in the manner that the other public corporation or agency is authorized to make the leases or purchases from a vendor ("piggyback"). (Public Contract Code 20118)

(cf. 3300 - Expenditures and Purchases)

Alternatively, if there is an existing contract between a public corporation or agency and a vendor for the lease or purchase of personal property, the district may authorize the lease or purchase of personal property directly from the vendor by contract, lease, requisition, or purchase order and make payment to the vendor under the same terms that are available to the public corporation or agency under the contract. (Public Contract Code 20118)

In addition, upon a determination that it is in the best interest of the district and without advertising for bids, the Board may lease currently owned district property to any person, firm, or corporation for a minimum of $1 per year, as long the lease requires the person, firm, or corporation to construct a building or buildings on the property for the district's use during the lease and the property and building(s) will vest in the district at the expiration of the lease ("lease-leaseback"). (Education Code 17406)

(cf. 3280 - Sale or Lease of District-Owned Real Property)

Without advertising for bids, the Board may enter into an energy service contract and any related facility ground lease, when it determines that the terms of the contract and lease are in the best interest of the district. The Board's determination shall be made at a regularly scheduled public hearing of which notice is given to the public at least two weeks in advance and shall be based on cost comparison findings specified in Government Code 4217.12. (Government Code 4217.12)

(cf. 3510 - Green School Operations)
(cf. 3511 - Energy and Water Management)
(cf. 9320 - Meetings and Notices)

Supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals may be purchased in any amount without taking estimates or advertising for bids. (Public Contract Code 20118.3)

(cf. 6161.1 - Selection and Evaluation of Instructional Materials)
(cf. 6161.11 - Supplementary Instructional Materials)
(cf. 6163.1 - Library Media Centers)
Perishable commodities, such as foodstuffs, needed in the operations of cafeterias may be purchased through bid or on the open market. (Education Code 38083)

(cf. 3551 - Food Service Operations/Cafeteria Fund)

In an emergency when any repairs, alterations, work, or improvement to any school facility is necessary to permit the continuance of existing school classes or to avoid danger to life or property, the Board may, by unanimous vote and with the approval of the County Superintendent of Schools, contract for labor and materials or supplies without advertising for or inviting bids or may authorize the use of day labor or force account for the emergency purpose. (Public Contract Code 20113)

(cf. 3517 - Facilities Inspection)
(cf. 9323.2 - Actions by the Board)

Bids shall also not be required for day labor under circumstances specified in Public Contract Code 20114. Day labor shall include the use of maintenance personnel employed on a permanent or temporary basis. (Public Contract Code 20114)

The district may purchase any surplus property from the federal government or any of its agencies in any quantity needed for the operation of its schools without taking estimates or advertising for bids. (Education Code 17602)
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

In awarding contracts for public works projects involving district facilities, the Board of Trustees desires to obtain the best value to the district and ensure the qualifications of contractors to complete the project in a satisfactory manner. The Board has, by resolution, adopted the procedures set forth in the Uniform Public Construction Cost Accounting Act pursuant to Public Contract Code 22030-22045, including the informal bidding procedures when allowed by law.

(cf. 3311 - Bids)
(cf. 7110 - Facilities Master Plan)

The Board delegates to the Superintendent or designee the responsibilities to award any contract eligible for informal bidding procedures and to develop plans, specifications, and working details for all public projects requiring formal bidding procedures.

No work, project, service, or purchase shall be split or separated into smaller work orders or projects for the purpose of evading legal requirements for competitive bidding. (Public Contract Code 22033)

Projects awarded through the UPCCAA shall be subject to the cost accounting procedures established by the California Uniform Construction Cost Accounting Commission. (Public Contract Code 22030)

Emergency Actions

When formal bids are required by law but an emergency necessitates immediate repair or replacements, the Board may, upon a four-fifths vote of the Board, proceed to replace or repair a facility without adopting plans, specifications, strain sheets, or working details or giving notice for bids to let contracts. The work may be done by day labor under the direction of the Board and/or contractor. The emergency action shall subsequently be reviewed by the Board in accordance with Public Contract Code 22050 and shall be terminated at the earliest possible date that conditions warrant, so that the remainder of the emergency action may be completed by giving notice for bids to let contracts. (Public Contract Code 1102, 22035, 22050)

(cf. 9323.2 - Actions by the Board)

Legal Reference: (see next page)
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES
(continued)

Legal Reference:

PUBLIC CONTRACT CODE
1102 Definition of emergency
20110-20118.4 Local Agency Public Construction Act; school districts
22000-22020 California Uniform Construction Cost Accounting Commission
22030-22045 Alternative procedures for public projects (UPCCAA), especially:
22032 Applicability of procedures based on amount of project
22034 Informal bidding procedure
22035 Emergency need for repairs or replacement
22037-22038 Formal bidding procedures for projects exceeding $200,000
22050 Alternative emergency procedures

Management Resources:

CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION PUBLICATIONS
Cost Accounting Policies and Procedures Manual
Frequently Asked Questions
WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California Uniform Construction Cost Accounting Commission:
http://www.sco.ca.gov/ard_cuccac.html

Policy adopted: PAOLMDALE SCHOOL DISTRICT
Palmdale, California
Procedures for awarding contracts for public works projects shall be determined on the basis of the amount of the project, as follows:

1. Public projects of $60,000 or less may be performed by district employees by force account, negotiated contract, or purchase order. (Public Contract Code 22032)

2. Contracts for public projects of $200,000 or less may be awarded through the following informal procedures: (Public Contract Code 22032, 22034, 22038)
   a. The Superintendent or designee shall prepare a notice inviting informal bids which describes the project in general terms, explains how to obtain further information about the project, and states the time and place for the submission of bids. This notice shall be disseminated by mail, fax, or email to either or both of the following:
      (1) All contractors on a list of qualified contractors maintained by the district for the category of work being bid, unless the product or service is proprietary, at least 10 calendar days before bids are due
      (2) All construction trade journals identified pursuant to Public Contract Code 22036
   b. The district shall review the informal bids that were submitted and award the contract, except that:
      (1) If all bids received through the informal process are in excess of $200,000, the contract may be awarded to the lowest responsible bidder, provided that the Board of Trustees adopts a resolution with a four-fifths vote to award the contract at $212,500 or less and the Board determines the district's cost estimate is reasonable.
      (2) If no bids are received through the informal bid procedure, the project may be performed by district employees by force account or negotiated contract.

3. Public projects of more than $200,000 shall, except as otherwise provided by law, be subject to formal bidding procedures, as follows: (Public Contract Code 22032, 22037, 22038)
   a. Notice inviting formal bids shall state the time and place for receiving and opening sealed bids and distinctly describe the project. The notice shall be disseminated in both of the following ways:
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES
(continued)

(1) Through publication in a newspaper of general circulation in the district's jurisdiction or, if there is no such newspaper, then by posting the notice in at least three places designated by the district as places for posting its notices. Such notice shall be published at least 14 calendar days before the date that bids will be opened.

(2) By mail and electronically, if available, by either fax or email, to all construction trade journals identified pursuant to Public Contract Code 22036. Such notice shall be sent at least 15 calendar days before the date that bids will be opened.

In addition to the notice required above, the district may give such other notice as it deems proper.

b. The district shall award the contract as follows:

(1) The contract shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the district may accept the one it chooses.

(2) At its discretion, the district may reject all bids presented and declare that the project can be more economically performed by district employees, provided that the district notifies an apparent low bidder, in writing, of the district's intention to reject the bid. Such notice shall be mailed at least two business days prior to the hearing at which the district intends to reject the bid.

(3) If no bids are received through the formal bid procedure, the project may be performed by district employees by force account or negotiated contract.

(cf. 3311 - Bids)
LEASE-LEASEBACK CONTRACTS

The district may lease currently owned district property to any person, firm, or corporation for a minimum of $1 per year, as long as the lease requires the person, firm, or corporation to construct a building or buildings on the property for the district's use during the lease and the property and building(s) will vest in the district at the expiration of the lease ("lease-leaseback"). (Education Code 17406)

(cf. 3280 - Sale or Lease of District-Owned Real Property)
(cf. 3312 - Contracts)

Any lease-leaseback contract shall be awarded through a competitive "best value" procurement process whereby a person, firm, or corporation is selected on the basis of objective criteria for evaluating the qualifications of proposers, with the resulting selection representing the best combination of price and qualifications. To make this determination, the district shall use the following procedures: (Education Code 17400, 17406)

1. Request for Sealed Proposals: The Superintendent or designee shall prepare a request for sealed proposals which shall include:
   a. An estimate of the project's price
   b. A clear, precise description of any preconstruction services that may be required and the facilities to be constructed
   c. The key elements of the contract to be awarded
   d. A description of the format that proposals shall follow and the elements they shall contain
   e. The standards the district will use in evaluating proposals
   f. The date on which proposals are due
   g. The timetable the district will follow in reviewing and evaluating proposals

2. Notice: At least 10 days before the date for receipt of the proposals, the Superintendent or designee shall give notice of the request for sealed proposals using both of the following methods:
   a. Providing notice at least once a week for two weeks in a local newspaper of general circulation pursuant to Public Contract Code 20112
   b. Providing notice in a trade paper of general circulation published in the county where the project is located
AR 3311.2(b)

LEASE-LEASEBACK CONTRACTS (continued)

The Superintendent or designee also may post the notice on the district's web site or through an electronic portal.

3. Prequalification: A proposer shall be prequalified in accordance with Public Contract Code 20111.6(b)-(m) in order to submit a proposal. Any electrical, mechanical, and plumbing subcontractors shall be subject to the same prequalification requirements.

(cf. 3311 - Bids)

4. Evaluation Criteria: The request for sealed proposals shall identify all criteria that the district will consider in evaluating the proposals and qualifications of the proposers, including relevant experience, safety record, price proposal, and other factors specified by the district. The price proposal shall include, at the district's discretion, either a lump-sum price for the contract to be awarded or the proposer's proposed fee to perform the services requested, including the proposer's proposed fee to perform preconstruction services or any other work related to the facilities to be constructed, as requested by the district.

The request for sealed proposals shall specify whether each criterion will be evaluated on a pass-fail basis or will be scored as part of the "best value" score, and whether proposers must achieve any minimum qualification score for award of the contract. For each scored criterion, the district shall identify the methodology and rating or weighting system that will be used by the district in evaluating the criterion, including the weight assigned to the criterion and any minimum acceptable score.

5. Evaluation of Proposals: All proposals received shall be reviewed to determine whether they meet the format requirements and the standards specified in the request for sealed proposals. The district shall evaluate the qualifications of the proposers based solely upon the criteria and evaluation methodology set forth in the request for sealed proposals, and shall assign a best value score to each proposal. Once the evaluation is complete, all responsive proposals shall be ranked from the highest best value to the lowest best value to the district.

6. Award of Contract: The award of the contract shall be made by the Board of Trustees to the responsive proposer whose proposal is determined, in writing by the Board, to be the best value to the district.

If the selected proposer refuses or fails to execute the tendered contract, the Board may award the contract to the proposer with the second highest best value score, if deemed in the best interest of the district. If that proposer then refuses or fails to execute the tendered contract, the Board may award the contract to the proposer with the third highest best value score.
LEASE-LEASEBACK CONTRACTS (continued)

Upon issuance of a contract award, the district shall publicly announce its award, identifying the entity to which the award is made, along with a statement regarding the basis of the award. The statement regarding the contract award and the contract file shall provide sufficient information to satisfy an external audit.

7. Rejection of Proposals: At its discretion, the Board may reject all proposals and request new proposals.

Prior to entering into a lease-leaseback agreement, the Superintendent or designee shall have on file the contractor's enforceable commitment that the contractor and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades. (Education Code 17407.5)

Any lease-leaseback agreement shall be reviewed by the district's legal counsel to ensure that all required terms, including a lease term that provides for the district's occupancy of the building or improved property during the lease and an appropriate financing component, are included in the agreement.

(cf. 9124 - Attorney)

Legal Reference:

EDUCATION CODE
17400 Definitions
17406 Lease-leaseback contract
17407.5 Use of a skilled and trained workforce
PUBLIC CONTRACT CODE
20111.6 Prequalification procedures
20112 Notices
COURT DECISIONS

Management Resources:
WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org

Regulation
approved: PALMDALE SCHOOL DISTRICT
Palmdale, California
DESIGN-BUILD CONTRACTS

The Board of Trustees may approve a contract with a single entity for both design and construction of any school facility in excess of $1,000,000, awarding the contract to either the low bid or the best value as determined by evaluation of objective criteria. (Education Code 17250.20)

(cf. 3311 - Bids)
(cf. 3312 - Contracts)
(cf. 7110 - Facilities Master Plan)
(cf. 7140 - Architectural and Engineering Services)

Design-build documents shall not include provisions for long-term project operations, but may include operations during a training or transition period. (Education Code 17250.25)

The procurement process for design-build projects shall be as follows: (Education Code 17250.25, 17250.35)

1. The district shall prepare a set of documents setting forth the scope and estimated price of the project. The documents may include, but are not limited to:
   a. The size, type, and desired design character of the project
   b. Performance specifications that cover the quality of materials, equipment, and workmanship
   c. Preliminary plans or building layouts
   d. Any other information deemed necessary to describe adequately the district's needs

The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

2. The district shall prepare and issue a request for qualifications in order to prequalify, or develop a short list of, the design-build entities whose proposals shall be evaluated for final selection. The request for qualifications shall include, but is not limited to, all of the following elements:
   a. Identification of the basic scope and needs of the project or contract, the expected cost range, the methodology that will be used by the district to evaluate proposals, the procedure for final selection of the design-build entity, and any other information deemed necessary by the district to inform interested parties of the contracting opportunity
DESIGN-BUILD CONTRACTS (continued)

b. Significant factors that the district reasonably expects to consider in evaluating qualifications, including technical design and construction expertise, acceptable safety record, and all other non-price-related factors.

c. A standard template request for statements of qualifications prepared by the district, which shall contain all of the information required pursuant to Education Code 17250.25.

The district also may identify specific types of subcontractors that must be included in the statement of qualifications and proposal.

A design-build entity shall not be prequalified or short-listed unless the entity provides an enforceable commitment to the district that the entity and its subcontractors at every tier will use a skilled and trained workforce, as defined in Education Code 17250.25, to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades. The entity may demonstrate such commitment through a project labor agreement, by becoming a party to the district's project labor agreement, or through an agreement with the district to provide evidence of compliance on a monthly basis during the performance of the project or contract.

3. The district shall prepare a request for proposals (RFP) that invites prequalified or short-listed entities to submit competitive sealed proposals in a manner prescribed by the district. The RFP shall include the information identified in items #2a and 2b above and the relative importance or weight assigned to each of the factors. If the district uses a best value selection method for a project, the district may reserve the right to request proposal revisions and hold discussions and negotiations with responsive proposers, in which case the district shall so specify in the request for proposals and shall publish separately or incorporate into the request for proposals applicable procedures to be observed by the district to ensure that any discussions or negotiations are conducted in good faith.

4. For those projects utilizing low bid as the final selection method, the bidding process shall result in lump-sum bids by the prequalified or short-listed design-build entities, and the contract shall be awarded to the lowest responsible bidder.

5. For those projects utilizing best value as a selection method, the following procedures shall be used:

a. Competitive proposals shall be evaluated using only the criteria and selection procedures specifically identified in the request for proposals. Criteria shall be weighted as deemed appropriate by the district and shall, at a minimum, include price, unless a stipulated sum is specified; technical design and construction experience; and life-cycle costs over 15 or more years.
b. Following any discussions or negotiations with responsive proposers and completion of the evaluation process, the responsive proposers shall be ranked on a determination of value provided, provided that no more than three proposers are required to be ranked.

c. The contract shall be awarded to the responsible entity whose proposal is determined by the district to have offered the best value to the public.

d. The district shall publicly announce the contract award, identifying the entity to which the award is made and the basis of the award. This statement and the contract file shall provide sufficient information to satisfy an external audit.

Legal Reference:
EDUCATION CODE
17250.10-17250.55 Design-build contracts

Management Resources:
WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California Department of Education, Facilities: http://www.cde.ca.gov/ls/fac
PROCUREMENT OF TECHNOLOGICAL EQUIPMENT

Rather than seek competitive bids, the district may use competitive negotiation when it makes a finding that a district procurement is for computers, software, telecommunications equipment, microwave equipment, or other related electronic equipment and apparatus. Competitive negotiation shall not be used to contract for any product that is available in substantial quantities to the general public. (Public Contract Code 20118.2)

(cf. 0440 - District Technology Plan)
(cf. 3230 - Federal Grant Funds)
(cf. 3311 - Bids)
(cf. 3312 - Contracts)

Whenever the competitive negotiation process is determined to be appropriate for such procurements, the district shall use the following procedures: (Public Contract Code 20118.2)

1. The Superintendent or designee shall prepare a request for proposals (RFP) that shall be submitted to an adequate number of qualified sources, as determined by the district, to permit reasonable competition consistent with the nature and requirement of the procurement.

2. Notice of the RFP shall be published at least twice in a newspaper of general circulation, at least 10 days before the date for receipt of the proposals.

3. The Superintendent or designee shall make every effort to generate the maximum feasible number of proposals from qualified sources, and shall make a finding to that effect before proceeding to negotiate if only a single response to the RFP is received.

4. The RFP shall identify all significant evaluation factors, including price, and their relative importance.

5. The Superintendent or designee shall provide reasonable procedures for the technical evaluation of the RFPs received, the identification of qualified sources, and the selection for the award of the contract.

6. The Board of Trustees shall award the contract to the qualified bidder whose proposal meets the evaluation standards and will be most advantageous to the district, considering price and all other factors.

7. If the Board does not award the contract to the bidder whose proposal contains the lowest price, then the Board shall make a finding setting forth the basis for the award to another bidder.

8. The Board, at its discretion, may reject all proposals and request new RFPs.
PROCUREMENT OF TECHNOLOGICAL EQUIPMENT (continued)

Provisions in any contract concerning utilization of small business enterprises that are in accordance with the RFP shall not be subject to negotiation with the successful proposer. (Public Contract Code 20118.2)

Legal Reference:

PUBLIC CONTRACT CODE
20118.2 Contracting by school districts; technological equipment
CONTRACTS

The Board of Trustees recognizes its responsibility to enter into contracts on behalf of the district for the acquisition of equipment, supplies, services, and other resources necessary for the achievement of district goals. In exercising this authority to enter into a contract, the Board shall ensure that the district's interest is protected and that the terms of the contract conform to applicable legal standards, including the bidding requirements in Public Contract Code 20111.

(cf. 2121 - Superintendent's Contract)
(cf. 3311 - Bids)
(cf. 3311.1 - Uniform Public Construction Cost Accounting Procedures)
(cf. 3311.2 - Lease-Leaseback Contracts)
(cf. 3311.3 - Design-Build Contracts)
(cf. 3311.4 - Procurement of Technological Equipment)
(cf. 4312.1 - Contracts)
(cf. 9124 - Attorney)

The Board may, by a majority vote, delegate to the Superintendent or designee the authority to enter into contracts on behalf of the district. To be valid or to constitute an enforceable obligation against the district, all such contracts must be approved and/or ratified by the Board.

(cf. 3300 - Expenditures and Purchases)
(cf. 3314 - Payment for Goods and Services)

Every contract entered into on behalf of the district shall be made available for public inspection, except when the law prohibits disclosure. No contract shall prohibit a district employee from disparaging the goods or services of any contracting party.

(cf. 1340 - Access to District Records)

Contracts for Non-nutritious Foods or Beverages

The district shall not enter into or renew a contract for the sale of foods or beverages that do not meet applicable nutritional standards specified in Education Code 49431-49431.7, 5 CCR 15500-15501 or 15575-15578, or 7 CFR 210.11 or 220.12, unless the contract specifies that such sale will occur off campus or outside the time restriction specified in the applicable law.

(cf. 3554 - Other Food Sales)
(cf. 3555 - Nutrition Program Compliance)

Before the district enters into or renews a contract that grants exclusive or nonexclusive advertising or sale of carbonated beverages, non-nutritious beverages, or non-nutritious foods as defined in law, the Board shall ensure that the district has sufficient internal controls in place to protect the integrity of public funds and to ensure that funds raised as a result of the contract benefit public education. (Education Code 35182.5)
The Superintendent or designee shall develop the district's internal control procedures to protect the integrity of public funds. Such internal controls may include, but not be limited to, the following:

1. Procedures that produce accurate and reliable financial statements and, at the same time, safeguard the assets, financial resources, and integrity of every employee responsible for handling money or property. Control systems shall be systematically evaluated and revised to keep pace with the changing responsibilities of management.

   (cf. 3100 - Budget)
   (cf. 3400 - Management of District Assets/Accounts)
   (cf. 3460 - Financial Reports and Accountability)

2. Procedures to ensure that district personnel do not handle cash or product at the school site. The contract shall specify that the vendor stock the machines and shall provide cash accounting, along with a check, for district proceeds directly to the control office.

To ensure that funds raised by the contract benefit district schools and students:

1. The Superintendent or designee may invite parents/guardians, students, staff, and interested community members to make recommendations regarding the contract, including recommendations as to how the funds will be spent in a manner that benefits public education.

   (cf. 1220 - Citizen Advisory Committees)

2. Prior to ratifying the contract, the Board shall designate the specific programs and activities that will be funded by the proceeds of the contract and consider how the contract reflects the district's vision and goals.

   (cf. 0000 - Vision)
   (cf. 0100 - Philosophy)
   (cf. 0200 - Goals for the School District)

3. The contract shall specify that the contractor report, on a quarterly basis, to the Superintendent or designee the number of food items or beverages sold within the district and the amount of money raised by the sales. The Superintendent or designee shall report these amounts to the Board on a regular basis.

4. The Superintendent or designee shall ensure that the contract does not limit the ability of student and parent organizations to plan and operate fundraising activities.

   (cf. 1230 - School-Connected Organizations)
   (cf. 1321 - Solicitation of Funds from and by Students)
CONTRACTS (continued)

Any contract for the sale or advertisement of non-nutritious foods or carbonated or non-nutritious beverages shall be entered into on a competitive bid basis pursuant to Public Contract Code 20111 or through the issuance of a Request for Proposal. (Education Code 35182.5)

The Board shall hold an annual public hearing to review and discuss all existing and potential contracts for the sale of foods and beverages on campus, including those sold as full meals or through competitive sales, fundraisers, or vending machines. The Board shall hold a public hearing for any contract not discussed at the annual public hearing. (Education Code 35182.5)

(cf. 9322 - Agendas/Meeting Materials)
(cf. 9323 - Meeting Conduct)

The public hearing shall include, but not be limited to, a discussion of the nutritional value of foods and beverages sold within the district; the availability of fresh fruit, vegetables, and grains in school meals and snacks, including locally grown and organic produce; the amount of fat, sugar, and additives in the foods and beverages discussed; and barriers to student participation in school breakfast and lunch programs. (Education Code 35182.5)

(cf. 5030 - Student Wellness)

The contract shall be accessible to the public and may not include a confidentiality clause that would prevent the district or a district school from making any part of the contract public. (Education Code 35182.5)

Contracts for Electronic Products or Services

The Board shall not enter into a contract for electronic products or services that requires the dissemination of advertising to students, unless the Board: (Education Code 35182.5)

1. Enters into the contract at a noticed, public hearing of the Board.

(cf. 9320 - Meetings and Notices)

2. Makes a finding that the electronic product or service is or would be an integral component of the education of students.

(cf. 0440 - District Technology Plan)

3. Makes a finding that the district cannot afford to provide the electronic product or service unless it contracts to permit dissemination of advertising to students.

(cf. 1325 - Advertising and Promotion)
CONTRACTS (continued)

4. As part of the district's normal, ongoing communication to parents/guardians, provides written notice that the advertising will be used in the classroom or other learning center.

(cf. 5145.6 - Parental Notifications)

5. Offers parents/guardians the opportunity to request in writing that their child not be exposed to the program that contains the advertising. A request shall be honored for the school year in which it is submitted, or longer if specified, but may be withdrawn by the parents/guardians at any time.

Contracts for Digital Storage and Maintenance of Student Records

The district may enter into or renew a contract with a third party for the purpose of providing services, including cloud-based services, for the digital storage, management, and retrieval of student records and/or to provide digital educational software that authorizes a third-party provider of digital educational software to access, store, and use student records. For these purposes, student records include any information maintained by the district that is directly related to a student and any information acquired directly from the student through the use of instructional software or applications assigned to the student by a teacher or other district employee, and do not include de-identified information. (Education Code 49073.1)

(cf. 5125 - Student Records)

Any such contract shall contain all of the following: (Education Code 49073.1)

1. A statement that student records continue to be the property of and under the control of the district

2. If applicable, a description of the means by which students may retain possession and control of their own student-generated content, as defined in Education Code 49073.1, including options by which a student may transfer student-generated content to a personal account

3. A prohibition against the third party using any information in the student record for any purpose other than those required or specifically permitted by the contract

4. A description of the procedures by which a parent/guardian or a student age 18 years or older may review personally identifiable information in the student's records and correct erroneous information
CONTRACTS (continued)

5. A description of the actions the third party will take, including the designation and training of responsible individuals, to ensure the security and confidentiality of student records

6. A description of the procedures for notifying the affected parent/guardian, or the affected student if age 18 years or older, in the event of an unauthorized disclosure of the student's records

7. A certification that a student's records shall not be retained or available to the third party upon completion of the terms of the contract and a description of how that certification will be enforced, except that these requirements shall not apply to student-generated content if the student chooses to establish or maintain an account with the third party for the purpose of storing that content

8. A description of how the district and the third party will jointly ensure compliance with the federal Family Educational Rights and Privacy Act, 20 USC 1232g

9. A prohibition against the third party using personally identifiable information in student records to engage in targeted advertising

Contracts for Personal Services

In order to achieve cost savings, the district may enter into or renew a contract for any personal service that is currently or customarily performed by classified employees, if the contract does not displace school district employees and meets other conditions specified in Education Code 45103.1. To enter into or renew such a contract, the Board shall ensure that the district meets the numerous conditions specified in Education Code 45103.1.

(cf. 4200 - Classified Personnel)

In addition, the district may enter into or renew any contract for personal service without meeting the conditions described above, if any of the following conditions exists: (Education Code 45103.1)

1. The contract is for new district functions and the Legislature has specifically mandated or authorized the performance of the work by independent contractors.

2. The services contracted are not available within the district, cannot be performed satisfactorily by district employees, or are of such a highly specialized or technical nature that the necessary expert knowledge, experience, and ability are not available through the district.
CONTRACTS (continued)

3. The services are incidental to a contract for the purchase or lease of real or personal property, including, but not be limited to, agreements to service or maintain office equipment or computers that are leased or rented.

4. The district's policy, administrative, or legal goals and purposes cannot be accomplished through the utilization of persons selected pursuant to the regular or ordinary district hiring process.

5. The nature of the work is such that the criteria for emergency appointments, as defined in Education Code 45103.1, apply.

6. The contractor will provide equipment, materials, facilities, or support services that could not feasibly be provided by the district in the location where the services are to be performed.

7. The services are of such an urgent, temporary, or occasional nature that the delay that would result from using the district's regular or ordinary hiring process would frustrate their very purpose.

Legal Reference: (see next page)
CONTRACTS (continued)

Legal Reference:

**EDUCATION CODE**
- 200-262.4  Prohibition of discrimination on the basis of sex
- 14505  Provisions required in contracts for audits
- 17250.10-17250.55  Design-build contracts
- 17595-17606  Contracts
- 35182.5  Contract prohibitions
- 45103.1  Personal services contracts
- 45103.5  Contracts for management consulting service related to food service
- 49073.1  Contract requirements for digital storage, maintenance and retrieval of student records
- 49431-49431.7  Nutritional standards

**CODE OF CIVIL PROCEDURE**
- 685.010  Rate of interest

**GOVERNMENT CODE**
- 12990  Nondiscrimination and compliance employment programs
- 53260  Contract provision re maximum cash settlement
- 53262  Ratification of contracts with administrative officers

**LABOR CODE**
- 1775  Penalties for violations
- 1810-1813  Working hours

**PUBLIC CONTRACT CODE**
- 4100-4114  Subletting and subcontracting fair practices
- 7104  Contracts for excavations; discovery of hazardous waste
- 7106  Noncollusion affidavit
- 20111  Contracts over $50,000; contracts for construction; award to lowest responsible bidder
- 20104.50  Construction Progress Payments
- 22300  Performance retentions

**CODE OF REGULATIONS, TITLE 5**
- 15500  Food sales by student organizations
- 15501  Sales in high schools and junior high schools
- 15575-15578  Food and beverage requirements outside of the federal school meal programs

**UNITED STATES CODE, TITLE 20**
- 1232g  Family Educational Rights and Privacy Act
- 1681-1688  Title IX, discrimination

**CODE OF FEDERAL REGULATIONS, TITLE 7**
- 210.1-210.31  National School Lunch Program
- 220.1-220.21  National School Breakfast Program

Management Resources:

**CSBA PUBLICATIONS**

**WEB SITES**
- CSBA:  http://www.csba.org
- California Association of School Business Officials:  http://www.casbo.org

Policy adopted:  PALMDALE SCHOOL DISTRICT  Palmdale, California
EDUCATIONAL TRAVEL PROGRAM CONTRACTS

The Board of Trustees believes that field trips and other travel opportunities are a valuable tool in supporting classroom instruction and enrich students' learning about places, cultures, and events. The district may contract with a qualified person, partnership, corporation, or other entity for educational travel services. Any such contract shall be submitted to the Board for approval and/or ratification.

The Superintendent or designee shall contract only with educational travel organizations which adhere to state law and exhibit safe and reputable business practices.

(cf. 3312 - Contracts)
(cf. 3541.1 - Transportation for School-Related Trips)
(cf. 6153 - School-Sponsored Trips)

The Superintendent or designee shall establish procedures for selecting the highest quality vendor, taking into account safeguards for student safety, quality of the educational program and fiscal integrity.

The Superintendent or designee shall ensure that each contract is in writing and includes all of the following: (Business and Professions Code 17554)

1. The travel organization's name, trade or business name, business address, business telephone number, and a 24-hour emergency contact telephone number, pager, voice mail, or other method of 24-hour communication

2. A detailed description of:
   a. Services to be provided as part of the program
   b. Agreed cost for the services
   c. Whether or not the educational travel organization maintains insurance that supplies coverage in the event of injury to any student traveler, including the type and amount of coverage, the policy number and issuer, and the name, address, and telephone number of the person or organization able to verify coverage
   d. Any additional costs to students
   e. Any experience and/or training requirements to be met by the educational travel organization's staff who will accompany students on the educational travel program

3. The educational program being contracted for, including a copy of all materials to be provided to students
EDUCATIONAL TRAVEL PROGRAM CONTRACTS (continued)

4. The number of times the educational travel program or a substantially similar educational travel program has been conducted by the organization and the number of students who completed the program

5. The length of time the organization has either been arranging or conducting educational travel programs, and, at the option of the organization, other travel services with substantially similar components

6. The name of each owner, officer, general partner, or sole proprietor of the organization

7. Whether any owner or principal of the organization has had any judgment entered against him/her, made a plea of nolo contendere, or been convicted of any criminal violation in connection with the sale of any travel services for a period of 10 years predating the contract

Legal Reference:

EDUCATION CODE
35160 Authority of boards
35160.1 Broad authority of school districts
BUSINESS AND PROFESSIONS CODE
17540 Travel promoters
17550.9 Definition of travel services
17552-17556.5 Educational travel organizations
PAYMENT FOR GOODS AND SERVICES

The Board of Trustees recognizes the importance of developing a system of internal control procedures in order to help fulfill its obligation to monitor and safeguard district resources. To facilitate warrant processing, the Superintendent or designee shall ensure that purchasing, receiving, and payment functions are kept separate. He/she shall also ensure that invoices are paid expeditiously so that the district may, to the extent possible, take advantage of available discounts and avoid finance charges. The district shall not be responsible for unauthorized purchases.

(cf. 3300 - Expenditures/Expending Authority)
(cf. 3312 - Contracts)
(cf. 3314.2 - Revolving Funds)
(cf. 3400 - Management of District Assets/Accounts)

The Superintendent or designee may file his/her manual signature with the Secretary of State and may subsequently have a facsimile signature used when executing any instrument of payment. In addition, pursuant to Government Code 16.5, the district's designated employee may use a digital signature when the district has conformed to the requirements of 2 CCR 22000-22005, including the requirements that the signature be verifiable and be created by an acceptable technology as identified by the Secretary of State.

The Superintendent or designee shall sign all warrants and shall ensure that warrants have appropriate documentary support verifying that all goods and services to be paid for have been delivered or rendered in accordance with the purchase agreement.

The Board shall approve all warrants at a regularly scheduled Board meeting

(cf. 9320 - Meetings and Notices)

The Superintendent or designee may pay invoices in excess of previously approved purchase order amounts without further Board approval when the excess amount represents sales tax, transportation charges or charges made for the detention of a shipment during loading or unloading.

Legal Reference: (see next page)
PAYMENT FOR GOODS AND SERVICES  (continued)

Legal Reference:

EDUCATION CODE
17605  Delegation of authority for purchases
42630-42651  Orders, requisitions and warrants
42800-42806  Revolving cash fund
42810  Alternative revolving fund
42820  Prepayment funds

CODE OF CIVIL PROCEDURE
685.010  Rate of interest

GOVERNMENT CODE
16.5  Digital signatures
5500-5506  Uniform Facsimile Signatures of Public Officials Act
8111.2  Definition of public entity

PUBLIC CONTRACT CODE
7107  Retention proceeds; withholding; disbursement
9203  Payment for projects costing over $5000
20104.50  Timely progress payments

CODE OF REGULATIONS, TITLE 2
22000-22005  Digital signatures

Management Resources:

CSBA PUBLICATIONS
Maximizing School Board Governance: Budget Planning and Adoption, 2006
Maximizing School Board Governance: Understanding District Budgets, 2006
Maximizing School Board Governance: Fiscal Accountability, 2006
School Finance CD-ROM, 2005

WEB SITES
CSBA:  http://www.csba.org
California Secretary of State, digital signatures:  http://www.sos.ca.gov/dig sig/dig sig.htm
Fiscal Crisis Management & Assistance Team:  http://www.fcmat.org

Policy
Palmdale School District
adopted:  June 5, 2012
Palmdale, California
PAYMENT FOR GOODS AND SERVICES

Payments Related to Construction

Payment on any contract for the creation, construction, alteration, repair, or improvement of any district property or facility or other public works project shall be made in accordance with the estimates, process, and/or schedule approved by the Board of Trustees.

The Superintendent or designee shall ensure that requests for progress payments related to construction contracts are processed and paid within 30 days. Any improper request shall be returned to the contractor within seven days, together with a written statement of why the request is not proper. (Public Contract Code 20104.50)

The district may withhold up to five percent of the proceeds due to the contractor until completion and acceptance of the project. The proceeds to be withheld by the district may exceed five percent when the Board has made a finding, prior to the bid and during a properly noticed and regularly scheduled meeting, that the project is substantially complex and requires a higher retention amount than five percent. In such cases, the Board's finding and the actual amount to be withheld shall be included in the bid documents. (Public Contract Code 7201)

(cf. 3311 - Bids)
(cf. 9320 - Meetings and Notices)
(cf. 9324 - Minutes and Recordings)

At any time after 50 percent of the work has been completed, the Board may release the withheld proceeds if it finds that satisfactory progress is being made. (Public Contract Code 9203)

Retention proceeds withheld by the district from payments to contractors for construction shall be released within 60 days after the construction or improvement is completed. In the event of a dispute between the district and the contractor, the district may withhold from the final payment an amount not to exceed 150% of the disputed amount. (Public Contract Code 7107)
The Board of Trustees has a fiduciary responsibility to effectively manage and safeguard the district's assets and resources. All revolving cash funds shall be subject to the internal control procedures established by the district to prevent and detect fraud, financial impropriety, or irregularity and shall be maintained in accordance with law and the California School Accounting Manual.

(cf. 3314 - Payment for Goods and Services)
(cf. 3400 - Management of District Assets/Accounts)
(cf. 3451 - Petty Cash Funds)
(cf. 3530 - Risk Management/Insurance)
(cf. 3551 - Food Service Operations/Cafeteria Fund)

The Superintendent or designee shall provide regular reports to the Board regarding the use of revolving funds and the results of any audits conducted on the funds.

(cf. 3460 - Financial Reports and Accountability)

**Standard Revolving Cash Fund**

Pursuant to Education Code 42800, the Board has adopted a resolution establishing a revolving cash fund for use by the chief accounting officer. The fund shall be used only for the purposes specified in the Board's resolution which may include, but are not limited to, payment for services or supplies for which there is an urgent deadline or to reduce the need for issuing numerous small warrants.

The chief accounting officer shall be covered by an individual bond or insurance in the amounts specified in law. He/she shall ensure that payments from the fund are for services or materials that are a legal charge against the district and that a receipt is obtained setting forth the date, payee, purpose of the expenditure, and amount expended. (Education Code 41021, 42801, 42801.5, 42804)

The Board may at any time reduce or discontinue the revolving cash fund. (Education Code 42805)

*Legal Reference: (see next page)*
REVOLVING FUNDS  (continued)

Legal Reference:

EDUCATION CODE
35160  Authority of governing boards
35250  Duty to keep certain records
38091  Cafeteria revolving accounts
41020  Audits of all district funds
41021  Requirement for employee's indemnity bond
41365-41367  Charter school revolving loan fund
42238  Revenue limits
42238.01-42238.07  Local control funding formula
42630-42652 Orders, requisitions, and warrants
42800-42806 Revolving cash fund
42810  Revolving cash funds; use; administrators
42820-42821  Prepayment revolving cash fund
45167  Error in salary

Management Resources:

WEB SITES
California Department of Education, Finance and Grants: http://www.cde.ca.gov/fg
Fiscal Crisis and Management Assistance Team:  http://www.fcmat.org
CLAIMS AND ACTIONS AGAINST THE DISTRICT

The Board of Trustees desires to conduct district operations in a manner that minimizes risk, protects district resources, and promotes the health and safety of students, staff, and the public. Any and all claims for money or damages against the district shall be presented to and acted upon in accordance with the Government Claims Act or other applicable state or district procedures, as well as the district's joint powers authority (JPA) agreement or other insurance coverage.

(cf. 3530 - Risk Management/Insurance)
(cf. 5143 - Insurance)

Any claim for money or damages not governed by the Government Claims Act (Government Code 810-996.6) or specifically excepted by Government Code 905 shall be presented and acted upon in accordance with district-established procedures consistent with the manner and time limitations specified in the accompanying administrative regulation, unless a procedure for processing such claims is otherwise provided by state or federal law or regulation. (Government Code 935)

Upon notice to the district of a claim, the Superintendent or designee shall take all necessary steps to protect the district's rights under any applicable contractual agreements, including the right to indemnification from its insurance or other coverage provider.

In accordance with Government Code 935.4, the Board delegates to the Superintendent the authority to allow, compromise, or settle claims of $50,000 or less pursuant to any conditions of coverage in the district's JPA agreement or insurance coverage.

Roster of Public Agencies

Within 10 days of any change in the name of the district, the mailing address of the Board, or the names and addresses of the Board president, the Board clerk or secretary, or other Board members, the Superintendent or designee shall file the updated information with the Secretary of State and the County Clerk. (Government Code 53051)
CLAIMS AND ACTIONS AGAINST THE DISTRICT (continued)

Legal Reference:

EDUCATION CODE
35200 Liability for debts and contracts
35202 Claims against districts; applicability of Government Code

CODE OF CIVIL PROCEDURE
340.1 Damages suffered as result of childhood sexual abuse

GOVERNMENT CODE
800 Cost in civil actions
810-996.6 Claims and actions against public entities
6500-6536 Joint exercise of powers
53051 Information filed with secretary of state and county clerk

PENAL CODE
72 Fraudulent claims

COURT DECISIONS
City of Stockton v. Superior Court, (2007) 42 Cal.4th 730

Management Resources:

WEB SITES
California Secretary of State's Office: http://www.sos.ca.gov
CLAIMS AND ACTIONS AGAINST THE DISTRICT

Unless otherwise provided by law, prior to filing a lawsuit against the district for money or damages, a written claim shall be filed in accordance with the following administrative regulation.

Time Limitations

The following time limitations apply to claims against the district:

1. Claims for money or damages relating to any cause of action which is governed by a statute or regulation, including childhood sexual abuse and other causes of action specifically excepted from the Government Claims Act by Government Code 905, shall be filed in accordance with the governing statute or regulation. (Government Code 905, 935)

2. In accordance with the Board's authority pursuant to Government Code 935, claims for money or damages which relate to any cause of action specifically excepted from the Government Claims Act by Government Code 905 but which are not governed by any other claims presentation statute or regulation shall be filed not later than six months after the accrual of the cause of action. (Government Code 905, 935)

3. Claims for money or damages relating to a cause of action for death or for injury to person, personal property, or growing crops shall be presented to the Board of Trustees not later than six months after the accrual of the cause of action. (Government Code 911.2)

4. Claims for money or damages relating to any other cause of action shall be filed not later than one year after the accrual of the cause of action. (Government Code 911.2)

Receipt of Claims

A claim, any amendment thereto, or an application to present a late claim shall be deemed presented and received when delivered to the district office or deposited in a post office, mailbox, sub-post office, substation, mail chute, or other similar facility maintained by the U.S. government, in a sealed envelope properly addressed to the district office with postage paid, or when otherwise actually received in the district office or by the Board secretary or clerk. (Government Code 915, 915.2)

Upon receipt of a claim against the district pursuant to the Government Claims Act, the Superintendent or designee shall promptly provide written notice to the district's joint powers authority or insurance carrier in accordance with the applicable conditions of coverage.
CLAIMS AND ACTIONS AGAINST THE DISTRICT  (continued)

Review of Contents of the Claim

The Superintendent or designee shall review any claim received to ensure that the claim contains all of the following information as specified in Government Code 910 and 910.2:

1. The name and post office address of the claimant
2. The post office address to which the person presenting the claim desires notices to be sent
3. The date, place, and other circumstances of the occurrence or transaction which gave rise to the claim asserted
4. A general description of the indebtedness, obligation, injury, damage, or loss incurred insofar as it may be known at the time of presentation of the claim
5. The name(s) of the district employee(s) causing the injury, damage, or loss if known
6. The amount claimed if it totals less than $10,000, including the estimated amount of any prospective injury, damage, or loss, insofar as it may be known at the time of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds $10,000, the dollar amount shall not be included in the claim and the claimant shall indicate whether the claim is a limited civil case.
7. The signature of the claimant or the person acting on his/her behalf

Notice of Claim Insufficiency

If a claim is found insufficient or not to satisfy the form requirements under Government Code 910 and 910.2, the Board or its designee shall, within 20 days of receipt of the claim, personally deliver or mail to the claimant, at the address stated in the claim or application, a notice that states the particular defects or omission in the claim. (Government Code 910.8, 915.4)

The Board shall not act upon the claim until at least 15 days after such notice is given. (Government Code 910.8)

Amendment to Claims

Within the time limits provided in the section "Time Limitations" above or prior to final action by the Board, whichever is later, a claim may be amended if, as amended, it relates to the same transaction or occurrence which gave rise to the original claim. (Government Code 910.6)
CLAIMS AND ACTIONS AGAINST THE DISTRICT (continued)

Late Claims

For claims under items #2 and #3 in the section "Time Limitations" above, any person who presents a claim later than six months after the accrual of the cause of action shall present, along with the claim, an application to present a late claim. Such claim and the application to present a late claim shall be presented not later than one year after the accrual of the cause of action. (Government Code 905, 911.4)

If the claim is presented late and is not accompanied by an application to present a late claim, the Board or its designee may, within 45 days, give written notice that the claim was not presented timely and that it is being returned without further action. (Government Code 911.3)

The Board shall grant or deny the application to present a late claim within 45 days after it is presented. This 45-day period may be extended by written agreement of the claimant and the Board provided that such agreement is made before the expiration of the 45-day period. (Government Code 911.6)

The Board shall grant the application to present a late claim where one or more of the following conditions are applicable: (Government Code 911.6)

1. The failure to present the claim was through mistake, inadvertence, surprise, or excusable neglect and the district was not prejudiced in its defense regarding the claim by the claimant's failure to present the claim within the time limit.

2. The person who sustained the alleged injury, damage, or loss was a minor during all of the time specified for presentation of the claim.

3. The person who sustained the alleged injury, damage, or loss was physically or mentally incapacitated during all of the time specified for presentation of the claim and the disability was the reason he/she failed to present the claim.

4. The person who sustained the alleged injury, damage, or loss died before the expiration of the time specified for the presentation of the claim.

If the application to present a late claim is denied, the claimant shall be given notice in substantially the same form as set forth in Government Code 911.8. (Government Code 911.8)

If the Board does not take action on the application to present a late claim within 45 days, the application shall be deemed to have been denied on the 45th day unless the time period has been extended, in which case it shall be denied on the last day of the period specified in the extension agreement. (Government Code 911.6)
CLAIMS AND ACTIONS AGAINST THE DISTRICT (continued)

Action on Claims

Within 45 days after the presentation or amendment of a claim, the Board shall take action on the claim. This time limit may be extended by written agreement between the district and the claimant before the expiration of the 45-day period. If the 45-day period has expired, the time limit may be extended if legal action has not commenced or been barred by legal limitations. (Government Code 912.4)

The Board may act on the claim in one of the following ways: (Government Code 912.4, 912.6)

1. If the Board finds that the claim is not a proper charge against the district, the claim shall be rejected.

2. If the Board finds that the claim is a proper charge against the district and is for an amount justly due, the claim shall be allowed.

3. If the Board finds that the claim is a proper charge against the district but is for an amount greater than is justly due, the Board shall either reject the claim or allow it in the amount justly due and reject it as to the balance.

4. If legal liability of the district or the amount justly due is disputed, the Board may reject or compromise the claim.

5. If the Board takes no action on the claim, the claim shall be deemed rejected.

If the Board allows the claim in whole or in part or compromises the claim and the claimant accepts the amount allowed or offered to settle the claim, the Board may require the claimant to accept it in settlement of the entire claim. (Government Code 912.6)

The Board or its designee shall transmit to the claimant written notice of action taken or of inaction which is deemed rejection. The notice shall be in the form set forth in Government Code 913 and shall either be personally delivered or mailed to the address stated in the claim or application. (Government Code 913, 915.4)
TRAVEL EXPENSES

The Board of Trustees shall pay for actual and necessary expenses, including travel, incurred by any employee performing authorized services for the district. Such actual and necessary expenses shall be in accordance with established policies and procedures. It is the expectation that employees will be prudent in the use of district funds and plan for the most economical means of travel.

In rare circumstances, the Superintendent or designee may authorize an advance of funds to cover necessary expenses in accordance with established policies and procedures.

An employee shall obtain approval from the Superintendent or designee prior to traveling. The Superintendent or designee may approve travel requests in accordance with the adopted budget and upon determining that the travel is authorized or assigned by the employee's supervisor, is necessary to attend a conference or other staff development opportunity that will enhance employee performance, and/or is otherwise necessary to the performance of the employee's duties. Travel expenses not previously budgeted may be approved on a case-by-case basis by the Superintendent or designee if he/she determines that the travel is essential and those resources may be obtained or redirected for this purpose.

(cf. 3100 - Budget)
(cf. 3110 - Transfer of Funds)
(cf. 4131 - Staff Development)
(cf. 4231.6 - Professional Development Program)
(cf. 4331 - Staff Development)
(cf. 4331.6 - Professional Development Program)

Expenses shall be reimbursed within limits approved by the Board. The district shall not reimburse personal travel expenses including, but not limited to, alcohol, entertainment, laundry, expenses of any family member who is accompanying the employee on district-related business, personal use of an automobile and personal losses or traffic violation fees incurred while on district business. Except as otherwise provided, reimbursement of travel expenses shall be based on actual expenses as documented by receipts.

The Superintendent or designee shall establish procedures for the submission and verification of expense claims. Any expense that exceeds the maximum rate of reimbursement established by the district shall be reimbursed only with the approval of the Superintendent or designee.

All expense reimbursement claims shall be submitted on a district form within 30 days following return from travel. The form shall be accompanied by receipts and any explanation necessary to document that the expenses meet district criteria for reimbursement.

The Superintendent or designee shall approve expense claims only upon verifying that all necessary documentation is provided and that all expenses are appropriate and related to district business. If an expense claim is disallowed due to lack of documentation or inappropriate expenses, the employee may be personally responsible for any improper costs incurred.
TRAVEL EXPENSES (continued)

The Board may establish an allowance on either a mileage or monthly basis to reimburse designated employees for the use of their own vehicles in the performance of assigned duties.

The mileage allowance provided by the district for employees' use of their private vehicles shall be equal to the rate established by the Internal Revenue Service.

All out-of-state travel for which reimbursement will be claimed shall have Board approval prior to any commitment made by the employee. Travel expenses not previously budgeted also must be pre-approved on an individual basis by the Board.

When approved by the Superintendent or designee, an employee may be issued a district credit card for use while on authorized district business. Receipts documenting the expenses incurred on a district credit card shall be submitted promptly following return from travel. Under no circumstances shall personal expenses be charged on a district credit card, even if the employee intends to subsequently reimburse the district for the personal charges.

Legal Reference:
EDUCATION CODE
42634 Itemization of expenses
44016 Travel expense to employment interview
44032 Travel expenses
44033 Automobile allowance
44802 Student teacher's travel expense

Management Resources:
INTERNAL REVENUE SERVICE PUBLICATIONS
Per Diem Rates (For Travel Within the Continental United States), Publication 1542
WEB SITES
Internal Revenue Service: http://www.irs.gov
U.S. General Services Administration, Per Diem Rates: http://www.gsa.gov/perdiem
TRAVEL EXPENSES

Pre-Approval

Board of Trustees action to pre-approve reimbursement of expenses for attendance at conferences, workshops and out-of-district meetings is required prior to the travel taking place except in emergency situations as determined by the Superintendent or designee.

1. The "Request for Conference or Trip Approval" form should be completed and submitted to Fiscal Services at least 45 days in advance of the conference/travel date.

2. Once Board action has been taken to approve the travel/conference request, a copy of the form and a claim for reimbursement shall be sent to the originator. Without this paper work in hand, the attendee is not authorized for reimbursement of their expenses.

Means of Travel

Personnel are to seek the most economical mode of transportation, both in terms of time and expense.

1. Reimbursement for plane travel shall be limited to actual coach fare, unless such service is not available. Attendees are encouraged to make airfare arrangements through the Fiscal Services Conference desk. Individuals who choose to secure airfare personally will be reimbursed after full participation at the conference/event. Original receipt (air carrier ticket) and proof of purchase will be required for reimbursement. If the individual is unable to attend the conference/event no reimbursement will be made for any personally purchased accommodation.

2. Reimbursement for auto travel shall be limited to round trip by the shortest highway route and shall be paid at the established federal rate.

   a. If two or more persons are authorized to travel to the same workshop or conference, they shall normally be expected to ride in the same car. In such instances, mileage reimbursement is payable to one person only.

   b. Reimbursement shall be made for actual costs of airport bus, limousine service, taxi service, other means of transportation, toll bridge, and parking. Original receipts for the actual expense are required in order for the employee to be reimbursed.

   c. The above reimbursement rates include payment of tips or gratuities not to exceed 20 percent.
MEALS

Attendees are entitled to reimbursement for meals while attending conferences, workshops or meetings out of the district when meals are not included as a part of the conference fee.

1. Reimbursement for meal expense shall be made only with original itemized receipts attached to the claim form.

2. Meals shall be reimbursed at a rate not to exceed those listed below, subject to the following time constraints:
   a. Breakfast: Breakfast may be claimed if travel time begins at or prior to 6:00 a.m. and terminates at or after 9:00 a.m.
   b. Lunch: Lunch may be claimed if travel time begins at or prior to 11:00 a.m. and terminates at or after 2:00 p.m.
   c. Dinner: Dinner may be claimed if travel time begins at or prior to 4:00 p.m. and terminates at or after 7:00 p.m.

3. The maximum reimbursement rate for a partial day of approved attendance at meetings or conferences shall be:
   a. Breakfast $16.00
   b. Lunch $21.00
   c. Dinner $29.00

4. The maximum reimbursement rate for a full day (three meals) of approved attendance at meetings or conferences shall be $66.00 (individual meal limit removed).

5. The above reimbursement rates include payment of tips or gratuities not to exceed 20 percent.

6. Any exception to these rates shall require the approval of the Superintendent or designee.

7. No reimbursement shall be made for the cost of alcoholic beverages, valet parking, room service fees or any unreasonable expenses.

8. No reimbursement shall be made for meals purchased by an attendee when that meal is provided as a part of the conference fee.
TRAVEL EXPENSES (continued)

Registration

Conference, workshop, or meeting registration is to be made through the Fiscal Services purchasing system. Individuals are not to secure registration personally.

Lodging

1. Reimbursement for lodging shall normally be limited to those who must travel more than 175 miles round trip in a single day. Superintendent's approval should be requested for any exception to this rule.

2. Personal charges such as laundry, entertainment and non-business-related telephone calls are not reimbursable.

3. Reimbursement for business-related phone calls, faxes, and internet service shall be made only with documentation of the charges for the service.

Failure to Attend

An employee who is unable to attend a pre-paid conference may attempt to find an appropriate replacement or cancel the attendance and arrange for a full refund to the district. If the employee is unable to notify the organization holding the conference of his/her inability to attend in time for a full reimbursement to the district, he or she shall prepare a written explanation of the circumstances for the Superintendent. The employee may be required to reimburse the district for the cost of the conference.

Mileage Reimbursement

Employees shall be entitled to reimbursement at the approved mileage rate. Whenever possible, employees are encouraged and expected to car pool to group meetings. Claims for reimbursement for mileage expense shall be made based upon travel from the employee's work site or from home, whichever is less. In the case of a car pool arrangement, the claim shall be based upon mileage from the agreed upon departure location.

1. Requests for monthly mileage reimbursements must be submitted to Fiscal Services by the 10th day of the month following that in which the mileage was incurred.

2. Expense claims for mileage in June must be submitted no later than July 10th of each year.

3. Claims for mileage not filed within 30 days or prior to July 10th will not be honored (whichever is sooner).
TRAVEL EXPENSES  (continued)

Conference Expense Reimbursement Timelines

1. Immediately upon return from a conference or workshop, attendees are required to complete a conference expense report and submit it to their immediate supervisor for approval. Attendees will be limited to reimbursement by the following:
   a. Pre-approval amounts set by the Board shall not be exceeded.
   b. Claims without receipts will not be made.

2. Expense claims must be submitted within 30 days after the completion of each trip. Expense claims for travel in June must be submitted no later than July 10th of each year. Claims for reimbursement not filed within 30 days or prior to July 10th (whichever is sooner) will not be honored.

3. Once Fiscal Services has received the claim, 30 days for processing should be allowed.

Credit Cards

Authorized employees may use district credit cards while attending to district business. Under no circumstances may personal or unallowable expenses be charged on district credit cards.

(cf. 9250 - Remuneration, Reimbursement, and Other Benefits)

When approved by the Superintendent or designee, an employee may be issued a district credit card for use while on authorized district business. Under no circumstances may personal expenses or non-allowable expenses be charged on district cards. Use of district issued credit cards is subject to all applicable expenditure/purchasing procedures. All credit cards must be properly secured at all times. Issuance of credit cards must be approved by Board or designee.

District credit card purchases must be supported by current authorized open purchase orders. Original receipts for all purchases or expenditures charged on district credit cards must be submitted upon return of the district credit card.

District credit cards may be used by authorized district employees only.

District sole source vendor credit cards shall not be issued in the name of individuals. The district authorizes sole source vendor cards issued in the name of the district.
TRAVEL EXPENSES  (continued)

The Cal-Card; State of California Purchasing Card Program, shall require direct Board approval to be issued in the assigned employee name as approved by the Board.

Allowable costs as defined by Education Code and Board approved policies and procedures.

Oil company credit cards are issued to provide fuel for district-owned vehicles. They must only be used for this purpose. Receipts shall be obtained for all gasoline purchases and submitted to the administrator responsible for district vehicle use.

Legal Reference:

EDUCATION CODE
44016  Travel expense
44032  Travel expense payment
44033  Automobile allowance
44802  Student teacher's travel expense

Revision with General Services Administration Government Agency FY 2017 (Oct 16 to Sept 17)
Ceremonies, Dedications and Open Houses

Reasonable expenses associated with ceremonies and/or dedications are permitted, provided that the events serve a public purpose authorized by the superintendent or designee.

Meetings, Study/Training Sessions/Hearings

Food and non-alcoholic beverages may be served, at district expense, when a meeting, study session, training session or hearing continues through normal mealtime hours and provision of a meal will facilitate the continuance of the session with minimum disruption. Expenses for food and beverage must be reasonable and serve a public purpose. Participants shall be restricted to officers, staff, board members, volunteers or "quasi-employees," (Non-compensated volunteers or advisory committee members who might otherwise be entitled to actual monetary payment.) Snacks and non-alcoholic beverages of a nominal nature may be provided at meetings, study/training sessions, when such occur during non mealtime hours. All expenditures must be properly documented. Form E 3360 must be completed and approved, prior to the function and must be accompanied by a list of those who are participating in the meeting, study/training session.

District-funded refreshments at in-district meetings are to be limited to situations where district purposes are pursued, where district benefits are clear, where the preponderance of participants are from a wide variety of work sites or departments, and where the duration and circumstances of the meeting is such that refreshments enhance operational efficiency and the goals of the district.
 MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

The Board of Trustees recognizes its fiduciary responsibility to effectively manage and safeguard the district's assets and resources in order to help achieve the district's goals for student learning. The Superintendent or designee shall establish and maintain an accurate, efficient financial management system that enhances the district's ability to meet its fiscal obligations, produces reliable financial reports, and complies with laws, regulations, policies, and procedures. He/she shall ensure that the district's accounting system provides ongoing internal controls and meets generally accepted accounting standards.

(Cf. 3000 - Concepts and Roles)
(Cf. 3100 - Budget)
(Cf. 3300 - Expenditures and Purchases)
(Cf. 3312 - Contracts)
(Cf. 3314 - Payment for Goods and Services)
(Cf. 3460 - Financial Reports and Accountability)

Capital Assets

The Superintendent or designee shall develop a system to accurately identify and value district assets in order to help ensure financial accountability and to minimize the risk of loss or misuse. District assets with a useful life of more than one year and an initial acquisition cost of $5,000 or more shall be considered capital assets. The Superintendent or designee shall determine the estimated useful life of each capital asset and shall calculate and report the estimated loss of value or depreciation during each accounting period for all capital assets.

(Cf. 3440 - Inventories)

Internal Controls/Fraud Prevention

The Board expects Board members, employees, consultants, vendors, contractors, and other parties maintaining a business relationship with the district to act with integrity and due diligence in dealings involving the district's assets and fiscal resources.

The Superintendent or designee shall develop internal controls which aid in the prevention and detection of fraud, financial impropriety, or irregularity within the district. These internal controls may include, but are not limited to, segregating employee duties relating to authorization, custody of assets, and recording or reporting of transactions; providing detailed, written job descriptions explaining the segregation of functions; adopting an integrated financial system; conducting background checks on business office employees; and requiring continuous in-service training for business office staff on the importance of fraud prevention.

All employees shall be alert for any indication of fraud, financial impropriety, or irregularity within their area of responsibility. Any employee who suspects fraud, impropriety, or
irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. In addition, the Superintendent or designee shall establish a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.

(cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)

The Superintendent or designee shall have primary responsibility for any necessary investigations of suspected fraud, impropriety, or irregularity, in coordination with legal counsel, the district's auditors, law enforcement agencies, or other governmental entities, as appropriate.

The Superintendent or designee shall provide regular reports to the Board on the status of the district's internal control procedures and recommend any necessary revisions to related Board policies or administrative regulations.

Legal Reference:

EDUCATION CODE
14500-14508  Financial and compliance audits
35035  Powers and duties of superintendent
35250  Duty to keep certain records and reports
41010-41023  Accounting regulations, budget controls and audits
42600-42603  Control of expenditures
42647  Drawing of warrants by district on county treasurer; form; reports, statements and other data

GOVERNMENT CODE
53995-53997  Obligation of contract

Management Resources:

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, June 1999

WEB SITES
CSBA:  http://www.csba.org
California Association of School Business Officials:  http://www.casbo.org
California Department of Education, School Finance: http://www.cde.ca.gov/fg
California State Controller's Office:  http://www.sco.ca.gov
Fiscal Crisis & Management Assistance Team:  http://www.fcmat.org
Governmental Accounting Standards Board:  http://www.gasb.org
School Services of California:  http://www.sscal.com

Policy adopted:  

PALMDALE SCHOOL DISTRICT

Palmdale, California
MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS

Accounts

The district's accounting system shall fully comply with the definitions, instructions and procedures set forth in the California Department of Education School Accounting Manual. (Education Code 41010)

The Superintendent or designee shall ensure that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

(cf. 3110 - Transfer of Funds)

Fraud Prevention and Investigation

Fraud, financial improprieties or irregularities include but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the district
2. Forgery or unauthorized alteration of a check, bank draft or any other financial document
3. Misappropriation of funds, securities, supplies or other assets
4. Improprity in the handling of money or reporting of financial transactions
5. Profiteering as a result of insider knowledge of district information or activities
6. Disclosing confidential and/or proprietary information to outside parties

(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)
7. Disclosing investment activities engaged in or contemplated by the district

(cf. 3430 - Investing)
8. Accepting or seeking anything of material value from contractors, vendors or persons providing services or materials to the district
9. Destroying, removing or inappropriately using of records, furniture, fixtures or equipment
10. Failing to provide financial records to authorized state or local entities
11. Any other dishonest or fraudulent act
MANAGEMENT OF DISTRICT ASSETS/ACCOUNTS  (continued)

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Board of Trustees. The final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. The result of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know.

(cf. 4112.6/4212.6/4312.6 - Personnel Files)
(cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)
INVESTING

All or part of the special reserve fund of the district, or any surplus monies not required for the immediate necessities of the district, may be invested as allowed by law for public funds. (Education Code 41015; Government Code 16430, 53601-53609, 53635)

The Board of Trustees authorizes the district's chief fiscal officer to invest and reinvest such funds on behalf of the district. He/she shall make monthly reports of those transactions to the Board. The Board retains the right to revoke this authority at any time.

The Board recognizes that the district's chief fiscal officer has fiduciary responsibility for any funds invested outside the county treasury and is subject to prudent investor standards for investment decisions. As such, he/she shall act with care, skill, prudence, and diligence under the prevailing circumstances, including but not limited to the general economic conditions and the anticipated needs of the district. The investment objectives shall be to first safeguard the principal of the funds, then to meet the district's liquidity needs and, third, to achieve a return on the funds. (Government Code 53600.3, 53600.5)

(cf. 9270 - Conflict of Interest)

The Board recognizes the importance of overseeing investments made with district funds, including investments by the county treasurer. The Superintendent or designee shall maintain ongoing communication with any county committee established for the purpose of overseeing county investments. In addition, the Superintendent or designee shall keep the Board informed about county policies that guide the investment of these funds.

(cf. 1220 - Citizen Advisory Committees)

Annual Statement of Investment Policy

At a public meeting, the Board shall review this policy and discuss any changes to be made. (Government Code 53646)

Quarterly Investment Reports

The chief fiscal officer of the district shall provide the Board, Superintendent, and internal auditor with quarterly reports of district investments in individual accounts that are $25,000 or more.

(cf. 3460 - Financial Reports and Accountability)
INVESTING (continued)

Legal Reference:

**EDUCATION CODE**
41001 Deposit of money in county treasury
41002 General fund deposits and exceptions
41002.5 Deposit of certain funds in insured institutions
41003 Funds received from rental of real property
41015 Authorization of and limitation investment of district funds
41017 Deposit of miscellaneous receipts
41018 Disposition of money received
42840-42843 Special reserve fund

**GOVERNMENT CODE**
16430 Eligible securities for investment of surplus money
17581.5 Mandates contingent upon state funding
27000.3 Fiduciary for deposits in county treasury
27130-27137 County treasury oversight committees
53600-53609 Investment of surplus
53630-53686 Deposit of funds, especially:
53635 Local agency funds; deposit or investment
53646 Treasurer reports and statements of investment policy
53852.5 Investment term for funds designated for repayment of notes
53859.02 Borrowing by local agency

Management Resources:

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PUBLICATIONS**
Local Agency Investment Guidelines, 2002, rev. 2004

**WEB SITES**
California State Treasurer's Office, California Debt and Investment Advisory Commission:
http://www.treasurer.ca.gov/cdiac
INVENTORIES

In order to provide for the proper tracking and control of district property, the Superintendent or designee shall maintain an inventory of equipment in accordance with law for the following:

1. All equipment items currently valued in excess of $500 (Education Code 35168)

2. All equipment items purchased with state and/or federal categorical funds that have a useful life of more than one year with an acquisition cost of $500 or more per unit (cf. 3290 - Gifts, Grants and Bequests) (cf. 3400 - Management of District Assets/Accounts) (cf. 3512 - Equipment)

In addition, the Superintendent or designee may maintain a list of specific items which shall be inventoried for internal control purposes regardless of their initial cost or current value.

The inventory shall contain a record of the following information: (Education Code 35168; 5 CCR 3946)

1. Name and description of the property

2. Identification number

3. Original cost of the item of equipment or a reasonable estimate if the original cost is unknown

4. Date of acquisition

5. Location of use

6. The date and method of disposal (cf. 3270 - Sale and Disposal of Books, Equipment and Supplies)

In addition to the information specified in items #1-6 above, the following information shall be recorded for equipment acquired with state and/or federal categorical funds unless otherwise specified in law: (5 CCR 3946; 2 CFR 200.313)

1. Source of the property (funding source)

2. Titleholder

3. Percentage of federal participation in the cost of the property

4. Use and condition of property
INVENTORIES (continued)

5. Sale price of the property upon disposition and method used to determine current fair market value

(cf. 3230 - Federal Grant Funds)

At the time of purchase, the Superintendent or designee shall affix a label to the equipment containing the identification number and the district name. Equipment items purchased with categorical program funds shall also be labeled with the name of the project in accordance with 5 CCR 3946.

Whenever an equipment item is moved to a new location or the equipment is used for a new purpose, the new location or purpose shall be recorded in the inventory.

A copy of the inventory shall be kept at the district office and at the appropriate school site.

(cf. 3580 - District Records)

The Superintendent or designee shall annually submit an inventory listing of federally owned property in its custody to the federal agency that granted the award. (2 CFR 200.312)

Physical Inventory

At least once every two years, a physical inventory of equipment shall be conducted and the results reconciled with the property records. (2 CFR 200.313)

The Superintendent or designee shall establish procedures for conducting the physical inventory which shall include, but not be limited to, designation of person(s) responsible for coordinating and conducting the inventory, preparation and distribution of count sheets, procedures for implementing the inventory, and procedures for conducting a recount to substantiate the validity of the inventory.

The Superintendent or designee shall investigate any differences between the quantities determined by the physical inspection and those in the accounting records.

Legal Reference: (see next page)
INVENTORIES (continued)

Legal Reference:

EDUCATION CODE
35168  Inventory of equipment

CODE OF REGULATIONS, TITLE 5
3946  Control, safeguards, disposal of equipment purchased with consolidated application funds
16022-16023  Classification of records
16035  Historical inventory of equipment

UNITED STATES CODE, TITLE 20
2301-2414  Strengthening Career and Technical Education for the 21st Century Act

CODE OF FEDERAL REGULATIONS, TITLE 2
200.0-200.521  Federal uniform grant guidance

Management Resources:

CALIFORNIA DEPARTMENT OF EDUCATION PUBLICATIONS
California School Accounting Manual

WEB SITES
California Association of School Business Officials: http://www.casbo.org
California Department of Education: http://www.cde.ca.gov
School Services of California, Inc.: http://www.sscal.com
Office of Management and Budget: https://www.whitehouse.gov/omb

Regulation approved:

PALMDALE SCHOOL DISTRICT

Palmdale, California
The Board of Trustees recognizes that student organizations can provide students with an opportunity to conduct worthwhile cocurricular activities beyond those provided by the district and can also help students learn about effective financial practices. To that end, student organizations may raise and spend funds to support activities that promote the general welfare, morale, and educational experiences of the student body.

(fcf. 3260 - Fees and Charges)
(fcf. 5000 - Concepts and Roles)
(fcf. 6145 - Extracurricular and Cocurricular Activities)
(fcf. 6145.5 - Student Organizations and Equal Access)

Fund-Raising Events

At the beginning of each school year, each principal or designee shall submit to the Superintendent or designee a list of the fund-raising events that each student organization proposes to hold that year. The Superintendent or designee shall review the proposed events and determine whether the events contribute to the educational experience and are not in conflict with or detract from the school's educational program. When reviewing proposed events, the Superintendent or designee shall consider the effects of the activities on student health and safety, evaluate the risk of liability to the district, and ensure that the proposed activities are in compliance with law, Board policy, and administrative regulation.

(fcf. 1321 - Solicitation of Funds from and by Students)
(fcf. 3530 - Risk Management/Insurance)
(fcf. 3554 - Other Food Sales)
(fcf. 5030 - Student Wellness)
(fcf. 5142 - Safety)
(fcf. 5143 - Insurance)

Management of Funds

Student body funds shall be managed in accordance with law and sound business procedures designed to encourage the largest possible educational return to students without sacrificing the security of funds.

The Superintendent or designee shall develop internal control procedures to safeguard the organization's assets, promote the success of fund-raising ventures, provide reliable financial information, and reduce the risk of fraud and abuse. These procedures shall detail the oversight of activities and funds including, but not limited to, the appropriate role and provision of training for staff and students, parameters for events on campus, appropriate and prohibited uses of funds, and accounting and record-keeping processes, including procedures for handling questionable expenditures.

(fcf. 3400 - Management of District Assets/Accounts)
STUDENT ACTIVITY FUNDS  (continued)

The principal or designee shall be responsible for the proper conduct of all student organization financial activities. The budget adopted by the student body organization should serve as the financial plan for the school year and shall be submitted to the Superintendent or designee at the beginning of each school year. The Superintendent or designee shall periodically review the organization's use of funds to ensure compliance with the district's internal control procedures.

Funds derived from the student body shall be disbursed according to procedures established by the student organization. All disbursements must be approved by a Board-designated official, the certificated employee who is the student organization advisor, and a student organization representative. (Education Code 48933)

The Board shall provide an annual audit of student accounts by a certified public accountant or licensed public accountant. The cost of the audit shall be paid from district funds. (Education Code 41020)

(cf. 3460 - Financial Reports and Accountability)

Legal Reference:

EDUCATION CODE
35182.5 Non-nutritious foods and beverages, vending machines
35564 Funds, obligation of the student body
41020 Requirement for annual audit
48930-48938 Student body organization
49431 Sale of food and beverages, elementary school
49431.5 Sale of food and beverages, middle and high schools
51520 School premise, prohibited solicitations
51521 Fund-raising projects

CODE OF REGULATIONS, TITLE 5
15500 Food sales, elementary schools
15501 Food sales, middle and junior high schools

COURT DECISIONS

Management Resources:

FISCAL CRISIS MANAGEMENT & ASSISTANCE TEAM PUBLICATIONS
Associated Student Body Accounting Manual & Desk Reference, 2005

WEB SITES
California Department of Education: http://www.cde.ca.gov
Fiscal Crisis Management & Assistance Team: http://www.fcmat.org

Policy adopted:  PALMDALE SCHOOL DISTRICT
                          Palmdale, California
The Board of Trustees is committed to ensuring accountability to the public for the fiscal health of the district. The Board shall adopt sound fiscal policies and oversee the district's financial condition and continually evaluate whether the district's budget and financial operations support the district's goals for student achievement.

(cf. 3100 - Budget)
(cf. 3110 - Transfer of Funds)
(cf. 3300 - Expenditures/Expending Authority)
(cf. 3430 - Investing)
(cf. 4143/4243 - Negotiations/Consultation)
(cf. 9000 - Role of the Board)

The Superintendent or designee shall provide the Board with financial reports throughout the year in accordance with law and as otherwise requested by the Board.

The Superintendent or designee shall ensure that all financial reports are prepared in accordance with law and in conformity with generally accepted accounting principles and financial reporting standards stipulated by the Governmental Accounting Standards Board and the California Department of Education (CDE). He/she shall establish a system of ongoing internal controls to ensure the reliability of financial reporting.

(cf. 3400 - Management of District Assets/Accounts)

Based on financial reports provided by the Superintendent or designee and in accordance with law and administrative regulation, the Board shall:

1. Approve and file an annual statement of the district's receipts and expenditures for the preceding fiscal year (Education Code 42100)

2. Adopt a resolution identifying the district's estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year (Education Code 42132; Government Code 7910)

3. Approve interim fiscal reports and certify whether the district will be able to meet its fiscal obligations for the remainder of the fiscal year and two subsequent fiscal years (Education Code 42130, 42131)

4. Provide for an annual audit, select an independent auditor, and review the audit report (Education Code 41020, 41020.3)

The Board shall regularly communicate the district's financial position to the public and shall use financial reports to determine what actions and budget amendments, if any, are needed to ensure the district's financial stability.
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

If district conditions predict fiscal distress or indicate that the district might not be able to meet its fiscal obligations, the Board and Superintendent or designee shall act quickly to identify and resolve these conditions. The Board shall work cooperatively with the County Superintendent of Schools to improve the district's fiscal health and may contract with an external individual or organization to advise the district on fiscal matters.

Unaudited Actual Receipts and Expenditures

On or before September 15, the Board shall approve and file with the County Superintendent a statement of the district's unaudited actual receipts and expenditures for the preceding fiscal year. The Superintendent or designee shall prepare this statement using the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI). (Education Code 42100)

Gann Appropriations Limit Resolution

On or before September 15, the Board shall adopt a resolution identifying, pursuant to Government Code 7900-7914, the district's estimated appropriations limit for the current fiscal year and the actual appropriations limit for the preceding fiscal year. Documentation used to identify these limits shall be made available to the public on the day of the Board meeting. (Education Code 42132; Government Code 7910)

(cf. 9322 - Agenda/Meeting Materials)

Interim Reports/Certification of Ability to Meet Fiscal Obligations

The Superintendent or designee shall submit two interim fiscal reports to the Board, the first report covering the district's financial and budgetary status for the period ending October 31 and the second report covering the period ending January 31. The reports and supporting data shall be made available by the district for public review. (Education Code 42130)

Within 45 days after the close of the period reported, the Board shall approve the interim report and certify, on the basis of the interim report and any additional financial information known by the Board, whether the district will be able to meet its fiscal obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be classified as one of the following: (Education Code 42130, 42131)

1. "Positive certification" indicating that the district will meet its financial obligations for the current fiscal year and two subsequent fiscal years

2. "Qualified certification" indicating that the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

3. "Negative certification" indicating that the district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year

The Superintendent or designee shall submit a copy of each interim report and certification to the County Superintendent using the state's SACS software, as prescribed by the SPI. (Education Code 42130, 42131)

If the district's certification is subsequently changed by the County Superintendent from a positive to a qualified or negative certification, or from a qualified to a negative certification, the Board may appeal the decision to the SPI within five days of receiving the notice of change. (Education Code 42131)

Whenever the district receives a qualified or negative certification from the Board or the County Superintendent, the Superintendent or designee shall cooperate in the implementation of any remedial actions taken or prescribed by the County Superintendent under the authority granted to him/her pursuant to Education Code 42131.

If the second interim report is accompanied by a qualified or negative certification, the Board shall, no later than June 1, provide to the County Superintendent, the State Controller, and the SPI a financial statement as of April 30 ("third interim report") that projects the district's fund and cash balances through June 30. (Education Code 42131)

At any time during the year when the County Superintendent conducts a comprehensive review of the district's financial and budgetary conditions after he/she has determined that the district's budget does not comply with state criteria and standards for fiscal stability, the Board shall review the County Superintendent's recommendations at a public Board meeting. Within 15 days of receiving the report, the district shall notify the County Superintendent and the SPI of its proposed actions on the recommendation. (Education Code 42637)

Audit Report

Pursuant to Education Code 41020, if the district has a disapproved budget, has received a negative certification on any budget or interim fiscal report during the current fiscal year or either of the two preceding fiscal years, or has otherwise been determined by the County Superintendent to have a lack of going concern, any contract the district enters into for auditing services must be approved by the County Superintendent.

By April 1 of each year, the Board shall provide for an annual audit of the district's books and accounts. (Education Code 41020)

To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy from among those deemed qualified by the State Controller. (Education Code 41020, 41020.5)
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

The Board shall not select any public accounting firm to provide audit services if the lead or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for the district in each of the six previous fiscal years. (Education Code 41020)

No later than December 15, the report of the audit for the preceding fiscal year shall be filed with the County Superintendent, the CDE, and the State Controller. (Education Code 41020)

Prior to December 15 whenever possible, but in no case later than January 31, the Board shall review, at an open meeting, the annual district audit for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or any issue raised in a management letter. (Education Code 41020.3)

The Board shall have an opportunity at the meeting to ask questions of the auditor and request further information about the audit findings.

*Legal Reference: (see next page)*
FINANCIAL REPORTS AND ACCOUNTABILITY (continued)

Legal Reference:

EDUCATION CODE
1240 Duties of county superintendent of schools
14500-14508 Financial and compliance audits
17150-17150.1 Public disclosure of non-voter-approved debt
17170-17199.5 California School Finance Authority
33127 Standards and criteria for local budgets and expenditures
33128 Standards and criteria; inclusions
33129 Standards and criteria; use by local agencies
35035 Powers and duties of superintendent
41010-41023 Accounting system
41326 Emergency apportionment
41344 Repayment of apportionment significant audit exceptions
41344.1 Appeals of audit findings
41455 Examination of financial problems of local districts
42100-42105 Requirement to prepare and file annual statement
42120-42129 Budget requirements
42130-42134 Financial reports and certifications
42140-42142 Public disclosure of fiscal obligations
42637 County superintendent review of district’s financial and budgetary conditions
42652 Revocation or suspension of warrant authority
48300-48316 Student attendance alternatives
52060-52077 Local control and accountability plan

GOVERNMENT CODE
3540.2 School district; qualified or negative certification; proposed agreement review and comment
7900-7914 Appropriations limit
16429.1 Local agency investment fund
53646 Reports of investment policy and compliance

CODE OF REGULATIONS, TITLE 5
15060 Standardized account code structure
15070 Submission of reports using standardized account code structure
15440-15451 Criteria and standards for school district budgets
15453-15464 Criteria and standards for school district interim reports
19810-19816.1 Audits

UNITED STATES CODE, TITLE 31
7501-7507 Single audits of federal program funds

Management Resources: (see next page)
MANAGEMENT RESOURCES:

CSBA PUBLICATIONS
Maximizing School Board Governance: Fiscal Accountability, 2006

CALIFORNIA DEPARTMENT OF EDUCATION COMMUNICATIONS
New Financial Reporting Requirements for Postemployment Benefits Other than Pensions, February 26, 2007
Audit Resolution Process: Repayment Plans, December 8, 2000

FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS
Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, September 2006

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS
Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, March 2009
Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, June 2004
Statement 34, Basic Financial Statements and Management’s Discussion and Analysis - For State and Local Governments, June 1999

STATE CONTROLLER PUBLICATIONS
Standards and Procedures for Audits of California K-12 Local Educational Agencies (annual publication)

U.S. GOVERNMENT ACCOUNTABILITY OFFICE AND PRESIDENT’S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE) PUBLICATIONS
Government Auditing Standards, 2011

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULARS
A-133 Audits of States, Local Governments, and Non-Profit Organizations

WEB SITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California County Superintendents Educational Services Association: http://www.ccsesa.org
California Department of Education, Finance and Grants: http://www.cde.ca.gov/fg
Education Audit Appeals Panel: http://www.eaap.ca.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org
Governmental Accounting Standards Board: http://www.gasb.org
School Services of California: http://www.sscal.com
State Controller’s Office: http://www.sco.ca.gov
U.S. Office of Management and Budget: http://www.whitehouse.gov/omb
Interim Reports

The Superintendent or designee shall submit two interim fiscal reports to the Board of Trustees, the first report covering the district's financial and budgetary status for the period ending October 31 and the second report covering the period ending January 31. The County Office of Education may request an additional third interim fiscal report due no later than June 1st. The reports and supporting data shall also be made available by the district for public review. (Education Code 42130, 42131)

The interim reports shall be based on State Board of Education (SBE) criteria and standards which address fund and cash balances, reserves, deficit spending, estimation of average daily attendance (ADA), projected enrollment, ratio of ADA to enrollment, projected local control funding formula (LCFF) revenue, salaries and benefits, other revenues and expenditures, and facilities maintenance. For purposes of assessing projections of LCFF revenue, the first interim report shall be compared to the adopted district budget, and the second interim report shall be compared to the projections in the first interim report. (Education Code 42130; 5 CCR 15453-15464)

(cf. 3100 - Budget)
(cf. 3220.1 - Lottery Funds)
(cf. 3300 - Expenditures and Purchases)
(cf. 3314 - Payment for Goods and Services)

The report shall also provide supplemental information regarding contingent liabilities, use of one-time revenues for ongoing expenditures, contingent revenues, contributions (i.e., projected contributions from unrestricted general fund resources to restricted general fund resources, projected transfers to or from the general fund to cover operating deficits in the general fund or any other fund, and capital project cost overruns that may impact the general fund budget), long-term commitments, unfunded liabilities, temporary interfund borrowings, the status of labor agreements, and the status of other funds. (Education Code 42130; 5 CCR 15453, 15464)

(cf. 3110 - Transfer of Funds)

Unaudited Actual Receipts and Expenditures

The Superintendent or designee shall prepare a statement of all unaudited actual receipts and expenditures of the district for the preceding fiscal year, using the state's standardized account code structure (SACS) as prescribed by the Superintendent of Public Instruction (SPI). On or before September 15, the Board of Trustees shall approve this statement and file it with the County Superintendent of Schools. (Education Code 42100)
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

Gann Appropriations Limit Resolution

The Board shall adopt a resolution by September 15 of each year to identify, pursuant to Government Code 7900-7914, the estimated appropriations limit for the district for the current fiscal year and the actual appropriations limit of the district during the preceding year. Documentation used to identify these limits shall be made available to the public on the day of the meeting. (Education Code 42132, Government Code 7910)

Audit Report

By April 1 of each year, the Board shall provide for an audit of the district's books and accounts or the County Superintendent shall make arrangements to provide for that audit. (Education Code 41020)

The Superintendent or designee shall establish a timetable for the completion and review of the audit within the deadlines established by law.

To conduct the audit, the Board shall select a certified public accountant or public accountant licensed by the State Board of Accountancy from among those deemed qualified by the State Controller. (Education Code 41020, 41020.5)

The Board shall not select any public accounting firm to provide audit services if the lead or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for the district in each of the six previous fiscal years. (Education Code 41020)

While a public accounting firm is performing the audit of the district, it shall not provide any nonauditing, management, or other consulting services for the district except as provided in Government Accounting Standards, Amendment #3, published by the U.S. Government Accounting Office. (Education Code 41020)

The audit shall include an audit of income and expenditures by source of funds for all funds of the district, including the student body and cafeteria funds and accounts and any other funds under the control or jurisdiction of the district, as well as an audit of student attendance procedures. The audit shall also include a determination of whether LCFF funds were expended in accordance with the district's local control and accountability plan or an approved annual update of the plan. (Education Code 41020)

(cf. 0460 - Local Control and Accountability Plan)
(cf. 3430 - Investing)
(cf. 3451 - Petty Cash Funds)
(cf. 3452 - Student Activity Funds)
(cf. 3551 - Food Service Operations/Cafeteria Fund)
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

When required by federal law, specified records pertaining to the audit of federal funds received and expended by the district shall be transmitted to the federal clearinghouse designated by the federal Office of Management and Budget and shall be made available for public inspection. Such records shall be transmitted within 30 days after receipt of the auditor's report or within nine months after the end of the fiscal year, whichever is sooner, unless a longer period is agreed to in advance by the federal agency or a different period is specified in a program-specific audit guide. (31 USC 7502)

If the district participates in the school district of choice program to accept interdistrict transfers, the Superintendent or designee shall notify the auditor, prior to the commencement of the audit, that the audit must include a review of the district's compliance with specified program requirements. (Education Code 48301)

(cf. 5117 - Interdistrict Attendance)

If an audit finding results in the district being required to repay an apportionment or pay a penalty, the district may appeal the finding to the Education Audit Appeals Panel by making an informal summary appeal within 30 days of receiving the final audit report or initiating a formal appeal within 60 days of receiving the report. (Education Code 41344, 41344.1)

Report on Expenditures of State Facilities Funds

When the district participates in the school facilities program pursuant to Education Code 17070.10-17079.30, the Superintendent or designee shall annually report a detailed list of all expenditures of state facilities funds, including interest, and of the district's matching funds for completed projects until all such funds are expended. The report shall identify expenditures on a project-by-project basis, reflect completed projects that were reimbursed within that fiscal year, and clearly indicate the list of projects that have been completed. (Education Code 41024; 2 CCR 1859.104)

Audits of facilities projects shall be concluded within one year of project completion, and shall be included as part of the district's audit for the fiscal year in which the project is reported as completed. A project shall be deemed completed when any of the following conditions is met: (Education Code 41024; 2 CCR 1859.104)

1. When the notice of completion for the project has been filed, all outstanding invoices, claims, and change orders have been satisfied, and the facility is currently in use by the district

2. Three years from the date of the final fund release for an elementary school project

3. Four years from the date of the final fund release for a middle or high school project
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

Fund Balance

In accordance with GASB Statement 54, external financial reports shall report fund balances in the general fund within the following classifications based on the relative strength of constraints placed on the purposes for which resources can be used:

1. Nonspendable fund balance, including amounts that are not expected to be converted to cash, such as resources that are not in a spendable form or are legally or contractually required to be maintained intact

2. Restricted fund balance, including amounts constrained to specific purposes by their providers or by law

3. Committed fund balance, including amounts constrained to specific purposes by the Board

4. Assigned fund balance, including amounts which the Board or its designee intends to use for a specific purpose

5. Unassigned fund balance, including amounts that are available for any purpose

Negative Balance Report

Whenever the district reports a negative unrestricted fund balance or a negative cash balance in its annual budget or annual audit report, it shall include in the budget a statement that identifies the reasons for the negative unrestricted fund balance or negative cash balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current fiscal year. (Education Code 42127.5)

Non-Voter-Approved Debt Report

Whenever the Board approves the issuance of certificates of participation, revenue bonds or any agreement for financing school construction pursuant to Education Code 17170-17199.5, the Superintendent or designee shall notify the County Superintendent of Schools and the county auditor. The Superintendent or designee shall provide the Board, the county auditor, the County Superintendent and the public with related repayment schedules and evidence of the district's ability to repay the obligation. Within 15 days, the County Superintendent and county auditor may comment publicly to the Board regarding the district's capability to repay the debt. (Education Code 17150)
FINANCIAL REPORTS AND ACCOUNTABILITY  (continued)

When the Board is considering the issuance of certificates of participation and other debt instruments that are secured by real property and do not require the approval of the voters of the district, the Superintendent or designee shall provide notice to the County Superintendent and county auditor no later than 30 days before the Board's approval to proceed with issuance. The Superintendent or designee shall provide the Board, the county auditor, the County Superintendent, and the public with information necessary to assess the anticipated effect of the debt issuance, including related repayment schedules, evidence of the district's ability to repay the obligation, and the issuance costs. (Education Code 17150.1)

Other Postemployment Benefits Report (GASB  75)

In accordance with GASB Statement 75, the district's financial statements shall report the annual expense of nonpension other postemployment benefits (OPEBs) on an accrual basis over retirees' active working lifetime, as determined by a qualified actuary procured by the Superintendent or designee. To the extent that these OPEBs are not prefunded, the district shall report a liability on its financial statements.

(cf. 4154/4254/4354 - Health and Welfare Benefits)
(cf. 9250 - Remuneration, Reimbursement and Other Benefits)

The Superintendent or designee shall annually present the estimated accrued but unfunded cost of OPEBs and the actuarial report upon which those costs are based at a public meeting of the Board. (Education Code 42140)

The amount of the district's financial obligation for OPEBs shall be reevaluated every two years in accordance with GASB 75 depending on the number of members in the OPEB plan.
DEBT ISSUANCE AND MANAGEMENT

The Board of Trustees is committed to long-term capital and financial planning and recognizes that the issuance of debt is a key source for funding the improvement and maintenance of school facilities and managing cash flow. Any debt issued by the district shall be consistent with law and this policy.

(cf. 3000 - Concepts and Roles)
(cf. 3460 - Financial Reports and Accountability)
(cf. 7110 - Facilities Master Plan)
(cf. 7210 - Facilities Financing)

The district shall not enter into indebtedness or liability that in any year exceeds the income and revenue provided for such year, unless two-thirds of the voters approve the obligation or one of the exceptions specified in law applies. (California Constitution, Article 16, Section 18)

When the Board determines that it is in the best interest of the district, the Board may issue debt or order an election to issue debt. The Superintendent or designee shall make recommendations to the Board regarding appropriate financing methods for capital projects or other projects that are authorized purposes for debt issuance. When approved by the Board and/or the voters as applicable, the Superintendent or designee shall administer and coordinate the district's debt issuance program and activities, including the timing of issuance, sizing of issuance, method of sale, structuring of the issue, and marketing strategies.

The Superintendent or designee shall retain a financial advisor, municipal advisor, investment advisor, and other financial services professionals as needed to assist with the structuring of the debt issuance and to provide general advice on the district's debt management program, financing options, investments, and compliance with legal requirements. Contracts for services provided by such advisors may be for a single transaction or for multiple transactions, consistent with the contracting requirements in Education Code 17596. In the event that the district issues debt through a negotiated sale, underwriters may be selected for multiple transactions if multiple issuances are planned for the same project. In addition, the district shall select a legal team on an as-needed basis to assist with debt issuances or special projects.

(cf. 3312 - Contracts)
(cf. 3600 - Consultants)
(cf. 9270 - Conflict of Interest)

Goals

The district's debt issuance activities and procedures shall be aligned with the district's vision and goals for providing adequate facilities and programs that support student learning and well-being. When issuing debt, the district shall ensure that it:
DEBT ISSUANCE AND MANAGEMENT (continued)

1. Maintains accountability for the fiscal health of the district, including prudent management and transparency of the district's financing programs

2. Attains the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements

3. Takes all practical precautions and proactive measures to avoid financial decisions that could negatively impact current credit ratings on existing or future debt issues

4. Maintains effective communication with rating agencies and, as appropriate, credit enhancers such as bond insurers or other providers of credit or liquidity instruments in order to enhance the creditworthiness, liquidity, or marketability of the debt

5. Monitors the district's statutory debt limit in relation to assessed valuation within the district and the tax burden needed to meet long-term debt service requirements. Meanwhile, pursuant to the provisions of the California Education Code, the district reserves the right and ability to seek a waiver of the limitations of the California Education Code with respect to general obligation bonded indebtedness from the States Board of Education when the Board shall determine such to be appropriate.

6. When determining the timing of debt issuance, considers market conditions, cash flows associated with repayment, and the district's ability to expend the obtained funds in a timely, efficient, and economical manner consistent with federal tax laws

7. Determines the amortization (maturity) schedule which will fit best within the overall debt structure of the district at the time the new debt is issued

8. Considers the useful lives of assets funded by the debt issue, as well as repair and replacement costs of those assets to be incurred in the future

9. Preserves the availability of the district's general fund for operating purposes and other purposes that are not funded by the issuance of voter-approved debt

10. Meets the ongoing obligations and accountability requirements associated with the issuance and management of debt under state and federal tax and securities laws

(cf. 0000 - Vision)
(cf. 0200 - Goals for the School District)
(cf. 7000 - Concepts and Roles)
DEBT ISSUANCE AND MANAGEMENT  (continued)

Authorized Purposes for the Issuance of Debt

The district may issue debt for any of the following purposes:

1. To pay for the cost of capital improvements, including acquiring, constructing, reconstructing, rehabilitating, replacing, improving, extending, enlarging, and/or equipping district facilities

2. To refund existing debt

3. To provide for cash flow needs

(cf. 3100 - Budget)
(cf. 3110 - Transfer of Funds)

Pursuant to Government Code 53854, general operating costs, including, but not limited to, items normally funded in the district's annual operating budget, shall not be financed from debt payable later than 15 months from the date of issuance. The district may deem it desirable to finance cash flow requirements under certain conditions so that available resources better match expenditures within a given fiscal year. To satisfy both state constitutional and statutory constraints, such cash flow borrowing shall be payable from taxes, income, revenue, cash receipts, and other moneys attributable to the fiscal year in which the debt is issued.

Authorized Types of Debt

The Superintendent or designee shall recommend to the Board potential financing method(s) that result in the highest benefit to the district, with the cost of staff and consultants considered. Potential financing sources may include:

1. Short-Term Debt
   
   a. Short-term debt, such as tax and revenue anticipation notes (TRANs), when necessary to allow the district to meet its cash flow requirements (Government Code 53850-53858)
   
   b. Bond anticipation notes (BANs) to provide interim financing for capital bond projects that will ultimately be paid from general obligation bonds  (Education Code 15150)
   
   c. Grant anticipation notes (GANs) to provide interim financing pending the receipt of grants and/or loans from the state or federal government that have been appropriated and committed to the district (Government Code 53859-53859.08)
DEBT ISSUANCE AND MANAGEMENT (continued)

d. Mello-Roos special tax obligation pursuant to Government Code Section 5331 et seq.

2. Long-Term Debt

a. General obligation bonds for projects approved by voters (California Constitution, Article 13A, Section 1; Education Code 15100-15262, 15264-15276; Government Code 53506-53509.5)

(cf. 7214 - General Obligation Bonds)

b. Special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Government Code 53311-53368.3)

(cf. 7212 - Mello Roos Districts)

3. Lease financing, either short-term or long-term, including certificates of participation (COPs)

a. Lease financing to fund capital equipment purchases when pay-as-you-go financing is not feasible (Education Code 17450-17453.1)

b. Lease financing to fund facilities projects when there is insufficient time to obtain voter approval or in instances where obtaining voter approval is either not feasible or unavailable (Education Code 17400-17429, 17456)

4. Special financing programs or structures offered by the federal or state government, such as Qualified Zone Academy Bonds or other tax credit obligations or obligations that provide subsidized interest payments, when the use of such programs or structures is determined to result in sufficiently lower financing costs compared to traditional tax-exempt bonds and/or COPs

5. Temporary borrowing from other sources such as the County Treasurer

COPs, TRANs, revenue bonds, or any other non-voter approved debt instrument shall not be issued by the district in any fiscal year in which the district has a qualified or negative certification, unless the County Superintendent of Schools determines, pursuant to criteria established by the Superintendent of Public Instruction, that the district's repayment of that indebtedness is probable. (Education Code 42133)
DEBT ISSUANCE AND MANAGEMENT (continued)

Relationship of Debt to District Facilities Program and Budget

Decisions regarding the issuance of debt for the purpose of financing capital improvement shall be aligned with needs for acquisition, development, and/or improvement of district property and facilities as identified in the district's facilities master plan or other applicable needs assessment, the projected costs of those needs, schedules for the projects, and the expected resources.

The cost of debt issued for major capital repairs or replacements shall be evaluated against the potential cost of delaying such repairs and/or replacing such facilities.

When considering a debt issuance, the Board and the Superintendent or designee shall evaluate both the short-term and long-term implications of the debt issuance and additional operating costs associated with the new projects involved. Such evaluation may include, but is not limited to, the projected ratio of annual debt service to the tax burden on the district's taxpayers and the ratio of annual debt service secured by the general fund to general fund expenditures.

The district may enter into credit enhancement agreements such as municipal bond insurance, surety bonds, letters of credit, and lines of credit with commercial banks, municipal bond insurance companies, or other financial entities when their use is judged to lower borrowing costs, eliminate restrictive covenants, or have a net economic benefit to the financing.

Structure of Debt Issues

The district shall consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

The district shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, ensure cost effectiveness, provide flexibility, and, as practical, recapture or maximize its debt capacity for future use. Principal amortization will be structured to meet debt repayment, tax rate, and flexibility goals.

For new money debt issuances for capital improvements, the district shall size the debt issuance with the aim of funding capital projects as deemed appropriate by the Board, as long as the issuance is consistent with the overall financing plan, does not exceed the amount authorized by voters, and, unless a waiver is sought and received from the state, will not cause the district to exceed the limitation on debt issuances specified in the California Constitution or Education Code 15102, 15106, 15268 or 15270, as applicable.
DEBT ISSUANCE AND MANAGEMENT  (continued)

To the extent practicable, the district shall also consider credit issues, market factors, and tax law when sizing the district's bond issuance. The sizing of refunding bonds shall be determined by the amount of money that will be required to cover the principal of, any accrued interest on, and any redemption premium for the debt to be paid on the call date (or, in the case of cross-over refundings, the interest on the refunding debt to the crossover date) and to cover appropriate financing costs.

Any general obligation bond issued by the district shall mature within 40 years of the issuance date or as otherwise required by law. (California Constitution, Article 16, Section 18; Government Code 53508.6)

The final maturity of equipment or real property lease obligations will be limited consistent with state law.

Method of Sale

For the sale of any district-issued debt, the Superintendent or designee shall recommend the method of sale with the potential to achieve the lowest financing cost and/or to generate other benefits to the district. Potential methods of sale include:

1. A competitive bidding process through which the award is based on, among other factors, the lowest offered true interest cost

2. Negotiated sale, subject to approval by an authorized officer of the district to ensure that interest costs are in accordance with comparable market interest rates

3. Private placement sale, when the financing can or must be structured for a single or limited number of purchasers or where the terms of the private placement are more beneficial to the district than either a negotiated or competitive sale

Investment of Proceeds

The district shall actively manage the proceeds of debt issued for public purposes in a manner that is consistent with state law governing the investment of public funds and with the permitted securities covenants of related financing documents executed by the district. Where applicable, the district's official investment policy and legal documents for a particular debt issuance shall govern specific methods of investment of bond-related proceeds. Preservation of principal shall be the primary goal of any investment strategy, followed by the availability of funds and then by return on investment.

(cf. 3430 - Investing)
DEBT ISSUANCE AND MANAGEMENT  (continued)

With regard to general obligation bonds, the district shall invest new money bond proceeds in the county treasury pool as required by law. (Education Code 15146)

The management of public funds shall enable the district to respond to changes in markets or changes in payment or construction schedules so as to ensure liquidity and minimize risk.

Refunding/Restructuring

The district may consider refunding or restructuring outstanding debt if it will be financially advantageous or beneficial for debt repayment and/or structuring flexibility. When doing so, the district shall consider the maximization of the district's expected net savings over the life of the debt issuance and, when using a general obligation bond to refund an existing bond, shall ensure that the final maturity of the refunding bond is no longer than the final maturity of the existing bond.

Internal Controls

The Superintendent or designee shall establish internal control procedures to ensure that the proceeds of any debt issuance are directed to the intended use. Such procedures shall assist the district in maintaining the effectiveness and efficiency of operations, properly expending funds, reliably reporting debt incurred by the district and the use of the proceeds, complying with all laws and regulations, preventing fraud, and avoiding conflict of interest.

(cf. 3314 - Payments for Goods and Services)
(cf. 3400 - Management of District Assets/Accounts)

The district shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred as defined in the text of the voter-approved bond measure. (Government Code 53410)

When feasible, the district shall issue debt with a defined revenue source in order to preserve the use of the general fund for general operating purposes.

The district shall annually conduct a due diligence review to ensure its compliance with all ongoing obligations applicable to issuers of debt. Such a review may be conducted by general legal counsel or bond counsel. Any district personnel involved in conducting such reviews shall receive periodic training regarding their responsibilities.

In addition, the Superintendent or designee shall ensure that the district completes, as applicable, all performance and financial audits that may be required for any debt issued by the district, including disclosure requirements applicable to a particular transaction.
DEBT ISSUANCE AND MANAGEMENT  (continued)

Records/Reports

At least 30 days prior to the sale of any debt issue, the Superintendent or designee shall submit a report of the proposed issuance to the California Debt and Investment Advisory Commission (CDIAC). Such report shall include a self-certification that the district has adopted a policy concerning the use of debt that complies with law and that the contemplated debt issuance is consistent with that policy. (Government Code 8855)

On or before January 31 of each year, the Superintendent or designee shall submit a report to the CDIAC regarding the debt authorized, the debt outstanding, and the use of proceeds of the issued debt for the period from July 1 to June 30. (Government Code 8855)

The Superintendent or designee shall provide initial and any annual or ongoing disclosures required by 17 CFR 240.10b-5 and 240.15c2-12 to the Municipal Securities Rulemaking Board, investors, and other persons or entities entitled to disclosure, and shall ensure that the district's disclosure filings are updated as needed.

The Superintendent or designee shall maintain transaction records of decisions made in connection with each debt issuance, including the selection of members of the financing team, the structuring of the financing, selection of credit enhancement products and providers, and selection of investment products. Each transaction file shall include the official transcript for the financing, interest rates and cost of issuance on the day when the debt was sold ("final number runs"), and a post-pricing summary of the debt issue. In addition, documentation evidencing the expenditure of proceeds, the use of debt-financed property by public and private entities, all sources of payment or security for the debt, and investment of proceeds shall be kept for as long as the debt is outstanding, plus the period ending three years after the financial payment date of the debt or the final payment date of any obligations or series of bonds issued to refund directly or indirectly all of any portion of the debt, whichever is later.

The Superintendent or designee shall annually report to the Board regarding debts issued by the district, including information on actual and projected tax rates, an analysis of bonding capacity, ratings on the district's bonds, market update and refunding opportunities, new development for California bond financings, and the district's compliance with post-issuance requirements.

Exceptions and Modifications

The District acknowledges that the capital marketplace fluctuates, municipal finance products change from time to time, and that issuer and investor supply and demand vary. These fluctuations may produce situations that are not anticipated or covered by this policy. As such, the Board of Trustees may make exceptions or modifications to this policy to achieve the debt management goals outlined above. Management flexibility is appropriate and necessary in such situations, provided specific authorization is granted by the Board of Trustees.
DEBT ISSUANCE AND MANAGEMENT (continued)

Policy Development

The Superintendent or designee may develop additional specific elements of a debt management framework through rules and regulations which, along with this policy, shall be reviewed periodically in consideration of changing laws, District needs and market conditions.

Legal Reference:

EDUCATION CODE
5300-5441 Conduct of elections
15100-15262 Bonds for school districts and community college districts
15264-15276 Strict accountability in local school construction bonds
15278-15288 Citizen's oversight committees
15300-15425 School Facilities Improvement Districts
17150 Public disclosure of non-voter-approved debt
17400-17429 Leasing of district property
17450-17453.1 Leasing of equipment
17456 Sale or lease of district property
17596 Duration of contracts
42130-42134 Financial reports and certifications

ELECTIONS CODE
1000 Established election dates

GOVERNMENT CODE
8855 California Debt and Investment Advisory Commission
53311-53368.3 Mello-Roos Community Facilities Act
53410-53411 Bond reporting
53506-53509.5 General obligation bonds
53550-53569 Refunding bonds of local agencies
53580-53595.55 Bonds
53850-53858 Tax and revenue anticipation notes
53859-53859.08 Grant anticipation notes

CALIFORNIA CONSTITUTION

Article 13A, Section 1 Tax limitation
Article 16, Section 18 Debt limit

UNITED STATES CODE, TITLE 15
78o-4 Registration of municipal securities dealers

UNITED STATES CODE, TITLE 26
54E Qualified Zone Academy Bonds

CODE OF FEDERAL REGULATIONS, TITLE 17
240.10b-5 Prohibition against fraud or deceit
240.15c2-12 Municipal securities disclosure

CODE OF FEDERAL REGULATIONS, TITLE 26
1.103 Interest on state and local bonds
1.141 Private activity bonds
1.148 Arbitrage and rebate
1.149 Hedge bonds
1.6001-1 Records

Management Resources: (see next page)
DEBT ISSUANCE AND MANAGEMENT (continued)

Management Resources:

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PUBLICATIONS
California Debt Issuance Primer

GOVERNMENT FINANCE OFFICERS ASSOCIATION PUBLICATIONS
Understanding Your Continuing Disclosure Responsibilities, Best Practice, September 2015
Investment of Bond Proceeds, Best Practice, September 2014
Selecting and Managing Municipal Advisors, Best Practice, February 2014
Debt Management Policy, Best Practice, October 2012
Analyzing and Issuing Refunding Bonds, Best Practice, February 2011

INTERNAL REVENUE SERVICE PUBLICATIONS
Tax Exempt Bond FAQs Regarding Record Retention Requirements

U.S. GOVERNMENT ACCOUNTABILITY OFFICE PUBLICATIONS
Internal Control System Checklist

WEB SITES
California Debt and Investment Advisory Commission: http://www.treasurer.ca.gov/cdiac
Government Finance Officers Association: http://www.gfoa.org
Internal Revenue Service: http://www.irs.gov