

MIDLAND INDEPENDENT SCHOOL DISTRICT  
SCHOOL ACTIVITY FUND MANUAL

**ACCOUNTING:  
ACTIVITY FUND MANAGEMENT**

All receipts to and disbursements from the activity fund account shall be in accordance with the following guidelines:

1. Records shall be kept in accordance with generally accepted accounting principles, as outlined in the Activity Fund Procedure Manual, and TEA Financial Accounting Module.
2. All activity fund records shall be kept on file in the school for a period of five years and an additional two years in the warehouse.
3. For each collection of cash, a receipt shall be issued immediately.
4. Bank deposits for cash received shall be made by the principal or his designee on a daily basis when money is being collected. Deposit slips shall be made in duplicate.
5. Payments from the fund shall be made by check for the designated purpose and signed by two parties, one of which must be the principal, or designee. A Request for Payment shall be executed corresponding to each activity fund check issued, with the proper invoices attached for audit purposes. The Assistant Superintendent for Financial Services approval, or designee's approval, for capital outlay and professional travel must also be attached. (See Sec 7.12.1, page 23 for proper procedures)
6. Monthly bank statements shall be reconciled as soon as possible after receipt, and a report sent to the Senior Activity Funds Clerk in the Business Office by the due date requested by the Senior Activity Funds Clerk.
7. The principal's monthly financial reports shall be reviewed by the Director of Finance, or designee, to ensure sound fiscal operations and control.

Each school shall maintain a school activity fund account to manage class funds, organization funds, and any other designated campus-level activities. All monies collected shall be receipted by the school secretary/bookkeeper and deposited into the appropriate District account at the District Depository.

**ACCOUNTING:  
ACTIVITY FUND MANAGEMENT (continued)**

The principal of the school shall be responsible for the proper administration of each account within the activity fund in accordance with state and local law, District approved accounting practices and procedures, and the TEA Financial Accounting Module. School activity funds shall be included in the annual audit of the District's fiscal accounts.

Monies collected by school groups shall be disbursed only for purposes authorized by the organization and with the approval of the club sponsor. The principal or assistant principal shall approve all disbursements. **All funds raised by student organizations must be expended for the benefit of the students.**

## **PREFACE**

This manual is prepared primarily to set forth standardized accounting procedures for the administration of activity funds in all elementary and secondary schools of the Midland Independent School District. Principals, school secretaries/bookkeepers, interns and/or assistant principals and other parties involved in the handling of school activity funds should be knowledgeable of the instructions contained in this manual.

This manual supersedes all prior publications regulating the administration of the school activity funds.

# ACTIVITY FUND PROCEDURE MANUAL

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## SECTION 1: GENERAL INFORMATION

### 1.1 Definition and Purpose of School Activity Funds

TEA Resource Guide states:

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The Activity Fund is designed to account for funds held by a school in a trustee capacity or as an agent for students, club organizations of the campus, teachers and the general administration of the school. These funds are used to promote the general welfare of each school and the educational development and morale of all students. The accounting function for the activity fund is delegated to each campus and must comply with the guidelines and procedures required by this manual.

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The following terms are employed by the District to provide a clear distinction between the two types of funds often referred to as "activity funds":

General - other than club monies

Agency - club monies

All funds collected by District personnel from students should be considered as "activity funds" and are to be handled through the school activity fund account, unless otherwise specifically instructed by the District's Assistant Superintendent for Financial Services, or his designee.

### 1.2 Responsibility for Activity Funds

The school principal is responsible for the proper collection, disbursement and control of all activity fund monies. This responsibility includes:

1. Providing for the safekeeping of monies.
2. Proper accounting and administration of fund transactions.
3. Expenditures of funds in compliance with applicable state laws, and local board policy administrative guidelines.
4. Adequate training and supervision of all personnel designated by the principal to administer activity funds.

The principal is not responsible for funds collected, disbursed and controlled by parent or booster organizations. These parent and booster organization's funds are **NOT** to be accounted for in the school's activity fund.

### 1.3 Audits of Activity Fund Records

#### 1. Audits

Audits are the final control to assure principals that their procedures in handling funds entrusted to them are adequate for the protection of themselves and their personnel. All records should be kept current and in good order, available for review at any time, and retained on campus for a minimum of five years and available in the warehouse for an additional two years.

#### 2. Change of Principal

All activity fund records should be reviewed when a change of school principal occurs. It is the responsibility of the incoming principal to request a review before assuming financial responsibility.

#### 3. Change of School Secretary/Bookkeeper

Activity fund records will be audited whenever there is change of school secretary/bookkeeper. It is the responsibility of the school principal to notify the Internal Auditor on a timely basis of any such change.

### 1.4 Final Disposition Determination

Upon the dissolution of an activity fund function, the school principal shall insure that all liabilities of that function are liquidated. If a general fund-type account is involved, then the balance shall be transferred to the Imprest/General Fund account of the school activity fund. Agency (club) account balances shall be transferred to the Student Council Account. Approval from the Assistant Superintendent for Financial Services is required in order to transfer the Student Council Account balance to the general fund due to an inactive club.

In situations where club participants will be graduating or promoting, the agency (club) funds at school year end shall remain in the account to be available for the next year's participants, unless otherwise designated by the club in a majority action. The club decision should be recorded in their minutes and communicated to the school secretary/ bookkeeper on a timely basis.

## SECTION 2: BASIC RECORDS

### 2.1 Activity Fund Receipts

#### 1. Cash Receipt

Cash receipts are the means of accurately recording cash received and provide support to substantiate each bank deposit. Activity funds receipt books are to be obtained from the District Procurement Warehouse. Receipts must be used for all cash or checks received. A sample receipt is illustrated in the Appendix of this manual. (Appendix A-1)

#### 2. McBee Receipts Journal

In secondary, the McBee Cash Receipts Journal is used to record the receipts on a daily basis. Postings are then made from the journal to the individual ledger cards.

The McBee Cash Receipts Journal are obtained from McBee Systems. A sample of this form and the McBee Receipt are illustrated in the Appendix of this manual. (Appendix A-2 and A-3)

#### 3. Cash Receipt Record (CRR)

This form is to be used to provide a **detailed list of individuals** whenever money is collected from the students or faculty as a group. This list is turned in to the school's secretary/bookkeeper with the monies collected. These forms are obtained from the District Procurement Warehouse. A sample of this form is shown in the Appendix of this manual. (Appendix A-4)

### 2.2 Request For Payment (RFP)

These vouchers are the authority for the issuance of a check drawn on the activity fund checking account and provide support to substantiate each bank withdrawal. Request For Payments are to be obtained from the district Senior Activity Fund Clerk. A sample Request for Payment is shown in the Appendix of this manual. (Appendix A-5)

## 2.3 Activity Fund Checks

### 1. Pre-Numbered Checks - Elementary

These checks are used to disburse all funds from the Activity Fund checking account. Pre-numbered checks must be obtained by submitting to the bank the reorder/order form provided with the check supply. Checks must be printed with the school bank account title, "(Name of School/Department) Activity Fund", Midland Independent School District, the school's address, and the statement "VOID AFTER 90 DAYS". Printed checks must have provision for two signatures. A sample of the pre-numbered checks is shown in the Appendix of this manual. (Appendix A-6)

### 2. McBee Checks - Secondary

In secondary schools, the McBee Cash Disbursements Journal and Checks are used to record the disbursements on a daily basis. Postings are then made from the journal to individual ledger account cards.

The McBee Cash Disbursements Journals and Checks are obtained from McBee Systems. McBee Checks should be printed with the same information as described for elementary school checks in Section 2.3.1. Samples are shown in the Appendix of this manual. (Appendix A-7, and A-8)

## 2.4 Bank Deposit Slips

Campuses are encouraged to keep a copy of deposit slips prior to making deposits. Validated deposit slips serve as a record for money deposited in the bank on specific dates, and are vital supporting documents in the maintenance of accurate cash records. Deposit slips are to be obtained from the bank and must indicate the school's name and account number. A sample is shown in the Appendix of this manual. (Appendix A-9)

## 2.5 Monthly Bank Statement

This is a transcript of the official bank records reflecting all transactions affecting the cash balance on deposit during the preceding month. When properly reconciled, the statement serves as official support for the cash balance recorded in the activity fund records.

## 2.6 Bank Reconciliation

The bank reconciliation report is used to reconcile the bank statement to the general ledger. The bank reconciliation is to be turned in to the Senior Activity Funds Clerk by the 15th day of the following month. These forms are obtained from the Senior Activity Funds Clerk. A sample is shown in the Appendix to this manual. (Appendix A-10)

## 2.7 Individual Ledger Account Cards

In secondary schools, individual account cards are established to classify the monies deposited into and expended out of school activity fund accounts. The account card must contain complete detail of all transactions. A sample is shown in the Appendix to this manual. (Appendix A-11)

## 2.8 General Ledger-Computer Printout

The general ledger for activity funds is maintained on the District's central computer system. Generally, all data must be entered by the 15th day of the following month. Exceptions to this date will be determined by the Senior Activity Fund Clerk. The general ledger summarizes all transactions of the activity fund during the month. All monthly reports generated from month end closing should be maintained and filed for audit purposes.

## 2.9 Additional Records

Each school should keep a file for "School Activity Fund Communication". This should include copies of instructional memos received concerning school activity funds.

# **SECTION 3: BANKING PRACTICES AND PROCEDURES**

## 3.1 Bank Accounts

1. Each school shall have only one bank checking account which shall be entitled "(Name of School/Department) SCHOOL ACTIVITY FUND". Checks and deposit slips must be printed with the checking account title, Midland Independent School District and the school's address. The checks must also be printed with the statement "VOID AFTER 90 DAYS". All monies received will be deposited into this account and all disbursements will be made by a check drawn on this account. No other checking accounts are permitted if related to the activity funds unless approved by the Assistant Superintendent for Financial Services.

2. Only school activity fund transactions may directed through the school activity funds bank account. Transactions controlled by other outside organizations must be handled through separate non-district related bank accounts.
3. Schools and school organizations are not permitted to execute external debt instruments of any kind. School activities or projects requiring financing on any deferred or installment repayment basis must be submitted to the Assistant Superintendent for Financial Services.

### 3.2 Check Signatures and Checks

Each bank account shall have **at least 4 authorized signers** including the Assistant Superintendent for Financial Services and the principal. The other two should consist of an assistant principal/intern and other designee. All disbursement checks must be signed with manual signatures, consisting of the signatures of both the principal or authorized designee and the school secretary/bookkeeper. (Each check must clear the bank with two authorized signatures affixed)

The principal will be considered responsible for all financial transactions even in the case of his/her unavoidable absence.

**Under no circumstances shall checks be pre-signed.** No signature shall be affixed until the check has been filled out in its entirety.

Check stock/unused checks should be secured under lock and key with only the persons authorized to sign checks having access to them. Check stock should be accounted for at the beginning of each work day and any missing checks reported immediately to the bank and the District Auditing Department.

Voided checks are to have the word "VOID" written in bold letters with ink across the face of the check, and the signatures torn off the check so it cannot be cashed. The voided check with all carbon copies (secondaries only) are to be filed in numerical order with the corresponding Request for Payment that was written to issue the check.

### 3.3 Bank Reconciliation

Upon receipt of the monthly bank statement, the balance indicated on the statement:

1. Should be reconciled, for secondary schools, to the cash balance column of the McBee Cash Journal, and for elementary schools, to the check book stub balance.
2. Should be reconciled to the cash in bank balance account in the general ledger.

The bank reconciliation is to be prepared by the secretary/ bookkeeper at the end of each month, necessary corrections made, and signed by the principal. The completed reconciliation report is to be sent to the Senior Activity Funds Clerk by the 15th of the following month.

## SECTION 4: RECEIPT OF FUNDS

### 4.1 General Receipting Procedures

Cash should be organized when it is submitted to the school office. Teachers, club treasurers and sponsors should be instructed to issue receipts or prepare Cash Receipt Records for money collected. At least two persons must be involved in the functions of collecting cash, receipting cash, and depositing cash. This is accomplished by having teachers and club sponsors collect from the students and they in turn require a receipt from the school's secretary/bookkeeper when funds are turned in for deposit.

1. A pre-numbered duplicate receipt book is to be used and the school name stamped or written on the cover.
2. An official receipt shall be prepared in ink and completed in its entirety including:
  - Date: The month, day and year.
  - Amount: The amount both written and numeric.
  - Received From: An individual, a firm or M.I.S.D. (show M.I.S.D. check number).  
A receipt may not be issued to more than one person.
  - For: An explanation of the source and purpose for which the money was received.
  - Account: The school activity fund account number and title of the account to be increased by the amount of the receipt.
  - School: Name of the school, or the fund number (may be manual or stamped).
  - Signature: The signature or initial of the person receiving the money (signature must be manual, absolutely no signature stamps).
3. An actual cash count must be made by the person signing the receipt in the presence of the person turning in the money.
4. All cash receipts shall be issued in numeric order.
5. Postdated checks **shall not** be accepted by the school from any source.
6. **Under no circumstances shall a cash receipt be altered.** If an error occurs in the preparation of a master receipt, void both the original and the duplicates of the incorrect receipt and issue a new receipt.
7. **The original of a voided master receipt must be attached to the carbon copies and clearly marked "VOID". The voided cash receipts should be kept in the receipt book.**

8. The original of the master receipt shall be given to the person turning in or paying the money at the time it is turned in, or if that is not possible, within 24 hours. If currency or coin is received by mail, it is necessary that the original receipt be mailed to comply with this procedure. If a check is received by mail from an outside source, it is not necessary that the original receipt be mailed to comply with this procedure since that person or vendor will have their canceled check to serve as their receipt. In these cases, the original receipt should be kept on file for review purposes.
9. Cash receipts **are not** to be pre-signed or predated.

#### 4.2 Receipt of Money by Persons other than the Secretary/Bookkeeper

Occasionally monies may be collected by an authorized individual other than the school secretary/bookkeeper (teacher, secretary, clerk, etc., but only as approved by the principal). In such instances, the following operating provisions shall be applicable in addition to the provisions of Section 4.1 above.

1. The school secretary/bookkeeper shall be responsible for maintaining an adequate supply of auxiliary receipt books and/or Cash Receipt Records. The school secretary/bookkeeper must keep a distribution record of all pre-numbered receipt books issued showing inclusive receipt numbers in each book distributed. (Cash Receipt Records should be handled the same way)
2. A pre-numbered receipt shall be issued immediately by the person receiving the cash to the person turning in the money. Pre-numbered receipt books may be obtained from the school secretary/bookkeeper. Receipts shall be issued for all funds collected. For example:
  - Tuition
  - Textbooks
  - Club or class fees and dues
  - Collections for yearbooks and other commemorative items with the exception of class pictures.
  - Any other collection requiring a payer record for future reference.
3. The Cash Receipt Record may be used instead of auxiliary receipts for multiple collections. For example:
  - Library fines
  - Class pictures
  - Fees and Dues
  - Yearbook sales
  - Voluntary charitable donations
  - Revenue from fund raising activities
  - Faculty fund collections

4. In elementary schools, teachers utilizing the Cash Receipt Records may enter the names of the students from whom monies were received. In secondary schools, **students** must sign the Cash Receipt Record, in the presence of the collector, and enter the amount of money turned in. In the event that money turned in does not correspond to the documentation (for either secondary or elementary schools), the sponsor must sign their agreement to the shortage or overage.
5. For safekeeping, collections from any source in excess of \$25 shall be submitted **to the school secretary/bookkeeper on a daily basis**. Under no circumstances shall a sponsor retain overnight more than \$25. Any funds retained should be kept in a secure locked location.
6. All collections turned in to the school secretary/bookkeeper must be accompanied by the fully completed applicable supporting documents, such as a Cash Receipt Record or auxiliary receipts.
7. **Master receipts should reflect auxiliary receipt #'s or Cash Receipt Record #'s when applicable.**
8. All money collected must be submitted to the school secretary/bookkeeper in the same form as collected. The staff member's personal check **may not** be submitted for cash collections.

#### 4.3 Receipt of Money by the School Secretary/Bookkeeper

The school activity fund receipts issued by the school secretary/bookkeeper provide the basic support for school activity fund deposits. The following procedures are to be observed in addition to those specified previously in Section 4.1 and 4.2.

1. When funds submitted to the school secretary/bookkeeper have previously been receipted in an auxiliary receipt book issued to another person, the school secretary/bookkeeper shall:
  - a. Tabulate monies collected and reconcile to receipts issued from the auxiliary receipt book(s).
  - b. Issue a master receipt to the staff member when monies received have been satisfactorily verified. The school secretary/bookkeeper shall indicate on this receipt the corresponding receipt numbers received from the teacher or other staff member.
  - c. Initial the last receipt in the auxiliary receipt book and indicate thereon the date of transmittal to the school secretary/bookkeeper. Account for auxiliary receipt numbers issued since the last reconciliation.

2. When funds submitted to the school secretary/bookkeeper have previously been tabulated on a Cash Receipt Record, the secretary shall:
  - a. Reconcile monies received to the total amounts listed on the Cash Receipt Record.
  - b. Issue a master receipt when monies received have been satisfactorily verified. The master receipt shall indicate the corresponding Cash Receipt Record number.
  - c. Indicate the master receipt number issued by the school secretary/bookkeeper and the date of the issuance on the Cash Receipt Record.
  - d. Retain the Cash Receipt Record in the school activity fund files. A copy may be given to the person turning in the funds.

#### 4.4 Control of Receipt Books by the School Secretary/Bookkeeper

The school secretary/bookkeeper shall be responsible for maintaining an adequate supply of receipt books obtained from the District warehouse. All receipt books shall be secured in a locked drawer, cabinet or vault at all times

The school secretary/bookkeeper shall issue auxiliary receipt books, as needed, to teachers and other persons authorized by the school principal. **The school secretary/bookkeeper must keep a distribution record of all auxiliary receipt books issued.** This record is considered part of the official school activity fund records. A record of all pre-numbered documents on hand (unused) should be maintained.

Please note voided auxiliary receipts must be handled in same manner as a voided master receipt. The original voided receipt must be maintained in the activity fund records with the receipt book.

At the end of the school year the school secretary/ bookkeeper shall recall all outstanding auxiliary receipt books so that all books issued during the school year are accounted for at the end of the school year.

#### 4.5 Control of Pre-numbered Cash Receipt Records by Secretary/Bookkeeper

All funds received by clubs or school organizations (fees, dues, fund raising sales, etc.) must be documented by pre-numbered cash receipts, Cash Receipt Records or cash collection forms provided by fund raising vendors. **The secretary/bookkeeper should maintain a record of all pre-numbered Cash Receipt Records used and unused during the year to properly control cash receipts.** This can be easily accomplished by maintaining a **Cash Receipt Record Register**. A sample is shown in the Appendix. (Appendix A-25)

Please note that voided Cash Receipt Records must be handled in the same manner as a voided master, or auxiliary receipt. The original voided Cash Receipt Record must be maintained in the activity fund records with the Cash Receipt Record Register.

## **SECTION 5: DEPOSIT OF FUNDS**

### 5.1 General Operating Policies

#### 1. Deposits on Hand

- a. Deposits must be made whenever money collections exceed \$200 for secondary schools and \$50 for elementary schools. Any funds on hand must be secured in a locked drawer, cabinet or vault at all times.
  - b. Deposits should always be made on Friday or the last working day of the week, even though the funds on hand does not exceed the maximum allowable. Also, regardless of the amount, all monies on hand must be deposited on the last day of the month.
2. Funds received after the courier service has made his daily pickup shall be transported by the delegated school representative, directly to the bank and **shall not** be kept in any other off-campus location. It is the responsibility of the principal or his designee handling school funds to deposit the funds at the bank.
  3. All checks to be deposited must be endorsed with a rubber stamp as follows:

For Deposit only:  
(Name of School)  
School Activity Fund  
(Account number)

4. All cash receipts shall be deposited in numerical sequence in the same month the receipt is written, and a deposit made on the last working day of the month in order that funds be reported within the month received.
5. Redeposits must be deposited separately from other funds collected. (See Section 6.2 for instructions in making redeposits.)
6. **All monies on hand at the end of the school year must be deposited prior to breaking for the summer.**

## 5.2 Procedures for the Preparation of Bank Deposits

1. Bank deposit slips shall be prepared in duplicate for each deposit. The original deposit slip will be retained by the bank; the duplicate copy should be retained by the secretary/bookkeeper at the time of deposit.
2. The following information must be indicated on the bank deposit slip:
  - a. The date and the amount of the deposit.
  - b. A notation of the master receipt numbers issued in support of the bank deposit. (Example: receipts numbered 500-525 inclusive.)
  - c. The listing of each check in the deposit showing the maker's name and the amount of the check. When this is impractical due to the volume of checks, an adding machine tape may be attached instead. (For secondary schools: the account number or account title to which the checks are to be posted should be written in the upper left hand corner of each check for identification purposes should it be returned by the bank.)
3. The sum of the amounts of the supporting cash receipts **must be** in agreement with the amount of the bank deposit.
4. Debit memos and credit memos received from the bank for deposit shortages and overages on a deposit are to be recorded in the check book (elementary schools) or the McBee Cash Journal (secondary schools); they should then be posted to the general ledger system. The cash receipts are not to be altered to reflect the difference.

## **SECTION 6: RETURNED CHECKS AND REDEPOSITS**

### 6.1 Returned Checks and Redeposits

Occasionally a check which was previously deposited is returned unpaid by the bank at a later date because of insufficient funds or other reasons. Procedures in such cases are as follows:

1. The school secretary/bookkeeper shall immediately notify the maker of the returned check, requesting that it be redeemed with cash.
2. If the maker of the returned check requests that it be redeposited, such action shall be taken. A check may be redeposited only once; after that time, only cash may be accepted.
3. Under no circumstances should the returned check be surrendered to the maker without first receiving cash or a money order for the amount of the original check.

4. Retain all bank debit memoranda in the school file.
5. When a check is returned by the bank:
  - a. Write the name(s) of the individual(s), the school activity fund account number(s) affected, and the amount(s) on the debit memo received from the bank.
  - b. Record the information from the bank debit memo in the check book (elementaries) or McBee Cash Journal (secondaries) and the general ledger system, via a journal entry voucher. Attach copies of returned checks and bank debit memos to the journal voucher form. (Appendix A-24)
    - (1) Credit (decrease) the Cash-In-Bank account.
    - (2) Debit (increase) the School Activity Returned Checks account.
    - (3) Describe the transaction detailing all the pertinent data and the reason for the return.
  - c. In the secondary schools, if the returned check pertains to one of the department or club accounts, the sponsor or department head needs to be notified that the check has been returned by the bank.

## 6.2 Redeposits

When a returned check is redeemed by the maker, the resulting deposit is known as a "redeposit". Procedures are as follows:

1. Write a master receipt stating "redeposit" of returned check and reference the original journal voucher crediting cash. (Section 6.1.5.b) **Do not give the original receipt to the maker** since such action would constitute duplication.
2. Prepare a separate bank deposit slip designated as "redeposit". The deposit slip must disclose the following information:
  - Date and amount of the redeposit.
  - Master receipt number.
  - Name of the check maker.
3. The following transaction must be recorded, via the master receipt, to the general ledger system.
  - a. Debit (increase) the Cash-In-Bank account.
  - b. Credit (decrease) the School Activity Returned Checks account.

### 6.3 Uncollectible Checks

If the redeposited check is again returned by the bank, the following steps should be followed:

1. Follow steps as outlined in Section 6.1.5 to record the transaction.
2. Call or contact by mail the maker of the check, requesting immediate payment, via cash or money order.
3. If this contact fails to gain results, the check along with copies of the notes and letters should be submitted to the Senior Activity Funds Clerk.
4. A copy of the letters, notes and summary of disposition should be kept in the school activity files for audit purposes.

### 6.4 Final Disposition of Uncollectible Returned Checks

When a check is finally deemed uncollectible, a journal entry must be made to credit the School Activity Returned Checks account and debit the original revenue/club account.

## **SECTION 7: DISBURSEMENTS**

### 7.1 General Operating Procedures

1. All expenditures shall be paid by check from the school activity fund checking account.
2. Income received from a specific group (student and faculty) should be expended for that group. The principal shall ensure that expenditures from these accounts are written for the intended purpose of the group and should not divert monies for other uses.
3. **No expenditure of funds shall be approved by the principal unless sufficient funds are available in the appropriate activity account.** Thus, no check shall be drawn on any account with a negative balance unless sufficient funds become available in the appropriate fund account.
4. **Under no circumstances shall sales tax be paid to a vendor for purchase of goods.**
5. Payments must be made to the vendor within thirty (30) days of the invoice date or delivery date (whichever is later).

6. The following items purchased with student generated funds require the approval of the **Assistant Superintendent for Financial Services**:
  - a. Capital Outlay (Fixed Assets), as defined in Section 7.12.
  - b. Professional Conference/Travel expenses (This also includes registration fees for local or out of town conferences)
  - c. Personal items for an employee such as clothing or decorative items for the office, unless purchased with club money, and club officer approval
  - d. Gifts, unless purchased with club money, and club officer approval

**Note:** Approval for any exceptions in the rules, as stated in the Activity Fund manual, and all documentation should be kept in the school activity files for audit purposes.

## 7.2 Documentation of Disbursement of Funds

The school secretary/bookkeeper may not disburse funds without written authorization from the principal or other authorized person for Imprest accounts, or department or club sponsors for class or club accounts.

Documentation must consist of both of the following:

### 1. Request for Payment Form

The Request for Payment Form (Appendix A-5) shall be completed in its entirety, including:

- a. **Date** - Month/Day/Year
- b. **Amount**
- c. **Account Number** - The account number to be decreased by the amount of the check.
- d. **Account name** - The name of the account to be decreased by the amount of the check.
- e. **Payable to** - The name of the individual or company to whom the check is to be issued (Payee).
- f. **Address** - The mailing address of the payee.
- g. **Purpose of expenditure** - A description of the merchandise purchased or services rendered.
- h. **Principal's original signature and date at the bottom of the form** - Signature stamps are unacceptable. This signature should be dated on or before the date of the purchase, except in the case of a reimbursement.
- i. **Signature of individual requesting the check.**
- j. **Check number.**

## 2. Supporting Documentation

Attached to the Request for Payment form, should be one of the following:

- a. The vendor's **original** invoice. Periodic statements do not constitute acceptable support.
- b. **Original** sales slips or cash register tapes from teachers or other employees who request reimbursement for items purchased with their own funds. Credit card statements and customer copy of charge slips are not adequate supporting documentation.
- c. Other documentation (letters from vendors, acknowledgments, renewal notices, etc.) when invoices are not issued by the vendor. This documentation should indicate in detail what is being purchased, and at what price. Such documentation will be deemed acceptable only when the principal's approval is evidenced by his/her signature.
- d. Contract for Consulting Services form. (Appendix A-12) This must be completed in its entirety, including a signature of the performing party or designee. See Section 7.6 for more details.

If at any time it is necessary to pay an amount that is different than is shown on the original invoice, indicate the adjustment, and calculate a new total. Also document the name of the person, affiliated with the vendor, who authorized the correction, their phone number, and the date of that authorization.

### 7.3 Issuance of Checks

1. All school activity fund checks must bear the signature of two of the authorized check signers. See Section 3.2 for procedures regarding authorized check signers.
2. Payment must always be made to a specific person, company, or organization. Checks shall not be made payable to "Cash" or to the paying school for other than replenishing the change fund. The only exception to this rule is when a check is written to a Crime Stopper informant. See Section 7.13 for further details.
3. **The check must be typed or written in ink.**
4. The memo portion of the school activity fund check should reference the invoice number(s), and a description.
5. **Under no circumstances shall checks be pre-signed.** That is, no signature shall be affixed to a check until all blanks (date, payee, and amount) have been completed.
6. All checks shall be issued in numeric order.

#### 7.4 Trip Advance Payments

Advance payment may sometimes be requested for necessary expenses expected to be incurred by athletic teams and other groups engaged in out-of-town travel. Procedures in these cases are as follows:

1. The activity sponsor (coach, club sponsor, etc.) shall make a written request for an advance stating the amount needed, date(s), place, and the purpose for which the advance is required. The Request for Payment form may be used for this purpose. (Appendix A-5)
2. The request for advance payment should be presented for the principal's approval. The Request for Payment should stipulate the proposed payment is an advance.
3. At the completion of the activity, the sponsor shall submit to the school secretary/bookkeeper a pre-numbered Trip Expense Reimbursement Form detailing the actual expenses, and shall return any unused funds. Receipts must be attached for some expenses as requested on the Reimbursement Form (air fare, lodging, registration fees, parking, taxi, car rental, other misc. expenses).
4. The school secretary/bookkeeper will issue a master receipt for any money returned and cross-reference this receipt number to the check number issued for the original advance. All supporting documents submitted shall be attached to the Request for Payment.
5. **The settlement of all advances shall be completed no later than two working days after termination of the activity for which the money was advanced.**

#### 7.5 Payment to District Employees

Occasionally the principal agrees to pay substitute teachers and secretaries or other District employees out of school activity funds when such services are not covered by the district's budgeted funds.

**No payment to a District employee is to be made directly out of activity funds.**

Approval from the Assistant Superintendent for Financial Services is required when paying a district employee for extra duty, stipend, etc. The activity fund check is to be made payable to M.I.S.D. Payroll and forwarded along with the pertinent information to the Payroll Department. The Payroll Department will issue the check to the employee, withhold the necessary taxes and report the earnings to Teacher Retirement.

The exceptions to this requirement would be reimbursements or advances to employees which can still be made from the activity fund account.

#### 7.6 Payment to Non-Employees for Contracted Services

No payments to non-employees for contracted services are to be made directly to the contractor out of activity funds. (Examples: judges, inservice speakers, musicians for school dances, masseuse, jumper rentals, security officers etc.)

The activity fund check is to be made payable to M.I.S.D. Business Office, and attached to a completed Contract for Consultant Services Form (Appendix A-12). This documentation should then be forwarded to the Business Office, where a check will be issued to the contractor.

The information to be submitted includes the individual's name, tax payer ID #, address (including zip code), description of the services performed and the amount to be paid.

#### 7.7 Reimbursements

Checks may be issued to students or employees to reimburse them for personal funds expended for school purposes, provided that proper documentation is submitted in support of the expenditure. Proper documentation must comply with Section 7.2.2.

**State sales tax will not be reimbursed.**

#### 7.8 Refunds

Occasionally it may be necessary to issue refunds due to cancellations of field trips, return of lost textbooks, etc. The receipt previously issued by the school shall be verified and the receipt number referenced on the Request for Payment before the refund check is issued. The original white copy, of the receipt, if available, is to be attached to the Request for Payment. (Should the original be unavailable, a copy will suffice.) The office copy of the receipt should be marked as refunded and documented as to the check number and date of the refund.

The student's name, grade level, description of item originally paid for, and the original receipt number shall be printed on the explanation portion of the Request for Payment. The refund check is to be made payable to the original payor. At the elementary level, the check should be mailed to the student's home address or given directly to the student's parent or guardian.

In cases of multiple refunds for nominal amounts, a single check may be issued to the activity sponsor, who will distribute the refunds to each student. Each person due a refund shall sign a Cash Disbursement Record verifying that the refund was received. (Appendix A-19) The activity sponsor will return the signed Cash Disbursement Record and any undistributed money to the school secretary/bookkeeper who will issue a master receipt for any money returned. The school secretary/bookkeeper shall attach the refund list to the original Request for Payment and indicate thereon the receipt number issued for money returned.

#### 7.9 Cashing of Checks

No personal checks shall be cashed for students from school receipts. Checks issued by the school for trip advances or reimbursements may be cashed from school funds.

## 7.10 Cancellation/Voiding of Checks

1. It will occasionally be necessary to cancel a check:
  - a. which is outstanding in excess of 90 days.
  - b. which has been lost,
  - c. which has been returned by the payee for some reason.
  
2. In such cases, the following procedures shall be employed:
  - a. When the check is lost or unaccountable:
    - (1) A stop payment order should be requested from the Senior Activity Fund Clerk.
    - (2) Record the following notation on the related Request for Payment and copy of the check "Check # \_\_\_ Canceled." "Date Canceled \_\_\_\_."
  - b. When the original check is available, the signatures should be torn from the check and void written in bold ink across the face of the check. The voided check is to be filed in numerical order with the corresponding Request for Payment which was written to issue the check.
  - c. In each of the above cases, the amount of the canceled check is to be added back to the checkbook (elementary schools) or the McBee Cash Journal (secondary schools) balance and appropriate school activity fund general ledger account by making a journal entry.
  - d. **The canceled check is to be taken off the outstanding check list on the next bank reconciliation.**

## 7.11 Professional Conference/Travel Expenses

Before activity fund monies may be used for professional conference/travel expenses, prior approval must be obtained from the District **Assistant Superintendent for Financial Services**. This approval is necessary for local conferences also. A District Trip Expense Reimbursement form must be completed in accordance with District procedures for out of District travel. The original pre-numbered form, displaying the form number in red (upper right corner), must be attached along with appropriate original documentation. (Appendix A-13)

## 7.12 Capital Outlay Expenditures

### 1. General Information

In order to meet state accounting guidelines and have adequate documentation for insurance purposes it is necessary for each school to accurately account for all capital outlay items (fixed assets) purchased through the school activity fund.

Activity fund expenditures for capital outlay in excess of \$5,000 per item, or items that meet district guidelines for classification as a fixed asset, must have prior approval from the **Assistant Superintendent for Financial Services**.

Capital outlay items, are items purchased that are tangible in nature; they have a useful life of more than one year, are of significant value at the time of purchase, and/or may be reasonably identified and controlled through a physical inventory system. This includes capital leases.

The capitalization policy for the Midland Independent School District is as follows:

Capitalize equipment that has a useful life of more than one year and has a unit cost of \$5000 or more. Also capitalize equipment used in such quantity that the aggregate value of the item is a material sum to the District taken as a whole. See the attached list of equipment items that are considered to be fixed assets and items that are considered to be supplies. (Appendix A-15 and A-16)

**This policy is applicable to any purchase of a fixed asset, regardless of whether Activity Funds are involved or not.** Any questions concerning capital outlay should be directed to the District Internal Auditing Department.

## 2. Accounting For Fixed Assets Purchased with School Activity Funds

Prior written approval for activity fund checks issued to purchase fixed assets should be obtained from the Assistant Superintendent for Financial Services. Activity fund checks should be made payable to the MISD Business Office and attached to a completed Purchase Order. This documentation should be forwarded to the Business Office. (Appendix A-15)

## 3. Sale or Disposition of Fixed Assets

The Superintendent or designee shall be authorized to dispose of obsolete equipment. Monies collected from the sale of District property shall be sent to the District Business Office and deposited in the District's General Fund. At no time may any obsolete property be given to the public/staff/students.

If equipment is to be disposed of by trade-in it must be processed on a District Fixed Asset Reporting form and coordinated through the Internal Auditor, showing the trade-in value, description, model number and serial number so that it will be deleted from the fixed asset inventory.

## 7.13 Crime Stoppers - Payments to Informants

When making a payment to a Crime Stoppers informant, the completed "Disposition Sheet" will serve as support to your Request For Payment form. (Appendix A-26) A code will be put at the top of the form.

(Example: **gjhs960209** - This would indicate that this is for a tip received at **Goddard Junior High School** on **02/09/96**.) The same code will be written on the check stub.

**The informant's name will not appear on any document (Disposition Sheet, Request for Payment or check).** The Request For Payment form will be signed by the principal, assistant principal and secretary. No other attachments are necessary.

**The check will be made payable to "CASH"**, and will be entered into the general ledger system as a payment to cash.

In the event that the Crime Stoppers account drops below zero, the County Sheriff's Department should be contacted to request more funding.

## **SECTION 8: PURCHASING POLICIES AND PROCEDURES**

The school principal is fully responsible for all purchases and commitments requiring the present or future disbursement of activity fund monies. Teachers must have a commitment from the school principal before making any purchase in the name of the school.

No purchase shall be made unless sufficient funds are available in the proper activity fund account or will be available at a later date within the current fiscal year.

**Purchase of bid items (more than \$10,000 District wide) with activity fund money, should be on a Purchase Order, and processed through the Procurement Department.**

The activity fund check will be made payable to M.I.S.D. Business Office, and forwarded to the Business Office along with a copy of the Purchase Order. The activity fund check will be credited to the same account that the Purchase Order is coded. The Business Office will write the check to the vendor when the Purchase Order is completed.

Activity fund purchases are subject to District policies and procedures. The exception being club funds, which are exempt from being required to use the approved vendor list. Please note that although clubs are exempt from this requirement, they are strongly encouraged to follow this list.

See the District Procurement Manual for District policies and procedures.

### **8.1 Return of Purchased Items**

Purchased items that need to be returned to the vendor for a refund will require a refund from the vendor in the form of a check or cash. This refund must be immediately deposited back into the Activity fund and credited to the account from which the check was issued. (See Sec 4, page 11 for procedures on receipt of funds)

Absolutely no gift cards are to be accepted as a refund.

## SECTION 9: VENDING COMMISSIONS

All transactions involving funds generated by vending machines shall be entered into the school activity funds accounts. Proceeds from vending machines located in the specific areas with limited access such as the Athletic Field House, Faculty lounge, etc. may be posted to those club accounts. This method relates directly to the location of the machines and the intended purpose of the profits. **All vending machines that can be accessed by the general population of students must be considered as General Fund revenue and posted accordingly.**

## SECTION 10: FUND RAISING ACTIVITIES

### 10.1 Definition of Fund Raising Activities

A fund raising activity may be defined as any activity involving participation of a student body or a school or a school-recognized student group, undertaken for the purpose of deriving funds, regardless of whether a profit is made, for a school or a school-sponsored group.

### 10.2 Approval Required

Only approved fund raising activities may be conducted by the schools.

1. At the beginning of each school year, the principal is required to send a list of the proposed fund raising applications (projections) to the Executive Director of Student Services or designee for approval.
2. The activity sponsor must submit a written application to the principal stating the details of a projected fund raising activity and the purpose for which the proceeds will be used. Those applications should be submitted to the Senior Activity Funds Clerk by the date established by the Executive Director of Student Services.

### 10.3 Accounting for Fund Raising Activities

An accounting must be made of all fund raising activities.

1. The sponsor of an activity shall prepare a Fund Raising Application and acquire the necessary approvals prior to the start of the sale and/or collection of monies. (Appendix A-17)
2. The approved Fund Raising Application shall be given to the school secretary/bookkeeper to file with the school activity fund accounts.

3. The club sponsor is responsible for keeping accurate records for all fund raising activities. Such records shall include:
  - Distribution lists
  - Daily collection reports
  - Tabulation of sales tax collections (See Section 11)
  - Original cash receipts received for money turned in to the school secretary/bookkeeper.
4. At the conclusion of the fund raising activity, all records shall be turned in to the principal or school secretary/bookkeeper with a final Financial Recap and a Fundraiser Inventory Detail Worksheet. (Appendix A-18)

#### 10.4 Fund Raising Activities by Independent Outside Groups

Independent outside groups usually consist of Parent Teacher Associations and Booster Clubs.

These organizations shall manage their own finances when conducting fund raising activities and may make donations to the school or any club as they elect. Such contributions may be designated either for a specific purpose or for expenditures at the discretion of the principal.

The principal, school secretary/bookkeeper, or other staff member will not be involved in receipting, depositing or accounting for activities of any parental group or outside organization during school hours. It is recommended that District employees not be involved in any decision making activities, for an outside group, in the capacity of an officer, even after school hours. At no time should a District employee be listed on the bank account signature card for any of these outside organizations.

## **SECTION 11: STATE AND LOCAL SALES TAXES**

### 11.1 Taxable Status of Purchases

Ruling No. 95-0 from the State Comptroller, effective October 1, 1969 states:

"The sale, lease or rental of tangible property directly to or for storage, use or other consumption of tangible property directly by ...an educational organization..., which property is necessary to its function as such, and paid for by the organization is exempted from the computation of (state and local sales) taxes."

Provisions under Article 21-023 of the Federal Statutes provide tax exemption to the School District.

In accordance with these rulings:

1. Tax Free Purchases

All items purchased by a public school, school district or non-private school for the schools own use, qualify for an exemption from sales tax if the items purchased relate to the educational process. The school, school district or authorized agent should provide the seller with a Texas Sales and Use Tax Exemption Certificate. (Appendix A-20) To be valid the certificate must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that payment shall be made from the organization's own funds.

Purchases for their own use by individuals, even though connected with a school organization, are not exempt from the tax. Examples - cheerleaders purchasing their own uniforms, band members purchasing their own instruments and athletic teams purchasing their own jackets.

2. Exempt School Items

Public and nonprofit private schools and school related organizations need not collect sales tax on the following:

- Fees and admission tickets, including football and drama tickets
- Club memberships
- Deposits
- Sales of food and soft drinks sold during a regular school day, subject to an agreement with the proper school authorities
- Sale of whole cakes or pies

3. School Sponsored Trips

Meals purchased by the school for athletic teams, bands, etc. on authorized school trips are exempt from the sales tax if the school contracts for meals. The school must pay for the meals and provide the eating establishment with an exemption certificate.

Individual members of the athletic team, band, etc. may not claim exemption from the sales tax on the meals they purchase while on a school-authorized trip.

An exemption may also be claimed by the school from the Hotel Occupancy Tax if the school contracts and pays for the accommodations and provides the hotel with a completed Hotel Occupancy Tax Exemption Certificate. (Appendix A-23)

Teachers, coaches, etc. **may not** claim exemption from sales tax on individual purchases while on school business even though they are reimbursed by the school for expenses.

4. Taxable Sales - (Sales that require the collection of sales tax by the school)
  - a. Supplies and Publications (Except newspaper and magazines)  
Public and nonprofit private schools and school related organizations must collect the sales tax on the following:
    - School-purchased supplies sold directly to students including athletic equipment and physical education uniforms
    - Fees for materials when the end product becomes a possession of the student
    - Student publications such as yearbooks and athletic programs.
    - School rings
    - Books sold to students at book fairs
  - b. Sales by Teachers and Students  
Teachers and students **must collect** the sales tax on merchandise other than food products they sell.  
  
If the school assumes responsibility for the activity and/or sales, the school is responsible for ensuring the tax is paid. A Texas Sales and Use Tax Exemption Certificate is given to the seller when merchandise is purchased by the school/club for resale. (Appendix A-20) This allows the school to purchase the merchandise without paying tax.
  - c. **There are no Tax Exempt numbers.** Exemption certificates do not require number.
  - d. **Educational organizations exempted by law from payment of the sales tax may hold two (2) tax-free events, each not exceeding 24 hours, each calendar year as long as all collections relating to that project or activity are finalized within the 24 hour period and no residual collections occur on subsequent days. The district has elected to hold one (1) event per semester.**

5. Toll Free Numbers

The State Comptroller's office maintains a toll-free tax information number for quick response to any state tax questions you may have. You can reach the Comptroller's Office from anywhere in Texas by dialing: 1-800-252-5555.

11.2 Collection and Remittance of Sales Tax

1. The school shall collect sales tax on all taxable items. The district's Business Office will keep the schools informed of any change in the sales tax law.
2. When imposing sales tax, the school has the option of:
  - a. Adding the tax to the selling price of the item. Example: If the selling price of an item is \$1.00 and the tax rate is 8.25% or tax rate at the time of the fundraiser, the school would collect \$1.08 from the buyer for each item sold.

- b. Including the tax in the selling price of the item. Example: If an item were sold for \$1.00 including tax, the sales tax would be subtracted from the amount collected on the sale, the school would retain \$.92 and remit \$.08 for sales tax. If this method is used, assuming a sales tax rate of 8.25%, divide the sales price or total collections by 1.0825.

$$(\$1.00/1.0825=.9237 \text{ or } \$.92)$$

To arrive at the gross taxable amount, the difference ( $\$1.00 - \$.92 = \$.08$ ) is the amount of state and local taxes due.

3. All sales tax collected by the school must be remitted monthly to the district's Business Office. The check for the sales tax is to be made payable to Midland Independent School District and sent with the Sales Tax Worksheet. (Appendix A-21)
4. The district Business Office will remit the total sales tax collected from all the schools to the State Comptroller's Office along with the specific report provided by that office.

## **SECTION 12: CLUBS**

### 12.1 Definition of a Club

A club is a campus group organized for the purpose of enhancing a particular activity or to carry out goals common to the membership as a whole.

All clubs must have the following:

- Faculty Sponsor
- Elected Officers (President, Vice President, Secretary, and Treasurer)

### 12.2 Responsibility of the Club Sponsor

The sponsor of each campus group or organization is required to maintain adequate financial records as evidence of proper custodianship and supervision of fund raising activities, receipt of club funds, and the disbursement of club funds. A roster of club officers should be given to the school secretary/bookkeeper for the account file. These records are subject to review by the Internal Audit staff.

Each month the secretary/bookkeeper will provide the club sponsor with a copy of the club account detail. The sponsor will review this detail, and return it to the secretary/bookkeeper, with his/her signature of agreement affixed to that document. Should the sponsor have a disagreement with this information, an Account Balance Discrepancy Form (Appendix A-27) should be filled out with a detailed explanation of the reasons for the disagreement. This completed document with the initialed account detail attached should be returned to the secretary/bookkeeper.

Unresolved discrepancies must be brought to the attention of the principal and initialed by the same. It is the responsibility of the secretary/bookkeeper to maintain this information with the activity fund records. These documents are subject to audit.

### 12.3 Collection of Club Monies

All collections received by the club for fees, dues, fund raising activities, etc. must be recorded on pre-numbered cash receipts or an alternative detailed collection form provided by fund raising vendors. All collections must be deposited in the school activity fund. The forms used should be controlled and properly accounted for in a systematic manner. Receipts must be completed in their entirety. The beginning and ending receipt numbers which make up the deposit should be given to the school secretary/bookkeeper. Deposits should be traceable to the sponsors' records. Copies of receipt forms to be used are shown in the Appendix to this manual. (Appendix A-1)

### 12.4 Disbursement of Club Funds

All disbursements by the club shall be made by the school secretary/bookkeeper with a school activity funds check. The club sponsor shall prepare a school activity funds Request for Payment (RFP) and submit the original request along with the original invoice, sales ticket, register receipt, or other source document to the school secretary/bookkeeper. This RFP must have the signature of the club treasurer (in the treasurer's absence, the club president) and the club sponsor. In the event of a dispute over whether club money should be used, or general funds, the school Principal's decision overrides the sponsor and/or club officer's. The principal should document that this is a club expenditure and the fact that he/she has decided to override the sponsor and/or club officer.

The school activity funds check will be issued if sufficient club funds are available and with the approval of the principal. **The school secretary/bookkeeper is not permitted to write a school activity fund check from any club or organization account that does not have funds deposited to cover the expenditure, and no disbursement or purchases may be made from undeposited cash collected by the club or organization, unless pre-approved by the principal.**

Transfer of funds from the club account must be in writing and signed by both the club officers and the principal before the transfer can be made by the school secretary/bookkeeper. Copies of a statement, signed by the club president, club secretary and the principal, indicating the request for transfer of funds, must be attached to the journal voucher form.

## **SECTION 13: FACULTY FUNDS**

### 13.1 Definition of a Faculty Fund

Faculty Funds are defined as funds generated solely by and for the school faculty. All expenditures for hospitality, condolence, or any other purpose for the sole benefit of the faculty, shall be paid out of Faculty Funds.

### 13.2 General Operating Procedures

1. All regulations governing the receipt and disbursement of school activity funds monies are applicable to Faculty Fund transactions.

Financial activities such as condolences and hospitality, involving faculty and all other school staff, should be conducted through the school activity funds and not as an off-campus bank account, unless authorized by the Assistant Superintendent for Financial Services. The revenues in the Faculty Funds accounts should be obtained voluntarily.

The Faculty Fund must be accounted for in a separate individual school activity fund account (sub account) and **shall not be operated in a deficit.**

2. The Faculty Fund should be administered by a committee. This committee should be responsible for the administration and expenditures of the Faculty Fund. However, in order to comply with district policy, all monies in this fund must be spent through the school activity fund with the principal and the faculty chairperson having authority for expenses incurred by the Faculty Fund Committee. A report at the end of each school year must be distributed to the participants detailing the balance on hand and expenses incurred for the school year. A copy of this report must be returned to the Auditing Department, signed and dated by the chairperson, thus indicating distribution and review by the entire faculty.

All regulations governing the receipt and disbursement of activity fund monies are applicable to faculty fund transactions except that the control of these monies rests primarily with the staff.

## **SECTION 14: OTHER AGENCY ACCOUNTS/TEXTBOOKS AND LIBRARY BOOKS**

### 14.1 Textbooks

All revenue collected for lost textbooks and fines for damaged textbooks is state revenue and **may not be spent for any other purpose or transferred to any other school activity fund account.**

1. General Operating Procedures

The revenue collected and additional monies due, as the result of the inventory count of lost textbooks is to be collected by the secretary/bookkeeper. At the end of the school year the Textbook Coordinator will do a textbook audit, and collect any monies owed at that time.

The residual account balance may be retained by the school in their activity funds textbook account for refund purposes.

## 2. Collection of Funds

A receipt is to be issued to each student for payment of lost textbooks. In secondary schools, a separate pre-numbered duplicate receipt book shall be maintained by the person responsible for collecting money for lost textbooks. The original receipt is to be given to the student and a copy retained in the receipt book.

When the textbook money is turned in to the school secretary/bookkeeper for deposit, the textbook alternate receipt book shall be totaled after the last receipt issued to verify that the money turned in agrees to the amount collected. See Section 4 for details in issuing and accounting for receipts.

## 14.2 Library Books

It is the responsibility of each school to audit their own library book inventory. Revenue collected for lost library books and fines for damaged library books **may not be spent for any other purpose or transferred to any other school activity fund account.**

### 1. General Operating Procedures

Revenue collected and additional monies due, as the result of lost library books will be collected by the secretary/bookkeeper.

The residual account balance will be retained by the school in their activity funds lost library books account for the purpose of repairing damaged books, or for the purchase of new books.

### 2. Collection of Funds

A receipt is to be issued to each student for payment of lost or damaged library books. In secondary schools, a separate pre-numbered duplicate receipt book shall be maintained by the person responsible for collecting money for lost library books. The original receipt is to be given to the student and a copy retained in the receipt book.

When the library book money is turned in to the school secretary/bookkeeper for deposit, the library book alternate receipt book or CRR shall be totaled after the last receipt issued to verify that the money turned in agrees to the amount collected. See Section 4 for details in issuing and accounting for receipts.

## **SECTION 15: TRANSFER OF FUNDS BETWEEN ACTIVITY ACCOUNTS**

### 15.1 General Policies

1. Some activity accounts are established for the single purpose of isolating transactions for a specific activity, collection, solicitation, etc., thereby enabling the profitability of the activity to be determined; a Picture Account and Candy Sale Account would be two examples.

2. Some activity accounts are expected to be revenue producing by the very nature of the accounts. Receipts almost always exceed possible expenditures and the balance in such an account will increase indefinitely unless some disposition is made of the excess revenue; vending machine revenue accounts are an example. These types of accounts are closed into fund equity at year end. As detailed in Section 9, vending machine revenue should be transferred, at the option of the principal, to accounts related to the supporters/payers from which the profits were generated or other accounts for student related purposes.
3. Occasionally one club will compensate another club for goods purchased or services performed. This may occur when a club purchases advertising in the yearbook, newspaper, etc. A transfer of funds shall be made between accounts in such instances in lieu of issuing an activity fund check.
4. Likewise, a club may desire to make a voluntary donation to partially defray the expenses incurred by another club in directing a certain activity. In such cases, the donation shall be effected by an internal transfer of funds.
5. Transfers require the written approval of the principal and club sponsors or account custodians when the transfer involves accounts with delegated responsibilities.

#### 15.2 Documentation of Transfers

1. Each transfer shall be initiated by preparation of a Transfer of Funds Authorization Form, disclosing both the amount of and the reason for the transfer.
2. When all required approvals have been obtained, the secretary/bookkeeper may proceed with the necessary journal entries.
3. All originals of the Transfer of Funds Authorization Forms shall be maintained with the School Activity Fund Records.

### **SECTION 16: OTHER ACCOUNTS - (CLASS, PICTURE AND PARKING)**

#### Responsibility of the Account Sponsor

Each month, the secretary/bookkeeper will provide the account sponsor or designated assistant principal with a copy of the club account detail after the close of the current month activity. The sponsor will review this detail, and return it to the secretary/bookkeeper, with his/her signature of agreement affixed to that document. Should the sponsor have a disagreement with this information, an Account Balance Discrepancy Form (Appendix A-27) should be filled out with a detailed explanation of the reasons for the disagreement. This completed document with the initialed account detail attached should be returned to the secretary/bookkeeper.

Unresolved discrepancies must be brought to the attention of the principal and initialed by the same. It is the responsibility of the secretary/bookkeeper to maintain this information with the activity fund records. These documents are subject to audit.

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