

Sabinal Independent School District

Business Administrative Procedures Manual

2017-2018

Approved by: Richard W. Grill, Superintendent
August 2017

PO Box 338

Sabinal, Texas 78881

830-988-2472

www.sabinalisd.net

PREFACE

The Sabinal Independent School District (herein referred to as “SABINAL ISD” or the “District”) Business Administrative Procedures Manual (herein referred to as “Sabinal AMP” or the “AMP”) systemized business practices, guidelines, and procedures within the Business Office. The manual is intended to be a “living” document, which will be revised and updated as the requirements of the District change.

The Sabinal APM is intended for use as a reference tool for campus and department administrators, secretaries, and other staff members with budgetary and/or financial responsibilities.

There is an underlying assumption that the individuals for whom it was written will have a general understanding of the financial process in a school system. The major purpose is to provide consistency and standardization in administering and documenting school business activities throughout SABINAL ISD.

These business procedures are published in an effort to ensure the District’s compliance with Board policy and GAAP (generally accepted accounting procedures). If a conflict exists between Board policy and this manual, Board policy will prevail.

TABLE OF CONTENTS

BUSINESS OFFICE CONTACT INFORMATION	8
SECTION 1 – BUSINESS ADMINISTRATION	
1.1 FISCAL YEAR	10
1.2 SEGREGATION OF CONTROLS	10
1.3 ADMINISTRATIVE COST RATIO	10
1.4 SCHOOLS FIRST	11
1.5 BOND RATING	11
1.6 CHAPTER 41	12
1.7 PERMANENT SCHOOL FUND (PSF)	12
1.8 SUMMARY OF FINANCE	12
1.9 TRUTH-IN-TAXATION	13
1.10 MID-YEAR PEIMS SUBMISSION	14
1.11 PUBLISHING ANNUAL FINANCIAL STATEMENT IN LOCAL NEWSPAPER	14
SECTION 2 – BUDGET	
2.1 LEGAL REQUIREMENTS	16
2.2 CAMPUS AND DEPARTMENT BUDGETING METHODOLOGY	18
2.3 BUDGET CALENDAR	18
2.4 REVENUE ESTIMATES	18
2.5 BUDGET AMENDMENTS	18
2.6 SPECIAL REVENUE FUND BUDGETING	19
SECTION 3 – ACCOUNTING	

3.1	ACCOUNTING OVERVIEW	21
3.2	RESPONSIBILITY OF CAMPUS & DEPARTMENT SUPERVISORS	24

SECTION 4 – GRANTS

4.1	GRANTS AND RELATED REQUIREMENTS	26
4.2	INDIRECT COST RATES	33
4.3	TIME AND EFFORT	34

SECTION 5 – PURCHASING

5.1	PURCHASING ETHICS	37
5.2	THE PURCHASING PROCESS	37
5.3	COMPETITIVE PROCUREMENT REQUIREMENTS & PROCEDURES	39
5.4	VENDORS	40
5.4.1	VENDOR SELECTION AND RELATIONS	40
5.4.2	VENDOR GIFTS AND RELATIONS	40
5.5	RECEIVING	40
5.6	CAPITAL ASSETS	41
5.7	INVENTORY	42
5.8	8 DISPOSAL OR RETIREMENT OF CAPITAL ASSETS AND INVENTORY	42

SECTION 6 – ASSETS AND INVENTORY CONTROL

6.1	ASSET AND INVENTORY OVERVIEW	45
6.2	ASSET AND INVENTORY OVERSIGHT	46
6.3	ASSET AND INVENTORY LOSS	46
6.4	ASSET AND INVENTORY ADDITIONS	46

6.5	SURPLUS EQUIPMENT	46
------------	--------------------------	-----------

SECTION 7 – ACCOUNTS PAYABLE

7.1	ACCOUNTS PAYABLE SCHEDULE	48
7.2	CHECK REQUEST INSTRUCTIONS	48
7.3	PURCHASE ORDER PAYMENTS	48
7.4	POSITIVE PAY	48
7.5	PACKING LISTS	49
7.6	DISTRICT CREDIT CARD USE	49

SECTION 8 – TRAVEL

8.1	TRAVEL OVERVIEW	51
8.2	PRE-TRIP PORCEDURES	51
8.3	STUDENT TRAVEL	52
8.4	REIMBURSEMENT FOR TRAVEL NOT TAKEN	53
8.5	HOTEL/MOTEL EXPENSES	54
8.6	PERSONAL VEHICLE	54

SECTION 9 – ACTIVITY FUNDS

9.1	ACTIVITY FUNDS OVERVIEW	56
9.2	FUNDRAISING	56
9.3	RESPONSIBILITY AND OVERSIGHT	56
9.4	PETTY CASH	57
9.5	RELATIONS WITH PARENT ORGANIZATIONS	57

SECTION 10 – PAYROLL

10.1	ANNUAL PAYROLL SCHEDULE	59
10.2	ANNUALIZED COMPENSATION	59
10.3	REQUIRED PAYROLL DEDUCTIONS	59
10.4	OPTIONAL PAYROLL DEDUCTIONS	60
10.5	DIRECT DEPOSIT	60
10.6	TIME CARD/SHEETS	60
10.7	RETIREMENT PLAN OPTIONS	60
10.8	DELIVERY OF WAGE AND EARNING STATEMENTS	62
10.9	POSITIVE PAY	63
10.10	WORKER’S COMPENSATION BENEFITS	63
10.11	UNEMPLOYMENT COMPENSATION BENEFITS	64
10.12	AUTHORIZATION FORM	64

SECTION 11 – EMPLOYEE BENEFITS

11.1	EMPLOYEE HEALTH INSURANCE	66
11.2	OTHER OPTIONAL EMPLOYEE BENEFITS	66
11.3	NOTICES TO EMPLOYEES COBRA	68

SECTION 12 – CASH MANAGEMENT

12.1	CASH PRACTICES	70
12.2	DEPOSITORY CONTRACT	70
12.3	RECONCILIATIONS	70
12.4	PUBLIC FUNDS INVESTMENT ACT	70
12.5	AUTHORIZED INVESTMENTS	70
12.6	INVESTMENT REPORTING REQUIREMENTS	71
12.7	INVESTMENT STRATEGIES	72
12.8	STANDARD OF CARE	73

12.9	INVESTMENT OFFICERS	74
12.10	INVESTMENT TRAINING	74
12.11	PERSONAL INTEREST	75
12.12	SELLERS OF INVESTMENTS	75
12.13	DONATIONS	75

SECTION 13 – RISK MANAGEMENT

13.1	PROPERTY AND CASUALTY INSURANCE	78
13.2	FRAUD REPORTING	78
13.3	INSURANCE REQUIREMENTS OF VENDORS	79
13.4	LIABILITY COVERAGE	79
13.5	STUDENT ACIDENT INSURANCE	79

SECTION 14 – RECORDS MANAGEMENT

14.1	LEGAL REQUIREMENTS	81
14.2	RECORDS MANAGEMENT OFFICER	81
14.3	RECORDS DESTRUCTION PROCESS	81
14.4	RECORDS CONTROL SCHEDULE	81
14.5	GRANT RECORDS	82

APPENDIX 1	PERIODIC CERTIFICATION FORM	83
APPENDIX 2	PERSONNEL ACTIVITY REPORT	84

DISTRICT CONTACT INFORMATION

Richard Grill, Superintendent.....	830-988-2472
Michael Neuman, Chief Financial Officer.....	830-988-2472
Elda Alejandro, Business Manager	830-988-2472
Elia Flores, Accounts Payable Clerk	830-988-2472
Martha Posey, Special Education Director.....	830-988-2341
Stephanie Keller, PEIMS Coordinator	830-988-2475

Location: 409 W. Cullins Ave.
Sabinal, TX 78881

Phone: 830-988-2472
Fax: 830-988-7151

SECTION 1
BUSINESS
ADMINISTRATION

1.1 FISCAL YEAR

The fiscal year of a school district begins on July 1 of each year, as determined by the board of trustees of the district. The commissioner may adopt rules concerning the submission of information by a district under Chapter 39 or 42 based on the fiscal year of the district.

1.2 SEGREGATION OF CONTROLS

As a school district writes an information management plan, inherent in the process should be consideration of internal controls. Each school district should have an internal control structure in place to provide reasonable assurance that the school district's assets are safeguarded from unauthorized use or disposition.

The attitude of a school district's administration about the importance of internal controls is a key factor in the successful implementation of an internal control system. Development of policies and procedures that include internal control elements is critical. Willingness to immediately take corrective action when deficiencies are discovered is also important.

When a school district creates an internal control plan, it should consider including:

- Security measures to safeguard the school district's assets from internal or external misuse (such as video monitoring, limiting access, security codes and computer passwords)
- Segregation of duties
- Hardware and software controls
- Internal audit and review functions
- External audits

1.3 ADMINISTRATIVE COST RATIO

SB 900 enacted during the 78th Texas Legislature's Regular Session in 2003 repealed Section 42.201 of the Texas Education Code (TEC) relating to administrative cost ratios. The bill continued the statute only for the limited purpose of recovering amounts from districts that meet the criteria for excess administrative costs for the school year 2002-2003.

TEA also sets annual rules for the calculation of administrative costs and the —acceptable administrative cost ratio for school districts based upon their size, sparsely and student population characteristics. The components of administrative cost are defined as operating expenses made from funds other than federal funds associated with managing, planning, directing, coordinating and evaluating a school district. Administrative costs include costs classified in Account Code Functions 21 (Instructional Leadership) and 41 (General Administration) as defined in the Financial Accounting and Reporting modules. The administrative cost ratio is calculated by dividing administrative costs by instruction costs, expressed as a percentage. Instruction costs are defined as operating expenses made from funds other than federal funds associated with teacher student instruction. Instructional costs are costs classified in Account Code Functions 11 (Instruction), 12 (Instructional Resources and Media

Services), 13 (Curriculum Development and Instructional Staff Development), and 31 (Guidance, Counseling and Evaluation Services) as defined in the Financial Accounting and Reporting module. Both administrative and instructional costs are discussed in greater detail in the Financial Accounting and Reporting module. Although the administrative cost ratio is no longer required by state law it remains an indicator in the Financial Integrity Rating System of Texas (FIRST).

1.4 SCHOOLS FIRST

The District is required to prepare and distribute an annual financial management report [Schools FIRST]. The report shall contain information on state-established standards and the District's financial management performance for the current and previous years' financial accountability ratings. *Board Policy BBFA*

The purpose of the financial accountability rating system is to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. The system is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes. The system will also disclose the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools. An evaluation of the long-term effectiveness of the system should disclose a measurable improvement in the quality of Texas public schools' financial decision-making processes. School districts are required to distribute the financial management report to parents and taxpayers. The board of trustees is required to hold a public hearing on the report at a district facility within two months of receiving the final financial accountability rating (including a final rating of Suspended-Data Quality).

Notice of the hearing, including date, time and location, must be provided to a newspaper of general circulation in the district once a week for two weeks prior to holding the public meeting.

The FIRST notice may not be placed more than 30 days or less than 14 days prior to the public hearing.

Sabinal ISD can proudly state that we have received a "Superior Achievement" rating all nine years that schools FIRST has been required.

1.5 BOND RATING

A bond rating is a measure of the quality and safety of a bond, based on the issuer's financial condition. More specifically, a bond rating is an evaluation from a rating service indicating the likelihood that a debt issue will be able to meet scheduled interest and principal repayments. Typically, AAA is highest (best), and D is lowest (worst).

Although the Bond Review Board (BRB) does not play a part in the approval of local government debt issuance, one of the agency's goals is to ensure that public officials have access

to current information regarding debt issuance, finance, and debt management. The agency is mandated by statute (Chapter 1231.062, Texas Government Code) to submit a report to the legislature that contains statistical information concerning the bonds and other debt obligations issued by local governments (cities, community & junior colleges, counties, health & hospital districts, independent school districts, water districts and other special districts).

1.6 CHAPTER 41

Chapter 41 of the Texas Education Code makes provisions for certain school districts to share their local tax revenue with other school districts. For the purposes of the school finance system in Texas, districts are designated as either property wealthy or property poor. The relative wealth of the school district is measured in terms of the taxable value of property that lies within the school district borders divided by the number of students in *weighted average daily attendance* (WADA). Chapter 41's provisions are sometimes referred to as the “share the wealth” or “Robin Hood” plan because districts that are deemed to be property wealthy are required to share their wealth with property-poor school districts. The funds that are distributed by the property-wealthy districts are “recaptured” by the school finance system to assist with the financing of public education in school districts that are property poor.

Property-wealthy district: a district whose wealth per student exceeds the established threshold, otherwise known as a Chapter 41 district. Wealth per student: the taxable value of a district’s property divided by the number of students in weighted average daily attendance. For Chapter 41 purposes, the calculation of wealth per student is the ratio of a district's tax base to its Chapter 41 WADA.

1.7 PERMANENT SCHOOL FUND (PSF)

The PSF was created with a \$2,000,000 appropriation by the Texas Legislature (the "Legislature") in 1854 expressly for the benefit of the public schools of Texas. The Constitution of 1876 stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the state, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957 – 1960), the U. S. Supreme Court on May 31, 1960, affirmed Texas' historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands including, bonuses, delay rentals and royalty payments, become the corpus of the Fund.

1.8 SUMMARY OF FINANCE

State aid templates (worksheets) used to estimate state revenue. TEA prepares a preliminary

Summary of Finance and posts it on their website typically in late August. Revisions to the Summary of Finance are posted as new data becomes available. In late September or early October, TEA posts a Near-Final Summary of Finance that has been adjusted based on the summer PEIMS submission of student attendance data. The following spring, typically in March or April, TEA posts a Final Summary of Finance that has been adjusted based on the actual collections as submitted on the Annual Financial Audit Report by each school district.

School districts are strongly encouraged to utilize the state aid templates provided by the School Finance division at the Education Service Center, Region XIII to calculate their estimated state revenue with current data.

The TEA continuously updates the Summary of Finance during the course of the fiscal year so it is imperative that the Chief Financial Officer check for updates on a regular basis. (Once per week should be sufficient).

1.9 TRUTH-IN-TAXATION

The Texas Constitution, Property Tax Code and Education Code embody the concepts of truth-in-taxation to require school districts to comply with certain steps in adopting their tax rates.

The truth-in-taxation laws have two purposes:

- to make taxpayers aware of tax rate proposals; and
- to allow taxpayers, in certain cases, to roll back or limit a tax increase.

After the appraisal district certifies appraised values, school districts take the first step toward adopting a tax rate by calculating the *effective, effective maintenance and operations (M&O) and rollback tax rates*.

Effective tax rate – The effective tax rate is a calculated rate that would provide the school district with about the same amount of revenue it received in the year before, on properties taxed in both years. If property values rise, the effective tax rate will go down and vice versa. Effective M&O tax rate. House Bill (HB) 1, 79th Legislature, 3rd Called Session amended Section 26.08, Tax Code, to create a new definition for a school district *effective M&O rate*. The effective maintenance and operations rate is the rate that, when imposed on the current year's taxable value, yields state and local revenue per student equal to the state and local revenue per student for the preceding year including the new funds distributed for property tax relief and additional funding for teacher pay raises and high schools.

Rollback tax rate – The *rollback tax rate* is a calculated maximum rate allowed by law without voter approval. The rollback rate for Tax Year 2007 and subsequent years is the LESSER of (1) the sum of the current compression percentage (.6667 for 2007) times \$1.50 (or times the 2005 M&O rate for school districts with 2005 M&O rates above \$1.50), plus 4 cents, plus the rate that is equal to the sum of any differences between the adopted tax rate and the rollback tax rate approved by the voters for 2006 and subsequent years, plus the current debt rate OR (2) the sum of the effective M&O tax rate (previously defined) plus the rate equal to the current state compression percentage times .06 (this amounts to 4 cents in 2007), plus the current debt rate. In future years, the commissioner of education may determine a different compression percentage.

If a school district adopts a tax rate that is higher than the rollback rate, school board trustees must hold an election to ask voters to approve the rate.

School districts publish their rollback rates in local newspapers, along with other information about budget and tax revenues in a notice entitled, *Notice of Public Meeting to Discuss Budget and Proposed Tax Rate*.

If taxpayers believe that the school district has not calculated these rates, published the required notice or otherwise complied with other tax rate adoption laws in good faith, they may ask a district court to stop the school from adopting a tax rate until it complies with the laws.

1.10 MID-YEAR PEIMS SUBMISSION

A report of the revenues and expenditures for the preceding fiscal year shall be filed with TEA on or before the date set by the State Board of Education. The report shall include management, cost accounting, and financial information that will enable the State Board to monitor the funding process and determine educational costs by district, campus, and program. *Education Code 44.007(c), (d)*

1.11 PUBLISHING ANNUAL FINANCIAL STATEMENT IN LOCAL NEWSPAPER

An annual financial statement (Exhibit C-2 in audit report) must be published in a daily, weekly, or biweekly newspaper within the boundaries of the District. *Local Gov't Code 140.005 and 140.006*

SECTION 2

BUDGET

2.1. LEGAL REQUIREMENTS

Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- The Chief Financial Officer is the budget officer for the district and prepares or causes the budget to be prepared.

Note: TEA recommends that an interactive approach between the board of trustees and the Superintendent be taken to establish the budget process and define related roles and responsibilities.

- The district budget must be prepared by a date set by the state board of education.
- The president of the board of trustees must call a public meeting of the board of trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.
- The budget must be legally adopted before the adoption of the tax rate. However, if a school district has a July 1st fiscal year start date, then a school district must not adopt a tax rate until after the district receives the certified appraisal roll for the district required by Section 26.01, Tax Code. Additionally, a school district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds the following: (1) The rate proposed in the notice prepared using the estimate; or (2) The district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll.

TEA has developed additional requirements for school district budget preparation as follows:

- The budget must be adopted by the board of trustees, inclusive of amendments, no later than June 30.
- Minutes from district board meetings will be used by TEA to record adoption of and amendments to the budget.
- Budgets for the General Fund, the Food Service Fund (whether accounted for in the General Fund, a Special Revenue Fund or Enterprise Fund) and the Debt Service Fund must be included in the official district budget (legal or fiscal year basis). These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates.

Note: Districts may prepare and approve budgets for other funds and/or with even greater detail at their discretion. Such local decisions may affect the need for budget amendments and financial reporting requirements.

- The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. Revenues, other sources, other uses, and fund balances must be reported by fund, object (at the fourth level), fiscal year, and amount. Expenditures must be reported by fund, function, object (at the second level), organization, fiscal year, program intent and amount. These requirements are discussed in further detail in the Data Collection and Reporting module.
- A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget. The annual financial and compliance report should reflect the amended budget amounts on the schedule comparing budgeted and actual amounts. The requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.
- In addition to state legal requirements, individual school districts may establish their own requirements for annual budget preparation. Local fiscal policies may dictate budgetary requirements which go beyond those required by the Texas Education Code and TEA. These policies may include:
 - Fund balance levels
 - Debt service fund balance accumulation
 - Financial performance comparison measures
 - Staffing levels

There are four truth-in-taxation principles, which apply to taxing units:

- Property owners have the right to know of increases in their properties' appraised values and to be notified of the taxes that could result from the new value.
- A taxing unit must calculate and publish the effective and rollback tax rates before adopting an actual tax rate.
- A unit must publish special notices and hold a public hearing before adopting a tax rate that exceeds the effective tax rate or the rollback rate.
- If the unit adopts a rate that exceeds the rollback rate, voters may start a petition for an election to limit the rate to the rollback rate. School districts must hold rollback elections to limit tax increases above the rollback rate for the current year, without a petition.

One of the equalization features of the funding formula is a cap on wealth per WADA. Chapter 41 of the Texas Education Code establishes an equalized wealth level of \$319,500 and gives districts above this level several methods to either reduce wealth or increase WADA in order to achieve the equalized level.

Districts may use any combination of five options: (1) consolidating school districts, (2)

consolidating school tax bases, (3) contracting with the State of Texas to shed the excess wealth, (4) Contracting to educate children in another school district and paying the state for student attendance credits, or (5) de-annexing and annexing property between school districts. These steps affect the truth-in-taxation rollback rate steps.

2.2. CAMPUS AND DEPARTMENT BUDGETING METHODOLOGY

Estimated student counts for budget development are taken from PEIMS submissions and compared to pupil projection templates for reasonability. Accelerated education student counts are taken from Food Service Department's free & reduced lunch counts.

Overall, campus allocations vary year to year due to the needs assessment and the student population counts in special programs.

Departmental budgets have been adjusted based on previous year's allocations, known changes in funding requirements and previous year's spending patterns.

2.3. BUDGET CALENDAR

The Joint Body and Administration budget calendars look fairly similar from year to year. Essentially, both are utilized to provide timelines to ensure we meet the educational goals of the District.

2.4. REVENUE ESTIMATES

The Chief Financial Officer will prepare all revenue estimates for the coming year. These estimates are drawn from templates, PEIMS data, valuations, and historical analysis.

2.5. BUDGET AMENDMENTS

There are two distinct types of budget amendments:

- 1) Amendments that move budgeted funds between accounts but within the same function
- 2) Amendments that move funds from one account to another and which also change function codes

The first does not require Board of Trustee approval and can be processed at any time during the year. However, the second must, by law, be presented to the Board of Trustees for approval.

Budget amendments that require Trustee approval are presented to the Board periodically during the fiscal year, typically on an as needed basis.

2.6. SPECIAL REVENUE FUND BUDGETING

The Chief Financial Officer and the Director of Federal Programs work together to budget special revenue funds (other than the Food Service fund). Special revenue fund budgets include campus request of supplies and materials, personnel costs, contracted services, other operating cost, and indirect cost.

SECTION 3

ACCOUNTING

3.1. ACCOUNTING OVERVIEW

Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process and to determine educational system costs by school district, campus and program.

The Texas Education Code, Section 44.008, requires each school district to have an annual independent audit conducted that meets the minimum requirements of the state board of education, subject to review and comment by the state auditor. The annual audit must include the performance of certain audit procedures for the purpose of reviewing the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS). The audit procedures are to be adequate to detect material errors in the school district's fiscal data to be reported through the PEIMS system for the fiscal period under audit review.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

Code Structure Example: 199-11-6399-00-001-311000

Fund	Function	Object	Sub-Object	Organization	Fiscal Year	Program Intent	Local Option
199	11	6399	00	001	3	11	000

Fund Code:

A mandatory 3-digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group and the second and third digit specifies the fund.

Example: A Special Revenue Fund could be coded 211. The 2 indicates the Special Revenue Fund, the 11 specifies ESEA, Title I, Part A -Improving Basic Programs.

Governmental Fund Types

100-699

100 General Fund-Balanced and controlled by school district
(199-SABINAL ISD's General Fund)

Special Revenue Funds

200/300/400

Proceeds of specific revenue sources that is legally restricted to expenditures for a specific purpose

(Federal: 200-379, State: 380-459, Local 460-499)

Capital Project Funds

600-699

Must be used to account on a project basis for proceeds from bond issues

(698-699 SABINAL ISD's Capital Project Funds)

Trust and Agency Funds

800-899

Funds used to account for assets held by a school district in a trustee capacity, or as an agent (SABINAL ISD's trust and agencies: 865-student activity fund)

Function Code:

A mandatory 2-digit code applied to expenditures/expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Example: The function "Health Service" is coded 33. The first 3 specifies Support Services - Student (Pupil) and the second 3 is Health Services.

11-Instructional

12-Library

13-Staff Development for staff classified in functions 11, 12 & 13

21-Instructional Leadership (District Offices)

23-School Leadership (Campus Offices)

31-Guidance, Counseling and Evaluation Services

33-Health Services

34-Student Transportation (to and from school)

35-Food Services

36-Cocurricular Activities

41-General Administration

51-Plant Maintenance and Operations (Custodial)

52-Security and Monitoring Services

53-Data Processing Services

61-Community Services

81-Facilities Acquisitions and Construction

Object Code:

A mandatory 4-digit code identifying the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

Example: Money received for current year taxes is classified in account 5711. The 5 denotes revenue, the 7 shows Local and Intermediate Sources, the 1 denotes local real and personal property taxes revenue and the final 1 specifies current year levy.

Revenue Object Codes
57XX-Local Revenue
58XX-State Revenue
59XX-Federal Revenue
Expenditure Object Codes
61XX-Payroll Codes
62XX-Professional and Contracted Services
63XX-Supplies and Material
64XX-Other Operating Costs
66XX-Capital Outlay

Sub-Object Code:

A 2-digit code that denotes the group, club or activity particular funds are associated with, allowing more detailed accountability at the local level.

Organization Code:

A mandatory 3-digit code identifying the organization, i.e., High School, Middle School, Elementary School, Chief Financial Officer's office, etc. An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the Texas School Directory.

Example: Expenditures for a high school might be classified as 001. This is a campus organization code that is defined in the Texas School Directory for that high school. SABINAL ISD org 001 denotes Sabinal High School.

001-040 High School Campuses
041-100 Middle School Campuses
101-698 Elementary School Campuses
699 Summer School
700 Administrative
998 Unallocated
999 Undistributed

Program Intent Code:

A 2-digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

Example: An entire class of physics is taught at the basic level. Program intent code 11 would designate Basic Educational Services.
11-Basic Educational Services
21-Gifted and Talented

- 22-Career and Technology
- 23-Students with Disabilities
- 24-Accelerated Education (“At Risk Students”)
- 25-Bilingual Education and Special Language Programs
- 26-Non-Disciplinary Alternative Education Program (Non-Supplemental)
- 27-Non-Disciplinary Alternative Education Program (Supplemental State Compensatory)
- 28-Disciplinary Alternative Education Program (non-supplemental)
- 29-Disciplinary Alternative Education Program (Supplemental State Compensatory)
- 91-Athletics and Related Activities
- 99-Undistributed

3.2. RESPONSIBILITY OF CAMPUS AND DEPARTMENT SUPERVISORS

All principals and directors should check their expenditure transaction monthly to keep up with their current balances and to analyze for any unusual items or inaccurate coding. (This can be done by utilizing the requisition mode – *general ledger inquiry*). Please contact the Chief Financial Officer with any potential errors.

SECTION 4

GRANTS

4.1. GRANTS AND RELATED REQUIREMENTS

According to P.L. 103-382, Section 1120A (b) and 34 CFR 200.63 the fiscal requirement of supplement, not supplant is to ensure that the level of state and local support for programs remain at least constant and cannot to be replaced by federal funds. Documentation must be maintained which clearly demonstrates the supplementary nature of federal funds and/or activities as appropriate. The test to determine if you are supplanting is to ask whether the programs supported with Special Revenue Funds would, in the absence of those funds, have been supported with state and local funds. If your answer is yes, this is supplanting and state and local funds may not be diverted to another purpose simply because Special Revenue Funds are available to support those activities. If your answer is no, the funds are being used to supplement the educational program, not supplant state and local funds. The exception to this rule for special revenue is the use of Stabilization Funds provided by the federal government through TEA for the recovery of the economy.

Special revenue funds must supplement or augment funds that are required by state law, State Board of Education (SBOE) rule, or activities which have been adopted as policy by a local school board. If Special Revenue Funds are used to enhance or expand a state mandate, SBOE rule, or local policy, the supplementary activities funded by the Special Revenue program must be separately identified and clearly distinguishable from those activities identified as necessary for implementing a state mandate, SBOE rule, or local board policy as outlined in an implementation plan.

Any refund of state, federal or special funds must be deposited to the original fund account. State, federal and special funds should not be deposited in the budget.

All encumbrances shall occur on or between the beginning and ending dates of the grant. The grant period begins with receipt of the NOGA from TEA. All goods must be received and services rendered and subsequently liquidated (recorded as an expenditure or accounts payable) within the grant dates (for formula grants, within 30 days after the grant end date). Obligations that are liquidated and recognized as expenditures must meet the allowable costs principles in Office of Management and Budget (OMB) Circular A-87, A-21, or A-122 (as applicable) and in program rules, regulations, and guidelines contained elsewhere. Administrative requirements for grants stipulate that you must request cash as close as possible to the time of making disbursements. The cash on hand should not exceed three days' cash needs.

Funds can be released to third party if purchase order, packing list, and invoices are reconciled. An expenditure report can be submitted to TEA through the Expenditure Reporting (ER). Encumbered funds are ineligible for draw down. Periodically throughout the school year an expenditure report should be filed with TEA. The expenditure report is kept on file with payment receipt from TEA.

Payments through Expenditure Reports (ER) should be deposited into your depository bank within six to seven business days of the request.

Use the Financial Accounting and Reporting (FAR) Module of the Financial Accountability System Resource Guide to determine appropriate accounting codes. Documentation for all

expenditures for each fund source on the eGrants application must be maintained.

Documentation that local funds are used if either travel or transportation expenditures exceed state rates must be maintained.

An application or amendment must be approved by TEA before the initiation of any activities affected by that application or amendment, such as purchase orders issued, funds encumbered or expended, goods received, or services rendered. Applications or amendments received in substantially approvable form for projects funded on a formula or discretionary basis become effective on the date received by TEA (stamp-in date/date of certification by the LEA) or the project begin date, whichever is later.

Funds may be transferred between major objects of expenditures budgeted on Schedule BS6006 -Program Budget Summary and Support, without an amendment if the cumulative total transferred does not exceed 25% of the total current approved budget, funds are already budgeted in the class/object codes involved, and the requested cost items do not require specific approval. Items in class/object codes 6600 always require specific approval.

Budget Amendment will be requested to TEA if:

- Class/object code exceeds 25% of the approved budget
- Increase or decrease in the number of personnel funded in grant
- Addition to the original approved budget
- Increase or decrease to capital expenditures

TRS, Medicare, health insurance, longevity pay, critical needs stipends, and incentive pay will be deducted from grant budgets if payment of fringe benefits is permitted by grant guidelines as a part of payroll expenses. Federally funded grants normally allow for payment of all fringe benefits listed above. State of Texas grants do not normally permit TRS deductions. Fringe benefit expenses should be discussed with the Chief Financial Officer or Federal Program Director during the grant writing process if the budget includes any payroll expenses.

Title I, Part A -The purpose of Title I is to enable schools to provide opportunities for children served to acquire knowledge and skills contained in the challenging state content standards and to meet the challenging state performance standards developed for all children. This purpose is accomplished by:

- Ensuring high standards for all students
- Providing students with an enriched and accelerated educational program including the use of arts, school wide programs, or the increase of the amount and quality of instructional time so that students served with Title I funds receive at least the classroom instruction that other students receive;
- Promoting school wide reform and ensuring access of children to effective instructional strategies and challenging academic content that include complex thinking and problem solving experiences;
- Providing substantial staff development opportunities to significantly upgrade the quality

of instruction;

- Coordinating all Title I services with each other, with other educational services, with health and social service programs funded from other sources;
- Affording parents meaningful opportunities to participate in the education of their children at home and at school;
- Distributing resources, in amounts sufficient to make a difference, to areas and campuses where needs are the greatest;
- Improving accountability by using the State assessment system to measure how well Title I students are achieving the challenging State student performance standards expected of all students; and
- Providing greater decision making authority and flexibility to schools and teachers in exchange for greater responsibility for student performance.

Regulations provide that school wide programs must include a comprehensive needs assessment to determine the performance of its children in relation to the State assessment system and student performance standards, school wide reform strategies, highly qualified professional staff; professional development for teachers and other staff, increased parental involvement, plans for assisting children in the transition to receiving schools, measures to include teachers in the decisions regarding the use of assessments, and effective, timely additional assistance for students who experience difficulty mastering any of the performance standards.

Title I Part A funds are used in a school wide setting when the campus eligibility includes 40% or more of the students enrolled or living in the school's attendance area meets the district's low income criteria. All funds must benefit the children in the current funding year therefore must be expended before the middle of the spring semester. The use of the funds must be referenced in the campus improvement plan.

Title II, Part A -The purpose of Title II, Part A, is to increase the academic achievement of all students by helping schools and school districts improve teacher and principal quality and ensure that all teachers are highly qualified. Funds are received through a formula basis.

Districts are required to ensure that their strategies and funded activities are grounded in scientifically based research so that students benefit from those researched based teaching practices and methods. Schools and districts are given expanded flexibility to address the need for qualified teachers and principals not only through professional development for existing staff, but through efforts that include attracting qualified individuals into teaching and offering financial incentives and other structural changes to retain them.

The intent and purpose of the Class-size Reduction Program is to reduce the class size using highly qualified teachers to increase achievement for regular and special needs students by providing personal attention and a solid foundation for further learning so that all students learn to read independently. School wide programs that use Class-Size Reduction Program funds must reduce the size of classes, particularly in the early grades, using highly qualified teachers to increase achievement for regular or special needs children. The District again, must use these funds only to supplement, and not supplant state and local funds that, in the absence of the federal funds, would otherwise be spent for activities authorized by Class-Size Reduction.

The Title II funds must benefit the staff in the current funding year with requisitions being submitted in a timely manner. Title II funds may only be used to purchase materials for training purposes and not for classroom implementation. Allowable costs for the Title II, Part A program include recruitment, preparation and professional development, mentoring activities for new teachers, meeting the requirements for becoming highly qualified and expand performance systems that provide differential pay and bonuses for teachers who teach in specific schools and subject areas.

Title III, Part A -LEP -The purpose of Title III, Part A is to improve the education of limited English proficient children by assisting the children to learn English, meet challenging State academic content and meet student academic achievement standards. All activities must use approaches and methodologies based on scientifically based research to teach ELL and immigrant children to develop and implement new language instruction educational programs and academic content instruction programs including programs of early childhood through secondary school; carry out highly focused, innovative, locally designed activities to expand or enhance existing language instruction education program; implement within an individual school, school-wide programs for restructuring, reforming, and upgrading all relevant programs, activities, and operations relating to language instruction educational programs; and implementing, within the entire jurisdiction of the LEA, LEA-wide programs for restructuring, reforming and upgrading all relevant programs, activities, and operating relating to language instruction educational programs and academic content instruction for LEP children.

Title I, Part C, Carl D. Perkins Grant -The purpose of Title I, Part C, is to develop more fully the academic and technical skills of secondary students who elect to enroll in career and technical education (CTE) programs.

The grant has a project start date of July 1 and an end date of June 30th. The supplement not supplant guideline is effective for this grant.

The following are goals for CTE grant:

- Integrate academics with CTE programs using a coherent sequence of courses
- Link CTE at the secondary and postsecondary levels
- Provide students with strong experience in and understanding of all aspects of an industry
- Develop, improve, or expand the use of technology in CTE programs
- Provide professional development programs to teachers, faculty, administrators, and career guidance and academic counselors who are involved in integrating CTE programs
- Develop and implement evaluations of the CTE programs carried out with funds, including an assessment of how the needs of special populations are being met
- Initiate, improve, expand, and modernize quality CTE programs, including relevant technology
- Provide services and activities that are of sufficient size, scope, and quality to be effective
- Provide activities to prepare special populations for high-skill, high-wage, or high demand occupations that will lead to self-sufficiency

State CTE funds will be distributed to school districts on the basis of the number of contact hours generated by eligible students enrolled in CTE during the entire school year. Courses offered will be funded by the allotment for which they are eligible. The Summary of Finances provided by the Division of State Funding will reflect the State CTE allotment for each LEA.

Special Education Consolidated Grant (IDEA and IDEA-B Preschool) -The purpose of this grant is to provide special education and related services to children with disabilities ages three through twenty-one under the Individuals with Disabilities Act (IDEA). The funds for this grant are based on a child count and projected population and poverty allocation from the United States Department of Education (US DE) as provided by TEA and the PEIMS data submitted.

Part B of the IDEA authorizes expenditures to help LEA's ensure that children with disabilities, have access to a free, appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living.

Federal funds for these programs must be used to supplement (increase the level of services) and not supplant (replace) funds from nonfederal sources. Any program activity required by State law, SBOE rules or local board policy may not be paid with these funds. If the LEA maintains (or exceeds) its level of local -or state and local -expenditures for special education and related services from year to year, wither in total or per capita, then the Part B funds are, in fact, supplementing those local -or state and local -expenditures, and the LEA has met its maintenance of effort (MOE) and supplement/not supplant requirements. No requirement currently exists related to supplanting "particular costs" and if an LEA maintains local-or state and local -effort, it will not violate the supplement/not supplant requirements of the IDEA. Cost items that are used by all students should not be funded with Part B funds. Part B funds may be used for the costs of special education and related services, and supplementary aids and services, provided in a regular classroom or other education-related setting to a child with a disability in accordance with the IEP of the child, even if one or more nondisabled children benefit from these services.

In addition to the purpose of IDEA-B Formula funds, the regulations implementing the IDEA-B Preschool funds as a part of this act define the purpose of the act as a means to supplement and increase services beyond the level of State and local funds expended for preschool students ages three through five with disabilities. The priority for these funds is to provide all students with disabilities ages 3-5 with a comprehensive program that meets their individual needs by expanding and extending services already available to these students.

The District is responsible for setting aside 25% of its tentative IDEA-B Formula base entitlement or an equivalent amount of state and/or local funds to support costs of residential placement for students in the program. Equipment is defined by 2CFR Part 225 Appendix B as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of \$5,000 or the capitalization level established by the LEA for financial statements. Items that are under \$5,000 or under the capitalization level established by the LEA should be budgeted under class/object code 6300 supplies and materials.

Up to 15% of IDEA-B Formula and/or Preschool funds for any fiscal year may be used to develop and implement coordinated EIS (Early Intervening Services) for students in Kindergarten through Grade 12 (with a particular emphasis on students in Kindergarten through Grade 3) who are not currently identified as needing special education or related services but who need additional academic and behavioral support to succeed in a general-education environment. (20 U.S.C. 1413(f), 34 CFR 300.226)

State Compensatory Education -A student at-risk of dropping out of school includes each student who is under twenty-one years of age and who:

- Is in prekindergarten, kindergarten or grade 1,2 or 3 and did not perform satisfactorily on a readiness test or assessment instrument administered during the current school year;

- Is in grade 7, 8, 9, 10, 11, or 12 and did not maintain an average equivalent to 70 on a scale of 100 in two or more subjects in the foundation curriculum during a semester in the preceding or current school year or is not maintaining such an average in two or more subjects in the foundation curriculum in the current semester;
- Was not advanced from one grade level to the next for one or more school years;
- Did not perform satisfactorily on an assessment instrument administered to the student under TEC Subchapter B, Chapter 30, and who has not in the previous or current school year subsequently performed on that instrument on another appropriate instrument at a level equal to at least 110 percent of the level of satisfactory performance on that instrument;
- Is pregnant or is a parent;
- Has been placed in an alternative education program in accordance with TEC 37.006 during the preceding or current school year;
- Has been expelled in accordance with TEC 37.007 during the preceding or current school year;
- Is currently on parole, probation, deferred prosecution, or other conditional release;
- Was previously reported through the Public Education Information Management System (PEIMS) to have dropped out of school;
- Is a student of limited English proficiency, as defined by TEC 29.052;
- Is in the custody or care of the Department of Protective and Regulatory Services or has, during the current school year, been referred to the department by a school official, officer of the juvenile court, or law enforcement official;
- Is homeless, as defined by 42 U.S.C. Section 11302, and its subsequent amendments; or
- Resided in the preceding school year or resides in the current school year in a residential placement facility in the district; including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster group home.

All purchases/services must be supplemental and directly related to State Comp Ed, and/or improving student achievement in language arts and/or mathematics. All Comp Ed funds must benefit the children in the current funding year.

The Texas Education Code requires each school district to have a district and campus improvement plan with the state compensatory education program described in the campus plan if the program is implemented at the campus level or to be described in the district plan if the SCE program is implemented district wide. The district and campus improvement plans are the primary record supporting expenditures attributed to the state compensatory education program.

School districts are required to have local policies and procedures to identify students who are at risk of dropping out of school under the criteria in Section 29.081, TEC; students who are at risk of dropping out of school under local criteria and document compliance with the 10% cap in Section 29.081, TEC; how students are entered into the SCE program and how students are exited from the program; the methodologies involving calculation of 110% satisfactory performance on all assessment instruments, in accordance with Section 29.081, TEC; and the cost of the regular education program in relation to budget allocations per students and/or instructional staff per student ratio. (See appendix 1)

4.2. INDIRECT COST RATES

Indirect costs are part of administrative costs and are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

Indirect cost *rates* are established for each school district to determine the amount of indirect cost *revenue* that can be recorded in the General Fund. As discussed above, indirect cost revenues recognized in the General Fund are intended to defray the cost of providing certain services to grant programs. Examples of these costs are accounting, auditing and payroll processing. All of these business function costs are incurred by the school district as a whole. An attempt to maintain separate time and effort accounting for each specific grant would be prohibitive. By calculating and using an indirect cost rate, indirect cost *revenues* can be transferred from the grant to the general fund to compensate the school district for district-wide expenditures used to facilitate the grant. *It is not necessary to track the use of indirect cost revenues once they are transferred to the General Fund.* Once earned, the revenues may be used for any education-related expenditure, including administrative costs and fixed costs incurred in administering the grant.

4.3. TIME AND EFFORT

Documentation for Grant-Funded Personnel

(1) **CERTIFICATION**: For employees who work:

- a) 100 percent in administrating programs that are part of consolidated administrative funds;
- b) under a single grant program; or
- c) under a single cost objective, including Title I, Part A school wide programs funded from eligible multiple funding sources. *Cost objective* means a function, organizational subdivision, contract, grant, or other activity for which cost data is needed and for which costs are incurred.

Recordkeeping Requirements for These Employees

- These employees are not required to maintain time and effort records.
- However, each employee must certify in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification.
- The certification must be signed by the employee or by the supervisor having first-hand knowledge of the work performed and should reference the employee's signed and dated job description maintained in their personnel file.
- Charges to the grant must be supported by these semi-annual certifications.
- This is a requirement under the revised OMB Circular A-87 Cost Principles effective July 1, 1995.

Job Description Requirements for These Employees

- Each employee must maintain on file a signed and dated job description which clearly shows that the employee is assigned 100 percent to the program or single cost objective.
- The job description must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

(2) **TIME AND EFFORT**: For employees:

- a) who do not work 100 percent in administrating programs that are part of LEA's consolidated administrative funds;
- b) who work under multiple grant programs; or
- c) who work under multiple cost objectives.

Recordkeeping Requirements for These Employees:

- These employees are required to maintain time and effort records or to account for their time under a substitute system. (See number 3.)
- Employees must prepare time and effort reports, at least monthly, to coincide with pay periods.
- Such reports must reflect an after-the-fact distribution of 100 percent of the actual time spent on each activity and must be signed by the employee.

- Charges to payroll must be adjusted at least quarterly to coincide with preparation and submittal of the quarterly expenditure report.
Examples:
 - a) Employees who work partially on administering programs that are part of the LEA's consolidated administrative funds and partially from other funds must maintain time and effort or account for their time under a substitute system.
 - b) Employees who are paid partially on administering programs that are part of the LEA's consolidated administrative funds and partially from program funds must maintain time and effort or account for their time under a substitute system.

Employees who work a portion of their time in a Title I school wide project and a portion of their time in another activity must maintain time and effort or account for their time under a substitute system.

(3) SUBSTITUTE SYSTEMS In Lieu of Time and Effort Reports:

(See source cited below for more information on substitute systems.)

Job Description – General Requirement

- A current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs.
- For teachers and instructional aides, daily class schedules should provide adequate documentation. However, teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day.
- Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

Resource:

NCLB Program Appendix 3: Cost Principles Payroll

This resource addresses documentation required for charges to payroll and includes a chart which provides a comparison of OMB Circulars A-87, A-122, and A-21 as they relate to requirements for documentation of charges to payroll and can be accessed online at <http://ritter.tea.state.tx.us/nclb/nclbaa/ap03CostPrinciplesPayroll.pdf>.

SECTION 5

PURCHASING

A major management process supporting financial accountability in Texas public schools is the purchasing function. Purchasing has several links to overall accountability initiatives.

5.1. Purchasing Ethics

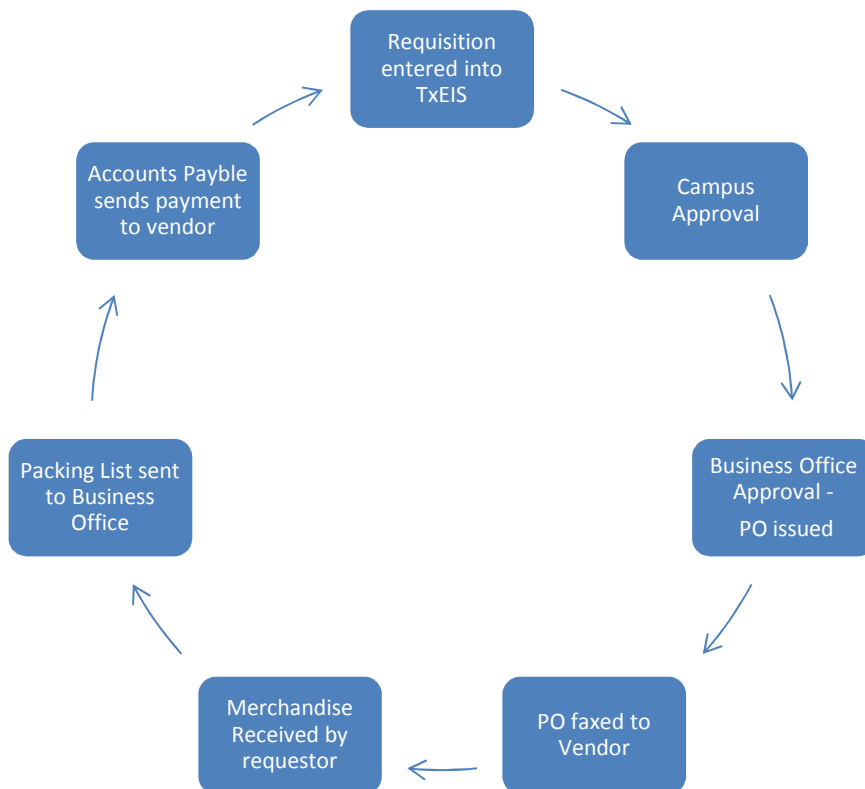
The competitive nature of the public purchasing arena and the expenditure of significant amounts of public funds require that ethical standards be incorporated into the foundation of all purchasing functions. Purchasing personnel and school district staff face the difficult task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

5.2. The Purchasing Process

Purchase orders must be approved **prior** to purchase of supplies or materials. Employees obligating funds with a purchase order accepts financial responsibility for their actions.

- Purchase order
 - Requisitions for purchases shall be submitted electronically through TxEIS.
 - Include bid # and budgetary account code
 - Itemize materials/items to be purchased. Include justification if necessary.
 - Requisitions are divided according to the type of action required on the purchase. The following are the recognized types of requisitions:
 - Normal
 - Urgent – for all purchasing transactions incurred because of an emergency condition threatening the safety or welfare of the community, students or staff. An emergency purchase is defined in the Texas Education Code 44.031(h), as exempt from the competitive procedures, and requires Board of Trustees approval.
 - Requisitions are approved electronically
 - The business office will fax the purchase order to the vendor unless different instructions are specified.

PURCHASE ORDER FLOW CHART



- Purchase order modification or cancellation
 - Whenever it becomes necessary to modify or cancel items listed on a purchase order, the following procedures will apply:
 1. A change to a purchase order can only be approved by the Chief Financial Officer.
 2. Requests to modify the purchase order will be submitted in writing and signed by the principal/department head or designee who originated the purchase request. These requests will list the vendor, purchase order number, nature of the change.
 3. Upon receipt of the request to modify the purchase order, the business office will issue the modification, if feasible.
 4. The physical return of items on the purchase order cancelled through modification but already received will be the responsibility of the requesting department/school. Requesters must be aware of the

possibility of restocking fees or other penalties charged by vendors. Restocking fees are the responsibility of the requesting department/school and will be charged to the purchase order.

5. Purchase order cancellations will be handled identically, and are subject to the same restrictions.
 - Items changed without a modification to the purchase order will become the responsibility of the person issuing the unauthorized change.

5.3. Competitive procurement requirements and procedures

Sabinal ISD follows the purchasing guidelines in Texas Education Code § 44.031. All school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the method, of the following methods, that provides the best value for the district:

1. Competitive bidding
2. Competitive sealed proposals
3. A request for proposals, for services other than construction services
4. An interlocal contract
5. A design/build contract
6. A contract to construct, rehabilitate, alter, or repair facilities that involves using a construction manager
7. A job order contract for minor construction, repair rehabilitation, or alternation of a facility
8. The reverse auction procedure as defined by Section 2155.062(d), Government Code or
9. The formation of a political subdivision corporation under section 304.001, Local Government Code.

Because of the aggregate or district wide nature of classifications of purchases over a 12-month period, it does not take long for the district to exceed \$50,000 in any given classification. Consequently, employees are required to use approved vendors. An approved vendor list can be found on the districts website.

No employee of the District is authorized to act as an agent of the District nor to execute any contract on behalf of the District except pursuant to board policy CH. Reimbursements for general expenses is not granted without justification of such actions. The approval process must follow the same approval path as funds are available. The district does not guarantee reimbursement for general expenses.

5.4. Vendors

5.4.1 Vendor selection and relations

Texas Education Code 44.031 states that in determining contract awards to vendors, the district shall consider:

1. The purchase price
2. The reputation of the vendor and the vendor's goods and services
3. The quality of the vendor's goods or services
4. The extent to which the goods or services meet the district's needs
5. The vendor's past relationship with the district
6. The impact on the ability of the district to comply with laws and rules relating to historically underutilized businesses
7. The total long-term cost to the district to acquire the vendor's goods or services
8. Any other relevant factor specifically listed in the request for bids or proposals. Factors that a school district may consider under this criteria would include:
 - a. Vendor response time
 - b. Compatibility of goods/products purchased with those already in use in the district

5.4.2 Vendor Gifts and Relations

School district officials and employees cannot accept anything of value from a vendor, such as personal gifts or gratuities, which may be construed to have been given to influence the purchasing process. Although such practices may be legitimate and generally accepted in the private sector, giving and receiving gifts in the public sector may constitute a violation of law.

5.5. Receiving

Purchase orders for supplies and materials will be delivered to the campus/department that originated the requisition. Deliveries will be made to the central

office of the campus/department, and will be made to only one location. Contract services invoices shall include dates, total hours, and number of students served.

It is recommended that a specific individual be designated to sign for and process deliveries. This person should be someone who is regularly in the office.

Deliveries will have to be signed for and dated at the time they are delivered. Do not expect the delivery person to wait until the shipment is checked. Verify the number of containers (boxes) delivered against what is signed for. If the number does not coincide with what is physically there, note it on the delivery document you are signing, e.g.: "Only Y boxes were received."

At the same time the number of boxes is verified, inspect the condition of the boxes. If one or more are damaged, the damage may have been transferred to the contents. Rather than reject the shipment, write on the document "Possible hidden damage."

The Uniform Commercial Code stipulates ten (10) calendar days in which to identify discrepancies. Once this period passes, your rights to address discrepancies are severely impaired. Timelines are especially important at fiscal year end when funds are in danger of expiring.

To check (receive) incoming shipments follow these steps:

- Determine if the purchase order is still open or if this is a duplicate shipment. If a duplicate, reject the shipment without further action, notifying the Business Office regarding this action.
- Check contents against the purchase order. Verify actual quantities; don't assume they are correct.
- Check the quantities counted and indicated on the receiving copy of the purchase order against the packing slip provided by the company.
- **If the shipment is complete, send the packing slip to the Accounts Payable Clerk, to process payment. NOTE PO number on packing list.**
- **NO BACK ORDERS WILL BE ACCEPTED**

5.6. Capital Assets

Capital assets are necessary to designate accountability for the custody and maintenance of individual items that exceed \$5,000 per item. These items will be

accounted for in accordance with the Financial Accountability Systems Resource Guide. Capital Assets may be acquired in several different categories:

- Land
- Land Improvements
- Buildings
- Building Improvements
- Construction work in progress
- Furniture and equipment

5.7. Inventory

Inventory is maintained on all equipment purchased of individual items that are less than \$5,000 per item. Inventory is maintained and accounted for once per year. An inventory identification tag is placed on the equipment. Changes to inventory items should be reported to the purchasing department immediately.

5.8. Disposal or Retirement of Capital Assets and Inventory

Retirement of capital assets, because of sale, scrapping or changes to capitalization policies, should require certain approvals to guard against the disposal of equipment which could be used by other departments and to guard against an illegal unauthorized disposition.

Whenever an item of capital assets or inventory is deemed to be obsolete, such property may be disposed of by the following guidelines.

- Capital Assets
 - The district will sell all capital assets through a sealed bid auction that is available to the general public. A minimum bid may be placed on the item equal to fair market value. If the surplus property has no value, the Superintendent or designee may dispose of such property according to administrative discretion.
- Inventory
 - The district will sell all inventories through a sealed bid auction that is available to the general public. A minimum bid may be placed on the item equal to fair market value. If the surplus property has no value, the Superintendent or designee may dispose of such property according to administrative discretion.
- Technology Surplus
 - The Technology Department maintains a recycling program to dispose of obsolete equipment. The recycling company will be

responsible for the removal of the surplus from the district.
Payment for the equipment will be sent to the district.

- Scrap Metal
 - Sabinal ISD maintenance department will be responsible for collecting and disposing of scrap metal. Any funds generated from the sale of scrap metal will go back to the general operating fund.
- Used Tires
 - Transportation department will negotiate the sale of used tires to vendors at the best market price. Negotiations will also entail the disposal of used tires that are not suitable for resale.

All items sold via sealed bids will be sold “as is, where is.” The District makes no warranties or guarantees of an item’s ability to function as manufactured. If capital expenses are funded with federal funds, a written correspondence to TEA must be approved before disposal of asset.

SECTION 6

ASSET AND INVENTORY

CONTROL

6.1. ASSET AND INVENTORY OVERVIEW

Assets – By District definition, they are items of economic value which could be converted to cash. In order to establish a procedure for identifying ‘fixed assets’, the District which identifies \$5,000 as the threshold for determining which objects should be capitalized during the year purchased. All other objects purchased would be considered either inventory or commodities/supplies.

Fixed assets are reported in one of the following categories: land, buildings, vehicles, and equipment.

Inventory – Items that are purchased at a cost below \$5,000 per unit but have value and a useful life are tagged and accounted for as inventory until they are sold, are no longer useable, or have been deemed unsafe for use. (Unless included is listing below, the threshold will be \$500 and the item must have a useful life of one year or longer).

The following items are tagged for inventory tracking (not a comprehensive list):

- cameras/camcorders
- CD players
- chain saws
- copiers (only those which are not leased)
- computers and laptops
- DVD players
- executive chairs (\$300 or more)
- fax machines
- file cabinets (only locking and/or fireproof)
- floor machines (vacuums, scrubbers, and polishers)
- hubs/routers/servers/switches
- ice machines
- instructional technology items (clickers, etc.)
- ladders
- laminators
- lawnmowers
- microwave ovens
- NEO units (document cameras, Elmo’s)
- pressure washers
- projectors
- point of sale registers
- printers
- radios (handheld)
- scanners
- stereos
- walkie talkies
- weed-eaters

6.2. ASSET AND INVENTORY OVERSIGHT

Due to the size of the District, all campus members share responsibility in overseeing asset and inventory management for SABINAL ISD. However, the IT department is responsible for the tagging inventory items and then monitoring the exceptions report. Any deviations should be brought to the attention of the campus/department administrator and the Business Office immediately.

6.3. ASSET AND INVENTORY LOSSES

For fixed assets and inventory items that were lost, stolen, or destroyed, the following procedures will be adhered to:

- When an item is stolen destroyed by vandalism, etc. the responsible campus/department should complete a burglary/vandalism loss report form as the primary documentation.
- Items that have been reported as “lost” or “missing” by a campus/department should be disclosed (in writing) to the IT department and Business Office immediately.
- Unless an insurance claim is processed, replacement of the item(s) is the financial responsibility of the campus/department.

6.4. ASSET AND INVENTORY ADDITIONS

When entering a requisition for the purchase of a fixed asset or inventory item, please follow the following coding guidelines:

- 6395 – Inventory items
- 6619 – Land
- 6629 – Buildings
- 6631 – Vehicles
- 6639 – Equipment with unit cost of \$5,000 or more

If budgetary funds are not in the proper account code and the campus/department has sufficient funds in another account, please contact the Business Office with a budget amendment.

6.5. SURPLUS EQUIPMENT

The District may dispose of surplus equipment in any manner prescribed by the Board. The District may transfer to a student enrolled in the District:

- Any data processing equipment donated to the District, including equipment donated by a private donor, or a state agency under Government Code 2175.128;
- Any equipment purchased by the District; and
- Any surplus or salvage equipment owned by the District. *Education Code 32.102(a)*

Before transferring data processing equipment to a student, the District must:

- Determine that the transfer serves a public purpose and benefits the District; and
- Remove from the equipment any offensive, confidential, or proprietary information, as determined by the District. *Education Code 32.104*

SECTION 7
ACCOUNTS PAYABLE

7.1 ACCOUNTS PAYABLE SCHEDULE

The business office is closed during the winter break, spring break, and July 4th week. Prior to school holidays the business office will process an additional check run on Friday

The Business Office makes every effort to adhere to the accounts payable schedule, but occasionally there is a need to adjust the dates and times to accommodate extraordinary circumstances. With the large number of purchase requests received each week, employees should be flexible and understand that variations to the schedule must sometimes be made. Accounts Payable is working diligently to process your request.

7.2 CHECK REQUEST INSTRUCTIONS

It is very important that staff members identify the timetable required when a check will need to be processed. Be sure to list the correct name and address on your requisition. In some cases, the name or address in the system is incorrect and needs to be updated; therefore, listing the correct address on the request ensures the payment to be issued in a timely manner.

Accounts Payable requires all check requests to be accompanied by backup documentation or receipts. Check requests without backup can cause a real problem for your campus and Accounts Payable if the auditors should pull this check and there is no backup. Please make notes on your paperwork for any check requests or purchase orders that need to be held for any reason. Please highlight these notes or you may call the Accounts Payable clerk for further explanation. During the school year, checks are run on Tuesdays (see Accounts Payable schedule for exceptions). During the summer, checks will continue to be run on regular schedule unless advised otherwise.

7.3 PURCHASE ORDER PAYMENTS

Unless the staff member notifies the Accounts Payable clerk otherwise, checks will be issued from purchase order when an invoice has been received AND merchandise and/or services have been received in TxEIS. The signed packing slip or purchase order copy must be sent to the business office. If no packing slip is available, please email the confirmation to the accounts payable clerk to confirm receipt of your order.

7.4 POSITIVE PAY

Positive Pay requires the district to send (transmit) a file of issued checks to the bank each day checks are written. When those issued checks are presented for payment at the bank, they are compared electronically against the list of transmitted checks. The check-issue file sent to the bank contains the check number, account number, issue date, and dollar amount. Sometimes the payee name is included, but is not part of the matching service. When a check is presented that does not have a "match" in the file, it becomes an "exception item". The bank sends a fax or an image of the exception item to the District. The District reviews the image and instructs the bank to pay or return the check. There is generally a fee charged by the bank for Positive Pay,

although some banks now offer the service for free. The fee might well be considered an "insurance premium" to help avoid check fraud losses and liability.

7.5 PACKING LISTS

A packing list is a document that is sent by the vendor. It is usually packed inside or attached to the merchandise received. The packing list will generally describe the merchandise being sent. Upon receipt of your delivery, verify the count, and the items you ordered against the packing list and your purchase order. If you receive damaged items, incomplete quantity of items, received items not on your order, or incorrectly priced items, please notify the Customer Service Department of the vendor.

Do not make substitutions for items on your original purchase order, have the vendor cancel the item. If the items are out of stock, have the vendor cancel the items and re-order at a later date. It is important that you only mark items as "received" when you actually have received the merchandise. To do otherwise, would potentially cause payment of merchandise that you did not receive.

7.6 DISTRICT CREDIT CARD USE

The District maintains the American Express credit card. Credit cards are used primarily for travel expenses. However, occasionally an employee may submit a requisition for the use of a visa card for materials. The Chief Financial Officer or their designee must approve the purchase order before the card will be issued. When using a District credit card, employees are expected to use caution and safeguard the card as they would a personal credit card. Employees must return the card as soon as the purchase/trip is complete, with original receipts. Not only does the IRS require original receipts, but they are vital when paying credit card invoices. Loose receipts with no identifying information are impossible to track and cause unnecessary delays in payment. Not following these procedures may result in employees losing the privilege to check out and use District credit cards.

SECTION 8

TRAVEL

8.1 TRAVEL OVERVIEW

Travel expenses are the ordinary and necessary expenses of traveling away from home for work. The IRS defines traveling away from home if your duties require you to be away from the general area of your place of work substantially longer than an ordinary day's work, and you need to get sleep or rest to meet the demands of your work while away.

All employee travel must be **pre-approved** by campus administration, regardless of whether or not an advance is desired. An employee requesting travel and subsistence must fill out a travel request form and submit to the Business Office **ten days prior to travel**.

8.2 PRE-TRIP PROCEDURES

Since planning is crucial to any trip and time is of the essence, please complete a Travel Request Form and submit to your supervisor at least 10 calendar days prior to travel and receive necessary approvals.

- Registration: A registration form must be attached to the travel form. It is the responsibility of the employee to make sure they are registered on time.
- Lodging: School districts are exempt from Texas state sales tax on lodging but are not exempt from city taxes or other taxes imposed for lodging. Allowance for lodging is set by the State Comptroller's Office recommendations per day not including applicable taxes.
- Reservations – The employee is responsible for making reservations. The reservation number must be included on the travel request form. Request the state rate for government entities when making reservations.
- Meals:
 - Overnight Trips - An employee may request the daily per diem is set by the State Comptroller's Office recommendations for overnight trips; ten days in advance of the trip.
 - Day Trips – Are not reimbursable expense.
- Breakfast (leave before 6:00 a.m.)
- Lunch (leave before 11:00 a.m. and return after 5:00 p.m.)
- Dinner (arrive back to Sabinal after 8:00 p.m.)

Meals will never be reimbursed when purchased and/or consumed in Sabinal. Meals purchased for others, including consultants, will not be reimbursed unless with the prior written approval of the Chief Financial Officer.

- Mileage: Trip request must be submitted to the transportation department three weeks in advance. Employees that are not granted a school vehicle are eligible to be reimbursed is set by the State Comptroller's Office recommendations cents per mile. Mileage reimbursement is based on the most cost-effective route between the origin and the final destination. If more than one employee is attending the same event, only one vehicle per event is allowed for mileage expenses.
- District vehicles:
 - Smoking is prohibited while using a district vehicle
 - No personal errands in a district vehicle
 - Remember that you are representing Sabinal I.S.D. so aggressive driving is not allowed
 - All traffic citations in district vehicles are the responsibility of the driver
- Parking: Parking fees are not advanced prior to the trip. Valet parking is not allowed. Parking fees will be reimbursed with original ticket.

All receipts must be turned into the business office within 5 business days of completion of travel. If receipts are not submitted, or travel is not verified and reconciled, the traveler will be responsible for reimbursement for all expenses previously paid by the district.

8.3 STUDENT TRAVEL

All student travel must be **pre-approved** by campus administration, regardless of whether or not an advance is desired. An employee requesting student travel and subsistence must fill out a travel request form and submit to the Business Office **10 days prior to travel**.

Registration, Lodging and district vehicles are same as employee travel.

Meals:

- ◇ Breakfast (leave before 6:00 a.m.) \$4
- ◇ Lunch (leave before 11:00 a.m. and return after 5:00 p.m.) \$6
- ◇ Dinner (arrive back to Sabinal after 8:00 p.m.) \$8
- ◇ Student Meal Form must be signed and returned to Business Office

NO private vehicle should be used to transport students. The correctly completed form must be submitted at least 10 business days prior to the actual date of travel to allow the business office to prepare checks or purchase orders as appropriate. Forms not completely and correctly prepared will be returned to the sponsor without action. All approvals must be obtained and submitted with the form prior to processing.

8.4 REIMBURSEMENT FOR TRAVEL NOT TAKEN

If an employee is not able to attend scheduled travel, the employee is responsible for canceling reservations prior to the time an actual expense is incurred. The district will not reimburse employees for out of pocket travel expenses, unless the travel is cancelled at the direction of the Chief Financial Officer due to the needs of the district. In such an instance, the district will only reimburse charges incurred and previously paid by the employee. For example, the district will reimburse lodging expenses if the Chief Financial Officer made the decision for an employee not to attend; and it was too late to cancel a lodging reservation without incurring an expense. An employee unable to attend travel for personal reasons is personally responsible for any expenses previously paid by the district.

8.5. HOTEL/MOTEL EXPENSES

Overnight lodging (and parking) will not be reimbursed unless the event is **more than 100 miles** from the City of Sabin. Please use the Texas Mileage Guide when calculating the mileage. Each campus or department will arrange hotel accommodations when overnight lodging is required. Hotel rates vary, and every effort should be made to obtain the lowest rate available.

The government rate may be available and will require school district identification.

Always check to make sure that the government rate is actually lower than other special or discount rates that are being offered. Reimbursements for lodging expenses within the San Antonio metropolitan area are not allowed unless there are extenuating circumstances. Prior approval must be received from the supervising administrator.

In Texas, a Hotel Tax Exemption Certificate must accompany payment to the hotel to avoid paying state taxes. These certificates can be obtained from the Accounts Payable Clerk. When checking into the hotel, provide the desk clerk with the Hotel Tax Exemption Certificate. Some hotels require proof of employment such as a pay stub or identification badge. Upon check out, review the bill to ensure that state tax was not charged. SABINAL ISD will not provide reimbursement for Texas sales tax. County and Independent hotel occupancy taxes may be reimbursed.

Accommodations can be guaranteed for late arrival by utilizing a school district credit card. To avoid cancellation fees, the traveler is responsible for notifying the hotel prior to the cancellation deadline. If the hotel is not notified by the required deadline, the traveler may be required to pay the cancellation fee or a night's accommodation.

SABINAL ISD will not reimburse hotel charges for any telephone calls or internet connection fees unless the traveler receives prior approval from the supervising administrator on the Travel Request Form. Charges for movies and other personal charges will not be reimbursed. A maximum room rate of **\$85 per night** for in-state accommodations is allowed for destinations not included on Comptroller website. For areas included on the Comptroller website, the maximum room rate per person will be allowed. Federal Budgets cannot exceed \$85 per night

allowance. If accommodations exceed \$85 per night, local funds will have to supplement the trip expenses.

Hotel rates exceeding the maximum per person per day limit will not be reimbursed unless the Chief Financial Officer approves prior to the trip. Out-of-state travel will be reimbursed in accordance with maximums set by the State Comptroller's Office. Both in-state and out-of-state room rates apply to all SABINAL ISD fund types (including campus and student activity funds).

8.6. PERSONAL VEHICLE

Travelers will be reimbursed at the approved district mileage rate set by the State Comptroller's Office for personal vehicle. In no case should this expense exceed the cost of air coach travel and a rental car.

Please note that the District prefers employees to carpool in one vehicle when possible. As required by HB 1924, when computing distance for reimbursement, mileage must be based upon the shortest route between points (round-trip from city of Sabinal to conference city). Your signature on the Travel Request Form indicates that you have complied with this law (for all funds, www.mapquest.com must be used). Provide an explanation on the Travel Request Form for any mileage charges that significantly exceed the mileage calculated using www.mapquest.com .

SECTION 9
ACTIVITY FUNDS

9.1 ACTIVITY FUNDS OVERVIEW

Activity funds are those monies collected by students and school staff for the financing of District activities that are not encompassed or provided for in any of SABINAL ISD's normal budgets. These funds, however, are raised through school-related activities on school property (either by students, parents, or school employees) and must come under the accountability of SABINAL ISD.

The raising and expending of activity funds can have only one basic purpose: "to promote the general welfare, education, and morale of all students by helping finance the normal legitimate activities of the student body and the school."

9.2 FUNDRAISING

All fundraising activities on school district property or related to the District's students, parents, or faculty must be approved by the Principal or designee.

Consideration must be given to:

- Other fundraising activities on or about the same time
- Minimizing any disruption to the educational program
- The purpose for which the proceeds will be used
- The total number of fundraisers on any one campus during the course of a school year
- The nature of the fundraiser and the demands it may make on students, parents, and staff

The Texas Department of Agriculture quite often comes into play with the location of fundraisers when certain 'competitive' products are being sold. Please check with the Director of Food Service when food and/or drinks are being sold as part of the fundraiser. Sponsors are to initiate the request for approval of fundraising activities via a completed Request for Fundraiser Approval form to the Principal or designee for review and approval. A specific purpose for the funds to be raised should be determined prior to the fundraiser being requested.

Two tax-free sales are allowed in a school year: one in the fall and one in the spring. At the completion of each fundraiser, the sponsor is responsible for completing the Summary Report for Fundraiser Form.

9.3. RESPONSIBILITY AND OVERSIGHT

The Principal of a campus is responsible for the proper collection, disbursement and control of all activity funds to include:

- physical safeguard of all cash on campus
- accounting for all receipts and disbursements
- administration of all related recordkeeping

The Chief Financial Officer is responsible for ensuring that activity fund transactions are in compliance with all related District policies/procedures and state/federal law.

9.4. PETTY CASH

No club, organization, or campus is to create and/or maintain a petty cash account. All monies collected should be deposited upon receipt.

9.5. RELATIONS WITH PARENT ORGANIZATIONS

District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines and financial and audit regulations. District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy GKD.

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the principal of their plans.

In consultation with the Chief Financial Officer or designee, the principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

SECTION 10

PAYROLL

10.1. ANNUAL PAYROLL SCHEDULE

Good business practice dictates that a school district should publish its annual payroll schedule in a manner that is easily obtainable by all employees. This schedule is posted each summer on the District's web page and provided to each employee at the beginning of school year.

All District employees are paid once a month on or about the 25th of the month (actual day will vary based on holidays and weekends).

10.2. ANNUALIZED COMPENSATION

The District shall pay all employees over 12 months, regardless of the number of months employed during the school year. A salaried employee shall receive his or her salary in equal monthly payments, beginning with the first pay period of the school year. Hourly employees are converted to annualized salaries based on their hourly rate, work schedule, and work calendar.

10.3. REQUIRED PAYROLL DEDUCTIONS

Full-time employees of the District do not contribute to the social security program. Instead, they participate in the Teacher Retirement System of Texas (TRS), a state, local and member funded program. Each employee has 6.40% of their gross pay withheld before taxes and contributed to the system. Additionally, the state of Texas contributes an equal amount up to the statutory minimum salary amount for classroom teachers, full-time librarians, full-time counselors, and full-time nurses. The District makes a contribution on behalf of each employee for the difference between the state and employee contribution. TRS contribution rates could change on

Also, each employee is required to make a pre-tax contribution to the TRS-CARE health insurance program of 0.65% of the gross pay. All school district employees have some amount of federal tax withheld from their check and remitted to the federal government. The amount deducted from an employee's check depends on how many allowances and filing status claimed by the employee. The IRS form W-4 is the document used by each employee to document their filing status (single, married, married but withhold at the higher single rate) and number of allowances claimed. Employees usually fill out this form when they first come to work, but they may change their allowances or status once a year or whenever an event occurs (new baby, divorce, death of spouse, marriage) that changes either one. (A copy of the W-4 can be downloaded from the Business Office website or www.irs.gov).

All employees who were hired after March 31, 1986 are required to pay 1.45% of the gross pay to the federal government for Medicare. *26 U.S.C. 3121(u)*

Employees not eligible to participate in the TRS program (typically temporary employees or substitutes) are required to contribute to a social security alternative plan established by the District under the Internal Revenue Code, Section 457. These employees contribute 7.50% of their gross pay on a pre-tax basis to an individual account, held in trust by the District and the investment company that manages the Section 457 Plan on behalf of the District. There are strict

limitations on employee access to this money as it is intended by Congress to function in the place of social security.

Child support payments are processed when proper documentation orders are received from a county Child Support Office, from the Child Support Services division of the Attorney General's office or from an appropriate court of jurisdiction. Payments are processed electronically via Expert Pay.

Tax levies from the Internal Revenue Service or payment orders from the Texas Guaranteed Student Loan Fund for repayment of student loans are also processed by Payroll, and are mandatory employee deductions when proper documentation is received by the District.

10.4. OPTIONAL PAYROLL DEDUCTIONS

Many optional payroll deductions are available to SABINAL ISD employees. Among just a few of these are the following options:

- 403b tax sheltered investments
- Health insurance, vision, dental, cancer, additional life, short-term disability and other health-related coverage
- Professional organization dues
- Education Foundation contributions

10.5. DIRECT DEPOSIT

The Texas Labor Code, Section 61.016, specifies that the District may choose the form of payment to its employees. The two choices prescribed by law are:

1. Written, negotiable instrument in U.S. denomination (check), or
2. Electronic transfer of funds (ACH).

In order to conserve District funds and improve productivity, the electronic transfer of funds (Direct Deposit) has been determined to be the most efficient system of compensating employees.

Direct Deposit is encouraged for all current employees and Direct Deposit can be made to any bank, savings or brokerage account in the United States Federal Reserve banking system as long as an account number and an ABA routing number are available. Signing up for Direct Deposit is quick and easy. The appropriate form is available on the District's web page.

Please note that employees can utilize the direct deposit method for more than one account.

10.6. TIME CARDS/SHEETS

The Fair Labor Standards Act (FLSA) requires that employers keep certain records for employees. This includes detailed records on time and payments. A timecard (electronic or

traditional) are used to record all hours worked and leave taken during the reporting period for personnel.

In order to accurately account for extra duty hours worked, the District requires that this time be accounted for on an extra duty timesheet (this applies to exempt and non-exempt employees of the District). Please note that extra duty is time spent on job functions separate from an employee's daily position expectations. If an employee's day goes past seven and a half hours and the job functions being performed are that required of the position, the extra duty form is not appropriate.

Other requirements and guidelines include:

- Employees are expected to clock in and out at their scheduled times.
- Employees are expected to use available compensatory time if their hours worked for the week do not meet the scheduled contract hours.
- Clock in and out times will be rounded to the nearest quarter hour.
- Employees are to clock out and back in for lunch

Due to the severity of the infractions below, there will be immediate discipline enforced up to and including termination (see DH Local).

- Any attempt to tamper with timekeeping hardware or software.
- Punching in for an absent or late employee (a.k.a. "buddy punching").
- Anyone interfering with other employees' use of the time clocks, timecards, and/or timesheets.
- Unauthorized viewing of another employee's timecard or timesheet.

The Supervisor and the Central Office will review the specific details of such an infraction (including but not limited to the above infractions) and develop an appropriate response.

In November 1985, the FLSA was amended to allow compensatory time to be awarded in lieu of cash overtime pay by employers in the public sector (includes school districts). Compensatory time is allowed to non-exempt employees in accordance with federal and state wage and hour restrictions.

All non-exempt employees (except bus drivers, maintenance/custodial workers, food service workers, and the hours worked by employees who take the official meeting notes of all Board meetings and budget workshops) **shall earn compensatory time in lieu of overtime pay per Superintendent's discretion.**

SABINAL ISD employees must have their supervisor approve compensatory time before it is accumulated.

Compensatory time earned is based on hours worked in excess of contract hours for the week. Assuming there are 37.5 contract hours in the week and hours worked exceed such limit, those excess hours above 37.5 will be accrued at time-and-a-half as compensatory time. For a week

that includes a holiday, there are 30 contract hours in the week. Assuming the employee has worked more than 30 hours and less than 40 hours, the excess hours above 30 will be accrued at straight time as compensatory time.

Every effort should be made to exhaust any accrued compensatory time by the end of the employee's work year.

Supervisors should make a reasonable effort to allow the employee to take their compensatory time at the employee's desired time.

10.7. RETIREMENT PLAN OPTIONS

All District employees have the ability to contribute to supplemental retirement plan such as 403(b).

Optional retirement plans are employee-directed and SABINAL ISD does not provide any vendor or product recommendations. Employees should consult with their financial advisor for guidance.

The District contracts with a third party administrator (TPA) for the management of 403(b). Please go to the Business Office website for contact information of the TPA. Texas Teacher Retirement System (TRS) administers a defined benefit retirement plan that is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The pension trust fund provides service and disability retirement, as well as death and survivor benefits, to eligible Texas public education employees and their beneficiaries. Retirement benefits are financed by member and state contributions, employer contributions in some circumstances, and through investment earnings of the pension trust fund. SABINAL ISD participates in the Texas Teacher Retirement System as authorized by law.

Employees can go to the TRS website at www.trs.state.tx.us to obtain additional information and related forms regarding their retirement plan with the system.

10.8. DELIVERY OF WAGE AND EARNING STATEMENTS

All employees, regardless of whether or not they utilize direct deposit, receive wage and earning statements in sealed envelopes on each pay day. These sealed envelopes are delivered to each campus and department. Employees on medical leave, substitute teachers or resigned employees will receive their wage and earnings statement (and pay check if not direct deposit) via mail. During the summer, all wage and earning statements will be mailed to the employee's home address listed in TXEIS.

10.9. POSITIVE PAY

Positive Pay requires the district to send (transmit) a file of issued checks to the bank each day checks are written. When those issued checks are presented for payment at the bank, they are

compared electronically against the list of transmitted checks. The check-issue file sent to the bank contains the check number, payee name, issue date, and dollar amount.

When a check is presented that does not have a "match" in the file, it becomes an "exception item". The bank sends exception items by e-mail to SABINAL ISD. The District reviews the image and instructs the bank to pay or return the check (done via the bank's website).

There is generally a fee charged by the bank for Positive Pay, although some banks now offer the service for free. The fee might well be considered an "insurance premium" to help avoid check fraud losses and liability.

10.10. WORKER'S COMPENSATION BENEFITS

An employee who is injured during the course and scope of their employment is deemed to be covered under the Texas Worker's Compensation Act. Worker's compensation is a state regulated insurance program that:

- Pays reasonable medical costs if you are injured on the job;
- May pay income benefits to replace part of the wages you lose because of an on-the job injury;
- Pays income benefits if you have a permanent impairment from an on-the-job injury;
- Pays death benefits to your legal beneficiaries if you are killed on the job.

Worker's compensation will replace 70% or 75% if earned less than \$8.50 hourly rate of an employee's lost wages, depending on hourly rate, or if the injury/illness causes the employee to lose all of his/her income for more than seven (7) days. An employee may be eligible for Temporary Income Benefits (TIB) on the eighth day that a work-related injury or illness causes the employee to lose all of his/her usual pay.

An employee, injured in the scope of his/her employment, will be allowed to use his/her local and state personal days to supplement his/her worker's compensation TIB until those local and state personal days are exhausted.

It is imperative that an injured employee complete the Incident Investigation Packet within 24 hours of an injury occurring.

Employees have rights and responsibilities under the Worker are Compensation Act and should read them at least once per year.

For any questions or concerns, please contact the District's Third Party Administrator (contact information can be located on the Business Office website).

10.11. UNEMPLOYMENT COMPENSATION BENEFITS

SABINAL ISD conforms to school board policy CRF and the provisions of the Texas Unemployment

Compensation Act (Labor Code 201.026).

Employees shall be ineligible to receive benefits if:

1. They perform instructional, research, or principal administrative services and have a contract or reasonable assurance of performing such services for any educational institution during the next academic year or term.
2. They perform other services for the District and have reasonable assurance of performing such services during the next academic year or term.
3. They perform services described above immediately before a vacation period or holiday recess and have reasonable assurance of performing such services during the period following such vacation or holiday recess.

The District shall contribute to the Unemployment Compensation Fund by choosing to pay a state unemployment compensation tax administered by the Texas Workforce Commission. Labor Code 204.101.

10.12. AUTHORIZATION FORM

SABINAL ISD administrative personnel will submit to the Human Resources department a payroll authorization form for all new employee hires, and employee transfers. Human Resources department must approve of the employee hiring or transfer before the form is submitted to the payroll department for processing. Budgetary accounts are documented on the form. All federally funded employees must follow the grant guidelines.

SECTION 11

EMPLOYEE BENEFITS

11.1. EMPLOYEE HEALTH INSURANCE

The District provides regular employees the opportunity to choose from one medical insurance plan provided by the Teacher Retirement System of Texas Active Care Program (which is authorized by Section 21.922 of the Texas Education Code). These medical insurance plans include TRS HD (High Deductible), TRS 1, TRS 2 and TRS 3 (all of which include different benefit levels and corresponding premium amounts). For each of the medical plans, the District contributes the first \$225.00 of the monthly premium and the remaining amount is taken by payroll deductions each paycheck run in order to cover the total premium amount for the month.

Premiums for health insurance coverage may be paid under the Cafeteria 125 Plan. In most cases, coverage becomes effective on the first day of the month following the date of employment provided the employee is actively at work and has completed the enrollment process.

The District is required by law to participate in TRS Active Care and the coverage period begins on September 1 each plan year.

For details of the plan structure and benefits payable, contact Payroll Department at 830-988-2472

11.2. OTHER OPTIONAL EMPLOYEE BENEFITS

Cafeteria 125 Plan

All employees who work at least 15 hours per week may elect to shelter their voluntary benefits under a Cafeteria 125 Plan which is authorized under Section 125 of the Internal Revenue Code. Please contact the Third Party Administrator for more details.

Dental Insurance

The District offers a voluntary dental plan. Premiums for this coverage may be paid under the Cafeteria 125 Plan.

Vision Insurance

A voluntary vision program is available through payroll deduction for employees and dependents at the employee's expense. This plan requires the employee to use a network provider.

Supplemental Term Life Insurance

Supplemental term life insurance is offered. Employees may purchase from one to five times their yearly salary in individual coverage, half the individual amount for their spouse and \$10,000 in coverage for each of their children. Premiums are age-rated. Group term life is only available during employment.

Permanent Life Insurance

Employee may purchase up to \$150,000 in coverage. The life insurance policy is permanent and portable.

Disability Insurance

Long-term and short-term disability insurance is available through payroll deduction at open enrollment.

Long-Term Care Insurance

Long-Term care is contracted through Teacher Retirement System and is available through payroll deduction. Please contact TRS for the details.

Cancer/Intensive Care Insurance Plans

Several types of individual cancer/intensive care insurance programs are available through payroll deduction at the employee's expense. The District does not contribute to these plans.

Accident Plan

Voluntary accident plan is available for purchase by employees. The policy will pay a scheduled benefit in the event of an accidental injury.

Information and brochures, applications and payroll deduction authorization cards are available at open enrollment in the Human Resources office at the Administration Building or available online at www.benebridge.com. The individual insurance company will issue a policy to the employee directly.

Tax-Deferred Savings Accounts

As an employee of SABINAL ISD, you have the opportunity to participate in a tax deferred savings plan called a 403b. All Salary Reduction Agreements must be submitted to the Third Party Administrator contracted with the District. Employees may have an amount of their salary reduced and invested in one or more TRS approved companies before tax is computed.

Medical Expense Reimbursement

The Medical Expense Reimbursement is a voluntary reduction of salary in the amount of an employee's current expenditures for various medical benefits. The current maximum amount an employee may deduct annually is \$2,400. Employee contributions toward a medical expense reimbursement plan (MERP) allows for medical and other optional benefit bills to be paid by this account. This plan is authorized and controlled under Section 125 of the Internal Revenue Code Participation in the SABINAL ISD Medical Expense Reimburse Plan should result in the employee paying less income tax. The District cannot guarantee favorable tax results due to the uncertainty of Internal Revenue Service guidelines and their effects on the tax exempt status of the plan. Detailed questions should be discussed with your personal tax advisor.

Annual On-Line Enrollment

The contract year for the medical plan, the dental plan, vision plan and the SABINAL ISD Medical Expense Reimbursement Plan is September 1 to August 31. A period of open enrollment will be offered in May, announced by SABINAL ISD for changes effective September 1. At this time employees are furnished information as to how they may elect to change from one medical plan to another, add or drop dependent coverage, and choose whether or not to participate in the vision, dental or the SABINAL ISD Medical Expense Reimbursement

Plan. These changes will be reflected on the September paycheck for a September 1 effective date.

11.3. NOTICES TO EMPLOYEES COBRA

Federal Law, known as COBRA, requires that most employer sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called “continuation coverage”) at group rates in certain instances where coverage under the plan would otherwise end. Coverage may be continued according to the rights of employees and dependents as outlined in Title XXII of the Public Health Services Act, which was a result of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

HIPPA

The District complies with all HIPAA rules and regulations and is handled by each health provider.

HB 973 House Bill 973, enacted during the 80th Regular Session of the Texas Legislature, extended the length of time for certain individuals to remain enrolled in their current health care plan following a resignation from employment.

Section 22.004 of the Texas Education Code states in subsections ‘k’ and ‘l’ the following:

(k) Notwithstanding any other law, an employee of a district participating in the uniform group coverage program under Subsection (a) or providing group health coverage under Subsection (b) whose resignation is effective after the last day of an instructional year is entitled to participate or be enrolled in the uniformed group coverage plan or the group health coverage through the first anniversary of the date participation in or coverage under the uniform group coverage plan or the group health coverage was first made available to district employees for the last instructional year in which the employee was employed by the district.

(l) If an employee’s resignation is effective after the last day of an instructional year, the district may not diminish or eliminate the amount of a contribution available to the employee under Chapter 1581, Insurance Code, before the last day on which the employee is entitled to participation or enrollment under Subsection (k).

SECTION 12

CASH MANAGEMENT

12.1. CASH PRACTICES

The Business Office strives to have 100% of District cash collections electronic. Currently, all tax collections, state aid entitlements, eGrant reimbursements, and interest earnings are received electronically. This practice has been utilized to minimize the potential of mishandling and maximize the amount of time those funds can draw interest.

12.2. DEPOSITORY CONTRACT

Depository Bid - Each school district is to use a uniform bid blank form as specified in Texas Education Code, §45.206. A school district may add other terms to the uniform bid blank form based on additional requirements. This form must be mailed to each bank located in the school district at least 30 days before the termination of the current depository contract. This form must be filed with the Texas Education Agency in accordance with filing instructions specified in the form. House Bill 2411 from the 80th Legislative Session provided school districts with the option to extend a depository contract for two (2) additional two-year terms provided the bank agrees as well (refer to TEC Section 45.205).

In order to extend the contract (assuming the bank agrees), the District must have the Board approve a resolution (see TEA website for sample resolution).

12.3. RECONCILIATIONS

The Accountant reconciles all cash and investment accounts on a monthly basis. Once all reconciling entries have been made (Chief Financial Officer approves each), the reconciliations are then reviewed and approved by the Chief Financial Officer.

12.4 PUBLIC FUNDS INVESTMENT ACT

State and federal laws establish rules within which all school districts are expected to operate when investing public funds. The Public Funds Investment Act (PFIA), found in Chapter 2256 of the Texas Government Code, provides investment guidelines for the majority of political subdivisions in the state, including school districts. The PFIA was first passed in 1987. It was significantly rewritten in 1995 in response to the Texas State Auditor reports on investment losses at Texas institutions and in review of investment problems in Texas counties and elsewhere. In 1997 amendments further clarified the intent of the 1995 requirements. Additional amendments have since been passed by the Texas Legislature, primarily clarifying and improving public funds investment options. The PFIA is merely part of the whole, not inclusive of all investment requirements.

12.5. AUTHORIZED INVESTMENTS

Chapter 2256 of the Texas Government Code specifically sets guidelines for the types of investments authorized for purchase by governmental entities in the state. Board Policy CDA (Legal) follows these guidelines for authorized investments for school districts. Board Policy CDA (Legal) is included in this document and lists ten types of investments that are acceptable

for school districts. For further information on the state authorized investments for school districts refer to Board policy CDA.

Board Policy CDA (Local) sets policy for SABINAL ISD that places further limits on investments for the district. The Board of Trustees of Sabinal ISD limits investments to:

- 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
- 2) Certificates of deposit and share certificates as permitted by Gov. Code 2256.010.
- 3) Fully collateralized repurchase agreements as permitted by Gov. Code 2256.011.
- 4) A securities lending program as permitted by Gov. Code 2256.0115.
- 5) Banker acceptances as permitted by Gov. Code 2256.012.
- 6) Commercial paper as permitted by Gov. Code 2256.013.
- 7) No-load money market mutual funds and no-load mutual funds as permitted by Gov. Code 2256.014.
- 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements of Gov. Code 2256.015.
- 9) Public funds investment pools as permitted by Government Code 2256.016.
In the exercise of these powers, the Board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must be made by the Board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

12.6. INVESTMENT REPORTING REQUIREMENTS

Chapter 2256 of the Texas Government Code requires the Board of Trustees take action on three investment related issues annually. Those are:

- 1) In accordance with Section 2256.005(e) the Board of Trustees shall review the district's investment policy and investment strategies not less than annually. Following the annual review the Board must adopt a *written resolution* stating the investment policy and strategies have been reviewed, and that the adopted resolution records any changes made to either the investment policy or strategies.
- 2) In accordance with Section 2256.008(a) the Board of Trustees must approve of an independent source, or sources, for *investment training* required to be provided to the district's designated investment officers. And,

- 3) In accordance with Section 2256.025 the Board of Trustees shall annually review, revise and adopt a *list of qualified brokers* authorized to engage in investment transactions with the district's designated investment officers.

Each requires board action to be recorded in the minutes of the Board meeting. Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act. This report shall be presented to the Board and the Chief Financial Officer not less than quarterly, within a reasonable time after the end of the period.

The report must:

- 1) Contain a detailed description of the investment position of the District on the date of the report;
- 2) Be prepared jointly and signed by all District investment officers.
- 3) Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for investing purposes). The report must be prepared in compliance with generally accepted accounting principles and must state:
 - a. Beginning market value for the reporting period;
 - b. Additions and changes to the market value during the period;
 - c. Ending market value for the period; and
 - d. Fully accrued interest for the reporting period.
- 4) State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
- 5) State the maturity date of each separately invested asset that has a maturity date.
- 6) State the account or fund or pooled group fund in the District for which each individual investment was acquired.
- 7) State the compliance of the investment portfolio of the District as it relates to the District's investment strategy expressed in the District's investment policy and relevant provisions of Government Code, Chapter 2256.
- 8) If the District invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor. *Gov't Code 2256.023*

12.7. INVESTMENT STRATEGIES

As part of the investment policy, the Board shall adopt a separate written investment strategy for each of the funds or group of funds under the Board's control. Each investment strategy must describe the investment objectives for the particular fund under the following priorities in order of importance:

- 1) Understanding of the suitability of the investment to the financial requirements of the District;
- 2) Preservation and safety of principal;
- 3) Liquidity;
- 4) Marketability of the investment if the investment needs to be liquidated before maturity;
- 5) Diversification of the investment portfolio; and
- 6) Yield. *Gov't Code 2256.005(d)*

The investment strategy reported in the latest annual investment report can be summarized as follow:

While waiting for the world cash market to shift, the best strategy is for SABINAL ISD to maintain a liquidity position in pool accounts with the potential of taking advantage of an investment firm that has an expertise in school district investment strategies.

Regardless of if the District contracts with an investment management service or continues to operate the investment strategy in-house, SABINAL ISD's overriding focus and concern will be safety of principal and meeting cash liquidity needs. The targeted benchmark for the year will be to meet or exceed the Fed Funds Effective Rate. With the likelihood of most funds being invested in

TexPool for the majority of the year, it is probable the District will meet this benchmark rate.

12.8. STANDARD OF CARE

Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investments shall be governed by the following objectives in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, rather than the prudence of a single investment, over which the officer had responsibility.
2. Whether the investment decision was consistent with the Board's written investment policy. *Gov't Code 2256.006*

12.9. INVESTMENT OFFICERS

The District shall designate one or more officers or employees as investment officer(s) to be responsible for the investment of its funds. If the District has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting Board's District. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the Board retains the ultimate responsibility as fiduciaries of the assets of the District. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity. Authority granted to a person to invest the District's funds is effective until rescinded by the District or until termination of the person's employment by the District, or for an investment management firm, until the expiration of the contract with the District. *Gov't Code 2256.005(f)*

A District or investment officer may use the District's employees or the services of a contractor of the District to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)* Sabinal ISD's investment officer is the Chief Financial Officer.

12.10. INVESTMENT TRAINING

Within 12 months after taking office or assuming duties, the investment officer of the District shall attend at least one training session from an independent source approved either by the Board or by a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

The investment officer must also attend an investment training session not less than once in a two-year period and receive not less than ten hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or a designated investment committee advising the investment officer. If the District has contracted with another investing entity to invest the District's funds, this training requirement may be satisfied by having a Board officer attend four hours of appropriate instruction in a two-year period. *Gov't Code 2256.008(a), (b)* Investment training shall include education in investment controls, security risks, strategy risks market risks, diversification of

investment portfolio, and compliance with the Government Code, Chapter 2256. *Gov't Code 2256.008(c)*

12.11. PERSONAL INTEREST

A District investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the District shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573, to an individual seeking to sell an investment to the investment officer's District shall file a statement disclosing that relationship. A required statement must be filed with the Board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer. *Gov't Code 2256.005(i)*

12.12. SELLERS OF INVESTMENTS

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with the District or to an investment management firm under contract with the District to invest or manage the District's investment portfolio. For purposes of this section, a business organization includes investment pools and an investment management firm under contract with the District to invest or manage the District's investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with the District shall execute a written instrument in a form acceptable to the District and the business organization substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the District investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not acquire or otherwise obtain any authorized investment described in the District's investment policy from a person who has not delivered to the District the instrument described above. *Gov't Code 2256.005(k), (l)*

12.13. DONATIONS

A gift, devise, or bequest made to provide college scholarships for District graduates may be invested by the Board as provided in Property Code 117.004, unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*. Investments donated to the District for a particular purpose or under terms of use specified by the donor are not subject to the requirements of Government Code Chapter 2256, Subchapter A. *Gov't Code 2256.004(b)*

SECTION 13

RISK MANAGEMENT

13.1. PROPERTY AND CASUALTY INSURANCE

The District has a broad and complex blanket of property insurance coverage of all four main campuses as well as support facilities, which have an insured value of almost \$100 million.

The District purchases the following insurance coverage from our contracted vendor:

- Automobile Liability
- Crime
- Educator Liability
- Equipment
- General Liability
- Property (includes named wind-storm)

Any incidents and/or accidents should be reported to the Business Office as soon as the event becomes known.

13.2. FRAUD REPORTING

Sabinal Independent School District prohibits fraud and financial impropriety in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be 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 District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy.
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide conflicts of interest as required by law or District policy.
11. Any other dishonest act regarding the finances of the District.

Any person who suspects fraud or financial impropriety in the District shall report the suspicions immediately to any supervisor, the Chief Financial Officer or designee, the Board President, or local law enforcement. Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law.

13.3. INSURANCE REQUIREMENTS OF VENDORS

Campus principals should always secure a certificate of insurance (with SABINAL ISD named as an additional insured), contract (reviewed by Chief Financial Officer and/or Chief Financial Officer), and any necessary waivers/releases during the planning period for a special activity and/or event with a vendor.

13.4. LIABILITY COVERAGE

Public school districts are immune for bodily injury to students and the public (except for limited liability for negligent operation and use of a motorized vehicle) as provided in the Texas Tort Claims Act § 101.021 and §101.051.

13.5. STUDENT ACCIDENT INSURANCE

Since some parents or guardians may not have medical coverage for their children, the District offers a low-cost student accident insurance coverage plan through the contracted vendor. The plan year is from July 1 to June 30 each year. Enrollment forms are available through the district website.

SECTION 14
RECORDS
MANAGEMENT

14.1. LEGAL REQUIREMENTS

Record retention ensures that critical records are identified and retained in accordance with State and Federal guidelines. The Local Government Records Act establishes the primary requirements for records retention policies and plans. These record retention guidelines are specified in the retention schedules and approved by the State Library and Archives Commission. The schedules that pertain to school districts include:

- Local Schedule GR - Records Common to All Governments
- Local Schedule EL - Records of Elections and Voter Registration
- Local Schedule TX - Records of Property Taxation
- Local Schedule SD - Records for Public School Districts

In addition, the Local Government Records Act requires the District to elect a Records Management Officer to coordinate the District's records management activities. The District's Records Management Officer is the Chief Financial Officer.

Information concerning any records not addressed here can be found in the Legal Reference Book. Copies of the current State Library and Archives schedules can be requested from the Records Management Officer or found on line at:

<http://www.tsl.state.tx.us/slr/recordspubs/sd.html> or
<http://www.tsl.state.tx.us/slr/recordspubs/gr.html>.

Board policy CPC provide additional legal information and local policies on the District's record management responsibilities. These can be viewed via the District's website and the direct link is <http://pol.tasb.org/Policy/Download/149?filename=CPC%28LOCAL%29.pdf>.

14.2. RECORDS MANAGEMENT OFFICER

The Superintendent of Schools for Sabinal Independent School has been designated under the provisions of the Local Government Records Act to manage the government's records and file control schedules. *Local Government Code 201.003(14)*

14.3. RECORDS DESTRUCTION PROCESS

Campus and department officials and/or their designee should bring forward any and all records that can be destroyed on a timely basis.

14.4. RECORDS CONTROL SCHEDULE

The District has adopted the TSLAC local government retention schedule.

14.5. GRANT RECORDS

Grant records will be maintained through electronic storage for five years. Disposal of paper copies will follow the district's practice of seven year retention. Electronic and paper copies can be accessed at the District Administration Office located at 409 W. Cullins Ave.

Sabinal ISD

Semi-Annual Certification

School/District: _____

Federal Program: _____

For the Six-Month Period of: _____

I certify that the employee(s) listed below worked 100% of their time on activities authorized by the federal program stated above.

Employee Name	Title	Employee Signature	Date

Supervisor Signature Date

Program Director Signature Date

This form is to be completed every six months for any employee who is paid solely with federal funds from a single federal grant.

Signatures must be dated AFTER the last date of services

Sabinal Independent School District

Daily Time and Effort Report Form For Split Funded Personnel

Employee Name: _____

Job Title: _____

Date	Fund %	Fund %	Summary of work performed with students who qualify for special program	Total Time Spent Federal %	Time Spent Reg. Ed. %

I certify that the information provided above is correct.

Employee Signature Date

Supervisor Signature Date