



ACTIVITY FUND ACCOUNTING MANUAL

Fiscal Year 2015-2016



**Mansfield Independent School District
Office of Associate Superintendent of Business and Finance**

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August 11, 2015

School Administrators
Mansfield Independent School District
Mansfield, Texas

Mansfield Independent School District's *Activity Fund Accounting Manual* has been revised as of August 2015. You are responsible for ensuring that you and your staff follow the revised procedures.

This manual is the stated regulations of the Mansfield Independent School District administration and is to be followed for all transactions involving activity funds at your campus. Any questions or comments regarding the implementation of activity fund regulations and procedures should be directed to the Activity Accountant. Your comments and suggestions are always welcome.

Your cooperation in ensuring the procedures in this manual are applied throughout the year safeguards District resources. As always, your ongoing commitment is greatly appreciated.

Sincerely,

Karen Wiesman, EdD., CPA
Associate Superintendent of Business & Finance

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1. General Policy

A. Definition and Purpose of Activity Fund

Activity funds are defined as funds consisting of resources received and held by the school as trustee to be expended or invested in accordance with conditions of the trust. Specifically, they are funds accumulated from various school-approved money-raising activities and the receipt of student dues or fees, vending commissions, investment interest and donations. These funds are to be used to promote the general welfare of the school and the educational development and morale of all students. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts.

B. Responsibility for Activity Funds

The **principal** at each campus is personally responsible for the proper collection, disbursement and control of all activity funds at the school. All MISD employees are required to follow the rules prescribed in this manual. Failure to follow the rules is cause for disciplinary action including termination. This responsibility includes:

1. Providing for the safekeeping of monies
2. Proper accounting and administration of transactions
3. Approval of expenditure of funds in compliance with Board policy (CFD local) and District guidelines as outlined in this manual
4. Adequate training and supervision of all personnel designated by the principal to administer activity funds

The **school secretary/bookkeeper** is responsible for maintaining an adequate supply of various activity fund forms. This person is responsible for issuing numbered cash receipt books as needed to teachers and other persons authorized by the school principal. This individual must keep a distribution record of all receipt books issued, which is part of the official activity fund records. The school secretary/bookkeeper is commonly responsible for the depositing of activity funds into the bank, accounting and reporting for activity fund activities and cash management. For simplification purposes, this role is referred to throughout this document as bookkeeper.

The **individual activity fund sponsors** are responsible for managing their respective activity funds. This responsibility can include developing fund raising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, safekeeping activity fund money until it is deposited by the school district and other fiduciary responsibilities.

The principal and campus personnel are not responsible for funds collected, disbursed and controlled by parents, patrons and booster or alumni organizations. These funds should not be accounted for in a school district's activity funds (i.e., PTA, Parent Teacher Organizations, athletic and band boosters clubs, etc.). Although such groups or activities are closely related to school functions or events, officers of the outside group itself should handle funds.

C. Activity Fund Types

1. **Campus Activity Funds (CAF)** – Consist of funds generated locally at the school or donated to

the school controlled directly by the principal and used for the general welfare of the school and the morale of all the school's students. These funds include the "GA" accounts such as general or school operations, fundraisers, pictures, etc. These funds are accounted for in Fund 461 and are considered District funds. Campus activity funds are considered local, public funds. The expenditure of these funds must comply with board policy (CFD local) and guidelines outlined in this manual.

All policies that apply to the administration of District funds also apply to the administration of campus activity funds; therefore, expenditures of funds must be in compliance with all applicable federal and state laws and local Board policy and administrative guidelines.

- a. Cumulative expenditures for \$50,000 or greater require Board approval and must go through District bid procedures.
 - b. Similar commodities/services valued at \$3000.00 or more up to \$9999.99 require three written informal quotations initiated by the budgetary authority or support person for that purchase. Items may not be "split" on two or more orders to circumvent this policy. If there are no approved vendors for the commodity, quotations from non-approved vendors are acceptable.
 - c. Purchases that exceed \$200.00 up to \$2999.99 do not require written quotes. Sound business practices should be used when making these purchases and are subject to internal audit. Competitive bid laws are designed to guard against favoritism, improvidence, extravagance, fraud, conflict of interest and corruption and to foster honest competition so that a political subdivision obtains the best goods and services at the lowest possible price. All purchased regardless of dollar amount should follow this rule. If there are no approved vendors for the commodity, quotations from non-approved vendors are acceptable.
 - d. The Purchasing Department is available as a resource at any time the camps needs assistance in making a purchase. Many times the Purchasing Department can save the campus money by using certain approved vendors. Please be aware of this resource and utilize it.
2. **Student Activity Funds (SAF)** – Consist of funds generated by specific student groups, not by the District or campus. These funds include the "SA" accounts such as band, senior class, student council and various clubs, etc. These funds are accounted for as agency funds in Fund 865 and are not owned by the District. Student activity funds are not subject to purchasing and bid laws; they belong to the students.

The student group controls decisions about the expenditure of these funds with the assistance and supervision of a school district sponsor. Sponsors of these organizations have fiscal responsibility to ensure proper collection, proper expenditure of funds and professional stewardship and guidance in operational/financial matters. All sponsors must be familiar with policies and procedures in this manual.

The basic purpose for raising and expending activity funds that belong to a particular student group must be for the direct benefit of the students belonging to that group or for the general benefit of the school as a whole (e.g., Senior Class campus beautification project). Within this scope, funds are to be used for financing the purchase of supplies, services, equipment and activities that add to the general welfare of the group members. The following guidelines apply to student activity funds:

- a. Student activity funds are to be used to finance a program of non-curricular school activities augmenting, but not replacing, the activities provided by the District.

- b. Projects for the raising of student activity funds shall contribute to the educational experience of students.
 - c. Individual student accounts are not allowed in any case. Student group funds must be expended such that all members affiliated with the group receive an approximately equal amount of benefit.
 - d. Before purchase or requisition of goods and services, the organization's treasurer, the sponsor and the campus principal must approve the expenditure on the *Check Request Form*. If the treasurer is unavailable club minutes detailing use of funds must be provided at backup.
 - e. The faculty sponsor must submit all monies collected by student groups on a daily basis to the campus bookkeeper.
 - f. School personnel who are associated with student activity funds could be responsible for replacement of money lost or improperly spent.
3. **Faculty Funds** - Consist of funds generated solely by and used for the specific purpose of benefiting faculty members, commonly known as Sunshine/Flower Funds. Faculty funds must be accounted for in a separate account established specifically for that purpose. Faculty funds may be spent in any manner that is approved by the principal as long as the expenditure falls within the boundaries of District policy. However, based on the political ramifications of misusing student activity funds, the best advice concerning the depositing and expending of faculty funds is to proceed with caution.

Not only must a campus be careful how faculty funds are expended (i.e., in accordance with prescribed District policy and overall philosophy), but campus personnel must make certain that only faculty funds are deposited to the faculty account. In the event faculty funds are misused, or if student funds are inappropriately diverted to the faculty account, a shadow of doubt is cast on all faculty members associated with the campus and disciplinary actions may be taken.

All expenditures for hospitality, condolences or other purpose, which is for the sole benefit of the faculty, should be paid out of faculty funds. These funds may be contributed by the school faculty/staff members voluntarily or generated from designated faculty fundraisers such as campus night at a local restaurant. Faculty fundraisers must be advertised as such and the campus must be able to show proof the public is aware the fundraiser supports faculty.

Faculty funds may be expended at the staff's own discretion with principal approval. It is best policy for the campus to form a committee that makes decisions and approvals concerning the use of faculty funds. Faculty funds are not subject to purchasing and bid laws because they are not considered District funds; they belong to the faculty.

The sales tax exemption cannot be claimed for purchases from the faculty fund for gifts, condolences or other such items of a personal nature.

D. Accounting for Receipts and Disbursements

Receipts must be accounted for according to how the money was raised. Disbursements must be accounted for according to how the money was expended. As an example, if the student council conducts a fundraiser, proceeds from that fundraiser should be recorded under the student council

activity fund account. Likewise, if the student council subsequently votes to purchase new benches for the campus corridor, this expenditure must be recorded under the student council account. In all cases the appropriate level of supporting documentation must be retained for audit purposes for all transactions involving activity funds.

E. Purpose of Control Procedures

School personnel are placed in a position of extraordinary trust by parents and students when student funds are placed in their care. Adequate measures to control these student funds will assure parents and students that the funds are being handled properly. It is for the purpose of providing this assurance and protection that activity fund control procedures have been established.

The various control procedures are also designed to help protect the individuals who work with activity funds. Each step in the control procedures (writing and delivering cash receipts, preparation of purchase orders, maintaining accounts, reconciling accounts in a timely manner, etc.) plays a vital part in the overall system of controls. Strict adherence to control procedures is the "safe harbor" of protection for all individuals who work with activity funds.

An adequate system of controls that is appropriately followed casts a favorable perception to the community concerning the individuals associated with activity funds, as well as the entire campus and the District as a whole.

F. Reviews of Activity Fund Records

The activity fund financial records and procedures of all schools will be subject to review at any time throughout the year with little or no advance notice to the campus. These reviews will be performed by MISD accounting staff and reviewed by the District's "outside" independent auditors. The independent auditors may perform additional test work on various activity funds during their annual audit of the District's financial statements. Written responses to the audit reports may be required from the auditors. The responses should describe actions that will be taken to correct any deficiencies or errors noted in the audit report.

Upon entering a new assignment, a principal should study the activity fund records and the most recent auditor's report related to the activity funds at their new school. The principal should determine the financial condition of their activity funds and become aware of any deficiencies or errors noted by the auditor. Since principals are charged with custodial responsibilities for their activity funds, they should continually monitor the financial condition of the funds through the proper review and approval of monthly reports (i.e., as evidenced by the principal's signature). The principal may also request a special review if a situation or event warrants it.

G. Retention of Records

The campus records should be maintained for five years after the conclusion of the fiscal year and remain available for review at any time.

H. Defunct Student Activity Accounts

Occasionally a student group attached to a designated student activity fund is no longer functioning therefor the group is considered defunct. Student activity groups should provide a section in their bylaws that determines how remaining funds must be used if the group becomes defunct. If the bylaws do not include instructions if the group becomes defunct, funds can be moved to similar student activity

account to provide financial benefit to existing student groups with the approval of the Principal and Business Services. A *Defunct Student Activity Account Transfer* form should be completed and sent to the Accounting Manager for approval.

I. Miscellaneous Guidelines

The following are policy statements intended to lay a framework for detailed procedures related to accounting for activity fund and capital asset transactions at the various campuses. These policies will be discussed in greater detail in the following chapters of this manual. Any doubts about how a specific transaction is affected by the detailed procedures that follow should be cleared with the director of business services prior to entering into the transaction.

1. It is the intention of the Board and administration that each of the procedures set out in this manual be strictly adhered to, to avoid disciplinary action up to and including termination of employment for all involved parties.
2. Money collected through activity funds are public funds and should be safeguarded as such. The same concept applies to physical properties at each campus.
3. A school may maintain a number of different organization accounts within its activity fund (e.g., Band, FHA, Student Council and Sunshine); however, only one bank account is allowed per school.
4. Student activity funds are not to be used for the general convenience of any individuals. Accordingly, no loans or credits may be extended, stamps are not to be sold, checks must not be cashed, and change may not be made.
5. A signed *Check Request Form* must support all disbursements unless specifically exempted in this manual or in writing from the District's administration.
6. Original signatures of authorized individuals are the only acceptable form of approval. Rubber stamps, forged signatures or typed names are not acceptable forms of approval, and may lead to disciplinary action up to and including termination of all involved parties.
7. A signed cash receipt must support all money received.
8. Activity fund money shall not be expended for goods or services in conflict with official Board policy. These accounts shall not be used to bypass District procedures for expending budgeted District funds.
9. Borrowing money to purchase items at the campus level is not allowed. This includes items acquired on an installment or lease-purchase plan.
10. An original copy of this manual is to be maintained at each campus for use by the head administrator and bookkeeper. In addition, copies of relevant chapters of the manual should be made available to anyone affected by the policies or procedures mandated by this manual.
11. Do not co-mingle personal funds and District funds for any reason.
12. The principal or bookkeeper of a new campus should contact [Gisselle Rivera-Franco](#), Activity Accountant, in setting up the campus activity fund.

13. New bookkeepers should contact [Gisselle Rivera-Franco](#), Activity Accountant, for assistance.

2. Cash Receipts

A. General Policy Guidelines

1. An official record of receipt should be generated immediately for all cash and/or checks received.
2. Receipt tickets and tabulation sheets must be pre-numbered, prepared in ink and not be altered or contain erasure marks.
3. Postdated checks shall not be accepted by the school from any source. All checks should include a name, address, phone number and when possible a driver's license number. Temporary, out-of-state and out-of-country checks should not be accepted.
4. Receipts are not to be pre-signed or predated.
5. Receipts need to indicate in the explanation field when a *Tabulation Receipt Form* or *Product/Ticket Receipt Form* is used.
6. A receipt should be given to the person paying or turning in the money.
7. Carbon copy receipt books - The original white copy should be issued to the person paying or turning in the money. The yellow copy should be attached to the deposit slip copy retained at the campus. The pink receipt copy must be retained in the activity fund cash receipt book.
8. Under no circumstances should a receipt amount or the signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt.
9. All copies of cash receipt tickets that are VOIDED must remain in the receipt book for audit purposes.
10. Checks should be restrictively endorsed at the time they are received using the campus' activity fund deposit stamp.
11. The name of the applicable activity fund account must be written in the Memo portion of all checks so that checks can be accounted for properly in the event they are returned for nonpayment.
12. Money collected by sponsors, department heads, etc., should be submitted to the bookkeeper on the day it is collected. This practice precludes the problem of delaying or forgetting to turn in the money, and further safeguards the money from theft or loss. Small amounts (less than \$50.00) may be maintained in a secure, locked location each day and submitted to the bookkeeper by the end of the week. Employees should not keep money unsecured in the classrooms or take money off District property.

B. Purpose of Receipts

A record of receipt should be generated for all cash collections. Such record can be accomplished by issuing a cash receipt ticket to an individual, completing a *Product/Ticket Receipt Form* or by completing a *Tabulation Receipt Form* from a group of individuals turning in money for the same purpose on the same day. Every penny collected on a campus must be documented on a receipt, *Tabulation Receipt Form* or *Product/Ticket Receipt Form* by the person who collects the funds, regardless of who is collecting the money (e.g., student, teacher, bookkeeper or principal). For example,

when a teacher collects funds from a student, the teacher must document the collection on a *Tabulation Receipt Form*. Then, later that same day, the teacher must submit the money and tabulation sheet to the bookkeeper.

The purpose of the receipt is to provide the payee with evidence that the money has been delivered. In addition, the writing of the receipt, with carbon copy retained, helps assure that funds will be accounted for accurately. Delivery of the receipt to the person delivering the funds allows the depositor to verify the accuracy of the amount recorded by the bookkeeper. If a receipt is properly completed and delivered for each collection, the carbon copies of these receipts will be accepted as a true record of cash received. When a receipt is not written and delivered immediately, control over the transaction is diminished.

C. Issuance of Individual Receipts (Secretary/Sponsor/Teacher/Student)

1. Special emphasis is placed on the requirement that all receipts be filled out completely and issued to a specific person.

Exception: The receipts for checks received in the mail for donations or vending commissions may be made out to the appropriate company name.

2. Cash should be counted by the person accepting the money in the presence of the person turning in the money. A pre-numbered cash receipt should be prepared and delivered to the person presenting the cash at the time the money is received.

Expectation: In cases where the bookkeeper is unable to count funds at the time submitted, the funds should be placed in a sealed fraud resistant bag, signed by both parties and placed in the safe until such time that both parties are available to open the sealed bag, count the funds and issue a receipt. In the event that the bookkeeper and teacher cannot count the money together, the bookkeeper should count the money with another individual such as a clerk or coordinator. Money should always be given directly to the bookkeeper or their alternate designee and never placed on the bookkeeper's desk.

3. Receipts should be filled out completely, including:
 - a. Date received
 - b. Name of the person from whom the money was received, unless a check comes in the mail from a company, then the receipt can be made out to a company name
 - c. Amount received - both written and numerical representations
 - d. Amount received by type cash, coin and/or the amount received in checks. The total of cash and checks should be shown separately.
 - e. Record the check number on the receipt, if appropriate
 - f. Simple description for the payment
 - g. Indicate tabulation sheet or alternative cash receipt numbers when applicable
 - h. Signature of the person receiving the money and completing the receipt

- i. Name or number of the activity fund account to which the proceeds should be credited (e.g., fundraiser)
4. Do not alter or erase on a receipt. If you make a mistake, void the receipt with the error and issue a new receipt. Leave all three copies of the voided receipt in the receipt book. You cannot void a cash receipt ticket if you do not have the original.
5. The original receipt should be given to the individual from whom the money was collected. If it is a company, staple the original receipts to the statement received in the mail and file.
6. Sponsor/Teacher/Student turning in money to the bookkeeper should complete a *Deposit Form* with carbon copies of individual receipts attached. The *Deposit Form* indicated the date, receipt number range and total amount by type (cash/check/coin). The person completing the *Deposit Form* should verify the amount submitted agrees to the total per the receipts. Forms should be filled out completely before submitting to the bookkeeper or they will not be accepted.

D. Tabulation Receipt Form (Sponsor/Teacher/Student)

1. Whenever money is collected from a number of students or teachers for a common purpose (e.g., parking fees, club dues or sunshine fund contributions), a form entitled *Tabulation Receipt Form* can be used instead of individual receipt tickets. The tabulation form requires less time to prepare than receipt tickets and still documents the appropriate information.
2. The initial of each individual must appear on the same line as the amount the person submitted.
3. Individuals who are turning in money must print and sign their names on the form to acknowledge the accuracy of the amount recorded.
4. The individual who collects the money must turn the money in to the bookkeeper on the day it is collected along with the signed *Tabulation Receipt Form*.
5. The bookkeeper should count the money in the presence of the individual who turned it in to verify that the amount turned in agrees to the total amount collected, as stated on the bottom of the *Tabulation Receipt Form*.
6. The bookkeeper must keep the original copy of the *Tabulation Receipt Form*. A copy may be given to the sponsor.
7. The form should be filled out completely before submitting to the bookkeeper or the form will not be accepted.
8. Sample forms are provided in the appendix.

E. Product/Ticket Receipt Form (Sponsor/Teacher/Student)

1. A *Product/Ticket Receipt Form* may be used when collecting money for activities where it is not feasible or possible to list each individual payee and in which product or tickets are issued to the payee. These events may include sales of items such as food, T-shirts, tickets for dances or events etc. Before delivery to the bookkeeper, the sponsor will list the item description, beginning and ending quantities, price of items sold, calculate the sale amount and verify that the actual cash and checks received total the amount listed on the form.

2. The bookkeeper must be the gatekeeper of all ticket rolls when not in use.
3. Individuals who are turning in money must sign their names on the form to acknowledge the accuracy of the amount recorded.
4. The individual who collects the money must turn the money in to the bookkeeper on the day it is collected along with the signed *Product/Ticket Receipt Form*. If this is not possible due to the timing of the event of sale, funds must be secured by a campus administrator and turned into the bookkeeper the next available day. If larger sums of money are collected “after hours,” the campus administrator must make arrangements with MISD police to accompany them to the night drop at the District’s designated bank depository.
5. The bookkeeper should count the money in the presence of the individual who turned it in to verify that the amount turned in agrees to the total amount collected, as stated on the bottom of the *Product/Ticket Receipt Form*.
6. The bookkeeper must keep the original copy of the *Product/Ticket Receipt Form*. A copy may be given to the sponsor.
7. The form should be filled out completely before submitting to the bookkeeper or the form will not be accepted.
8. Sample forms are provided in the appendix.

F. Exception to Remitting Receipts

Sales of items with a unit sales price of \$1.00 or less do not have to be documented on either a tabulation form or on a cash receipt ticket (e.g., fundraiser selling pickles for \$0.50 each does not have to be documented by issuing a cash receipt ticket to each individual person buying a pickle or by completion of a tab sheet). However, if a student actually sells the items and submits the funds to the sponsor, the sponsor must receipt the student because the total amount being submitted is greater than \$1.00. Regardless of how the sponsor ends up with the proceeds of such a fundraiser, the sponsor who is organizing the pickle sale must submit the money on a daily basis to the bookkeeper, which must issue a receipt to the sponsor.

3. Deposits

A. General Policy Guidelines

1. A deposit must be prepared each day money is collected, and must be submitted to the District's armored car contractor on a daily basis (or must be stored in the campus' fireproof safe/vault until the next regularly scheduled armored car pickup). It is the responsibility of campus personnel to ensure the fireproof safe/vault is maintained in good working order.
2. The range of receipt numbers included in the deposit must be recorded on the face of each deposit ticket.
3. Funds must be deposited in the same form the funds were collected. Cash collected may not be used to make purchases or payments of any kind. Personal checks may not be cashed from funds collected.
4. All cash deposits should be verified by a second person.
5. Debit and credit notifications received from the bank for shortages and overages on a deposit should be researched and recorded as a separate adjustment in the ledger. No changes should be made to the original deposit entry.
6. Deposits may be made only in accounts authorized by the administration and approved by the School Board. Employees of the District may not open or maintain any other accounts for the purpose of holding funds collected through activity funds.
7. Armour car service to campuses is funded by Student Nutrition. Student Nutrition bank bags are to be held in safekeeping in the front office safe for daily pickups.

B. Deposit Procedures

1. Prepare deposit slips in triplicate. White copy and yellow copy must be included in the deposit bag. The pink copy of the deposit slip should be attached to support documentation including the yellow copy of the numbered receipts and/or *Tabulation Receipt Form* and *Product/Ticket Receipt Form*.
2. If a deposit requires multiple deposit tickets be sure to record "1 of 2" and "2 of 2" on the appropriate ticket.
3. All cash receipts must be deposited in the same form the funds were originally turned in.
4. The receipt numbers covered by the deposit must be clearly noted on the face of the deposit slip. Checks must be listed on the deposit slip including the check writer name, check number and amount. Care must be taken to ensure all checks are restrictively endorsed "For deposit only" with your deposit stamp at the time it is received.
5. Only use District provided fraud resistant deposit bags. Based on the District's contract with the bank, specific requirements must be met when organizing your daily deposit and when filling out the required information on the deposit bag.
6. Additional boxes of bank bags can be ordered throughout the year through the Warehouse.

7. The validated yellow copy of the deposit slip and supporting documentation for the deposit (pink deposit slip, receipts, forms, etc.) must be retained and filed in an organized manner for audit purposes.
8. Occasionally money will be received on campus that will not be picked up by the armored car service within a responsible amount of time (e.g., last day of school, extended school holidays, summer school tuition receipts, summer camp receipts). If money will be received on the campus and will not be picked up by the armored car service within one or two days, the campus principal must make arrangements to have trained personnel available to receipt the funds and to compile the deposit. The principal is further responsible for ensuring the deposit is delivered to the bank within one day of receipt. A MISD Police officer must accompany the designated campus person to the bank when making a cash deposit of \$500 or more.
9. In the event money needs to be turned in at the end of the day and the bookkeeper is no longer present, the money must be turned in to a campus administrator. If it is anticipated that this will be after hours, advance notice must be given to the campus administrator.
10. If the District's armored car service fails to make a daily pick up notify [Chelcie Howley](#), Associate Superintendent of Business & Finance Secretary, immediately.
11. Student Nutrition deposits are to be prepared and sealed in a fraud resistant bag by the cafeteria managers. All campuses are responsible for arranging for someone to accept the Student Nutrition sealed fraud resistant bag each day. If the bookkeeper is unavailable, an alternate should be trained and available to accept the bank bag. Student Nutrition will have a new duplicate form with bank bag details (i.e., bag number, amount). The bookkeeper will confirm the bag number and initial the form indicating physical acceptance of the bag. The bookkeeper will get the carbon copy and Student Nutrition will retain the original. The forms should be filed daily with the armored car service pickup forms.

4. Collecting District Funds

A. Definition of District Funds

Funds collected at campuses that have been defined by central administration as District revenue, rather than activity fund revenue.

B. Types of District Funds

TCC Dual Credit Fees

iPad Insurance Fees (Damages)

iPad Fines

Lost and Damaged Textbooks

SAT/ACT Testing Fees

Summer School Tuition

Absence Recovery

C. Process for Collecting and Remitting District Funds

1. An activity fund receipt must be issued for each collection of District funds.
2. District fund collections should be deposited into the school's activity fund bank account as they are received.
3. Create an activity fund check request and submit the check to Accounts Payable by the 10th day of the following month for the District fund proceeds collected during the month.

When you send the check and activity check request to Accounts Payable, attach 2 copies of backup documentation itemizing what the money is for (e.g., SAT/ACT testing fees \$20.00, summer school tuition \$120.00 and textbook fees \$12.50). You may include money for several different District fund items on the same check as long as you provide a breakdown of the payment.

D. Refunds for District Fund Items

In the event a District fund item must be refunded to a parent (e.g., lost textbook is found after paying fine or transfer is revoked) follow the below instructions.

1. The original deposit to the campus activity account must be verified and confirmed. As with all refunds, you should first ensure the original payment from the patron has had sufficient time to clear the bank.
2. If the original payment was made by check, an accounting staff member must verify with Paytek that the funds from the patron were not NSF. (This process can take up to three weeks after the check in question is verified.)

- a. If the campus has not remitted payment of the District Funded Item to the District, then the campus should complete an activity fund check request payable to the patron and issue a check directly to the patron from the campus activity fund account. Make sure to attach appropriate supporting documentation to the check and activity fund check request verifying the correct amount, and verifying the patron you are refunding originally paid for the item. Reference the original receipt issued to the patron.
- b. If the campus has remitted payment of the District Funded Item to the District, then the patron must be setup as a vendor through Purchasing. Submit copy of original check, receipt, campus deposit, and check issued to MISD as supporting documentation for the requisition that [Chelcie Howley](#) will enter into Skyward to refund the person from a District revenue or liability account.

5. Cash Disbursements

A. General Policy Guidelines

1. The principal shall approve no expenditure unless sufficient funds are available in the appropriate activity fund account.
2. Campus activity funds must be spent to benefit students, and should never be diverted for faculty use.
3. Rubber stamps, forged signatures or typed names are not acceptable forms of approval, and may lead to disciplinary action up to and including termination of all involved parties.
4. Administrators and designated cosigners should never sign blank checks or blank check requests. If a purchase must be made at a store that you will not know in advance the exact cost of the items to be purchased, allow an employee to purchase the items with their own funds and then reimburse them with an activity fund check.
5. Individuals making purchases to be reimbursed by activity funds should have written permission from the Principal prior to making the purchase.
6. All payments should be made by check.
7. Payments should never be made to employees from the activity fund for services, extra-duty or overtime; these payments must be made through the Payroll Department.
8. Individuals who are not District employees or non-incorporated businesses paid for services for \$600 or more must be reported on a *Form 1099* and require you to obtain a *W-9*.
9. All checks shall be requested on an activity *Check Request* and be signed by the sponsor and student treasurer/club president, where applicable, and approved by the principal and Business Office. If neither the student treasure or club president is available to sign the activity *Check Request*, club minutes approving the expense must be attached to the check backup for sufficient documentation.
10. Each check must contain two authorized original signatures (generally the principal/assistant principal and the director of business services).
11. Voided checks should be properly defaced and retained in the files for audit purposes.
12. Checks should always be pre-numbered and must be issued in numeric sequence.
13. All invoices/receipts should be submitted to the bookkeeper in a timely manner. Late payments to vendors reflect on the entire District, and could result in late payment fees or interest charged to the account. Texas Government Code Chapter 2251 required the District to pay vendors within 45 day of the later of: the date the goods are received; the date of the performance of the service; or the date we receive the invoice.
14. School personnel making any purchase in the name of the school without getting prior approval from the principal may be personally liable for the purchase.
15. All activity fund checks must be supported by an approved, signed activity *Check Request* that

must in turn be supported by an original cash register, original invoice or original store receipt. The only exception is related to travel. After check is written, the original documentation should be defaced (stamp as “paid” and write check number on documentation) to ensure that invoices are not mistakenly paid twice.

16. Checks outstanding for more than 90 days should be investigated. Contact with the person/vendor to whom the outstanding check was issued should be made if check is outstanding for more than 90 days.

A due diligence letter for unclaimed property should be issued and continued follow up until outstanding check issue is resolved.

17. Blank check stock should be properly safeguarded with only authorized persons having access to them. At no time should blank checks be pre-signed.

18. Unallowable Expenses - Activity funds shall not be used for the expenses detailed below. The list is not complete and should only be used as a guide.

- a. Medical or hospital expense
- b. Loans to employees, parents or students for any reason
- c. Individual’s professional dues, personal bills or memberships into private clubs
- d. Payment of expenses for spouses or other non-employees
- e. Purchase of any gift for any person or organization except as allowed for awards/recognition or purchased from faculty funds
- f. Extravagant or high-priced award/recognitions
- g. Abuse of light refreshments/snacks and lunches at staff development or campus meetings. Meals not associated with a meeting or greater than \$8 per person may be purchased out of faculty funds.
- h. Donations to individuals, organizations or scholarship funds. This is considered a gift or public funds, which are prohibited under Article III, Section 52 of the Texas Constitution. These items would be allowable from student activity and faculty funds.
- i. Alcoholic beverages, tobacco products, controlled substances, lottery tickets, firearms or other weapons
- j. Extra compensation or bonuses to employees whether in the form of cash or gifts
- k. Replacement of an individual’s property that was lost, stolen or damaged on District premises or at a District function. The Texas Tort Claims Act prohibits use of funds in this manner.
- l. Meals for day travel, unless sponsoring students.
- m. Bounce house rental from non-approved vendors and vendors without proof of insurance. All

vendors providing bounce houses, moon walks, inflatable slides, etc. must provide Risk Management with Proof of Insurance and a list of equipment rented before you rent.

- n. Any other expenditure prohibited by federal or state law, TEA or Board policy.

B. Overview of Use of Funds

In accordance with state law and Board policy (CFD Local), campus activity funds shall be expended for the benefit of the District or its students and shall be related to the District's educational purpose. The expenditures, to the extent possible, shall be expended to benefit those students currently in school who are associated with the group that accumulated such money. The Principal shall use reasonable discretion in expending funds in harmony with the stated basic purpose of the various funds. The collection and expending of activity funds such as student vending, pictures, etc., should have as its basic purpose the promotion of the general welfare of the school and the education, development and morale of all students of the campus.

The collecting and expending of student activity accounts such as band, student council, French Club, etc., should be in accordance with the stated purpose of the particular group. Funds from student activity accounts belong to the students. Accordingly, student funds may not be diverted to a faculty controlled account for the purpose of spending the funds on the faculty (i.e. funds from a student account may not be deposited/transferred to a faculty account).

Individual student accounts are not allowed in any case. Student activity funds must be expended such that all members affiliated with the group receive an approximately equal amount of benefit.

In general, expenditure of activity funds should be able to pass the public scrutiny test. If you have to ask for permission, it is likely an inappropriate expenditure.

C. Appropriate Expenditures

Activity funds shall, to the extent possible, be expended to benefit those students currently in school who are associated with the group that accumulated such money. The principal shall use reasonable discretion in expending funds in harmony with the stated basic purpose of the various funds. The collecting and expending of activity funds such as student vending, pictures, etc., should have as its basic purpose the promotion of the general welfare of the school and the education, development and morale of all the school's students.

Funds from student accounts, whether controlled by the principal or by the student group (SA or GA accounts), must be used to benefit students. Accordingly, student funds may not be diverted to a faculty controlled account for the purpose of spending the funds on the faculty (i.e., funds from a student account may not be deposited or transferred to a faculty account).

1. Professional development including travel as long as the District's travel policies are followed
2. School assemblies, student body social functions and field trips
3. Awards/recognitions such as plaques, caps, certificates, etc. for students or volunteers
4. Incentives for student involvement
5. Classroom and office supplies

6. Campus security
7. Light refreshments/snacks
8. Meals are permitted twice a year for staff development/staff retreats or teacher/staff appreciation. Meals may not be scheduled in a restaurant but must be on district property and should not exceed the meal allowances as allotted for overnight travel—(\$11 for lunch, \$18 for dinner).

For federal funds – no meals unless prior approved by the director of the program.

If you are planning a campus/department retreat, the proper documentation to substantiate the meal will be:

- a. An agenda detailing the time for the meeting and professional development activities—at least 6 hours in order to provide a meal. (I.e. 8:00 a.m. to 2:00 for a lunch—for the overachievers, 8:00 a.m. to 8:00 p.m. would cover both lunch and dinner). Campuses/Departments should have the retreat on one day.
 - b. Sign in sheets for those employees attending the meeting.
9. Spirit or faculty t-shirts (no collar or button shirts) if teachers/staff are required to wear the items during certain activities (i.e. Meet the Teacher, Open House, Friday Spirit Day, etc.) A limit of \$10 per staff member per year can be used from Campus Activity Funds.

D. Check Request/Approval

A signed, approved *Check Request* form must be issued for all checks written from the campus activity fund account. *Check Request* are used as evidence that the approval was received from the campus principal for the purchase being made, and further provides proof that the bookkeeper was authorized to issue a check. The sponsor and student treasurer, prior to the principal's signature, must approve all student activity *Check Requests*. The principal documents review and approval by signing the activity *Check Request*.

It is critical that the *Check Request* be properly completed so that expenditures will be adequately documented.

1. The following information must be included on each check request:
 - a. The vendor from whom the purchase will be made
 - b. Detailed description of item(s) being purchased, where and when; when expenses are being incurred as part of a school event, the name of the event should be included in the description (e.g., awards assembly, perfect attendance party or band banquet)
 - c. Cost of total amount to be paid
 - d. Name or number of the activity fund account that will be charged for the purchase
 - e. Signature of the person requesting the purchase (usually club sponsor or principal) and the student treasurer signature if using student activity funds, if the treasurer is unavailable, club minutes detailing use of funds must be provided at backup

- f. Prepared by signature (usually the bookkeeper)
 - g. Signature of the principal or a designated assistant principal to evidence administrative approval for the purchase
 - h. Business office approval signature

Checks < \$5,000	Activity Accountant
Checks ≥ \$5,000	Associate Superintendent of Business & Financial Services or Director of Accounting.
2. A *Check Request* may be both requested and approved by the principal only for:
- a. Items affecting campus activity accounts that are controlled by the principal (e.g., campus fundraiser, pictures and interest)
 - b. Items affecting faculty accounts
- This double action is allowable for these types of accounts since there generally is not a dedicated sponsor in control of these accounts. In these instances it is also acceptable for the principal to sign the check, although a second approved signatory must also sign the check.
3. In all cases, an original itemized invoice or cash register receipt must be given to the bookkeeper, must be attached to the check request and must be kept on file for audit purposes. Receipts should not include personal purchases.

E. Reimbursements

At the principal's discretion and with prior approval, students and employees may be reimbursed by an activity fund check for personal money spent for allowable school purchases. With reimbursements, particular attention should be paid to the following items:

- 1. Sales tax paid at the time of purchase will not be reimbursed, unless sales tax should be paid to the vendor or purchasing from faculty funds.
- 2. The original cash register receipts or vendor invoices listing individual items purchased, by amount, must be submitted to the campus bookkeeper after the purchase is made. In the event the original receipt of invoice is not available, the principal may deny reimbursement.
- 3. Items purchased for personal use must not appear on invoices or the principal may deny the reimbursement.
- 4. Receipts must be submitted for reimbursement within 30 days of date of purchase (as evidenced by the date on the receipt) or reimbursement should be denied.
- 5. If using campus activity fund monies, the items must be purchased from a District approved vendor.

F. Processing Reimbursements to Yourself

In no case should someone approve a *Check Request* or sign checks written to ones self. For example, if a principal is requesting a reimbursement for a school expense, a different campus administrator who

is also an account signer should approve the *Check Request* and sign the check.

G. Payments to Employees

If the campus is paying any employee/substitute for hours worked (substitutes, extra duty, etc.) from an activity fund, it must be paid to the individual directly through the District's payroll process. This ensures that the following is accounted for.

Employee compensation is correctly reflected on their W-2 for federal tax purposes and correctly reported to TRS for retirement purposes.

The District's payroll reconciles to the federal Form 941 quarterly reports for independent financial audit purposes.

The District's payroll accurately reflects total payroll reported and paid to employees for accurate worker compensation insurance rate calculations.

Follow the steps below to process payments to employees

1. A *MISD Hourly Employee Timesheet* must be completed using the account code 461.E.36.6117.00.XXX.0.99.XXX
2. *MISD Hourly Employee Timesheet* must be filled out completely and sent to Payroll.
3. Once Payroll has processed the timesheet, the employee will be paid on their normal paycheck.
4. At the end of each month, run a Skyward report of your campus Fund 461, Function 36 with object codes 6100-6199. This report will show all the payroll expenses for Fund 461. The net effect of all the accounts on the report will provide the bookkeeper with the total payroll cost due to central office. This total will include the amount from the *MISD Hourly Employee Timesheet* plus benefit amounts associated with payroll.
5. An activity fund check should be issued to MISD for the net effect of the report. The Skyward report is sufficient backup for the activity fund check. Description on the check should include "Reimbursement of extra duty pay and benefits paid from 461" and indicate to post to 461.36.6117.99.XXX.0.99.XXX
6. The check along with two Skyward report printouts will be sent to Accounts Payable for review and check signature.
7. Accounts Payable will deliver the check to Accounting for deposit. Accounting will deposit the check to the Contra account 461.36.6117.99.XXX.0.99.XXX.

At the end of the year the Skyward report of your campus Fund 461, Function 36 with object codes 6100-6199 should net to zero.

H. Payments to Individuals for Providing Personal Services – 1099s and W-9s

The IRS requires entities to report payments of \$600 or more for services performed by people not treated as its employees on a *Form 1099-MISC*. Services that schools might need to report include t-shirt printing, catering, consulting, choreography, etc. The District and the campuses will share the

responsibility for 1099 reporting. The campus' responsibility is to obtain a *Form W-9* from individuals and businesses, and enter the information in QuickBooks when paying for services from an activity fund. The purpose of this form is to ensure we get the correct name and taxpayer identification number (typically a social security number for individuals) to report on the *Form 1099*. The District is responsible for pulling the information from QuickBooks and filing the 1099s.

Honorariums, commissions, bonuses, and any other cash payments from vendors to District personnel for duties performed during the normal course of the work day are expressly prohibited by the Texas Penal Code.

I. Invoices/Receipts

1. The only case when an original receipt or vendor invoice is not required is when a check is issued to cover a travel advance for:
 - a. Student meals - A list of students and faculty traveling with totals of how many people must be included as sufficient backup documentation.
 - b. Change Fund – See below for instructions.
2. The invoice should be matched with the check request after the purchase is made:
 - a. Verify vendor name
 - b. Verify the description of items
 - c. Verify the price
3. Test the clerical accuracy of the invoice.
 - a. Ensure that the price multiplied by the quantity equals the total amount charged.
 - b. Sales Tax
 - 1) If the purchase is for District use, sales tax should be deducted from the invoice total and the school should issue a *Texas Sales and Use Tax **Exemption** Certificate* to the vendor.
 - 2) If an item is purchased by the school and will be re-sold to a student (e.g., cheerleader uniforms, band instrument supplies) sales tax would not be paid by the school to the vendor. Instead, the school should issue a *Texas Sales and Use Tax **Resale** Certificate* to the vendor and then must collect, report and submit tax on the sales to the student.
 - 3) If an item is purchased that will become a student's personal property (e.g., drill team makeup), sales tax should be included in the invoice total.

J. Gift Cards

As of March 22, 2013 the purchase of gift cards is **not allowed** from any activity fund.

K. Checks

1. The bookkeeper should prepare checks based on original invoices and check requests. Payments should only be made from a vendor's original invoice. Monthly statements do not constitute acceptable support.
2. All checks must have two signatures. As often as possible, the principal and the director of business services should be the signers of an issued check. If the principal is not available to sign a check, then another person who is authorized to sign checks should sign it. The principal of each campus should designate one assistant principal who shall be authorized to sign checks. All approved signers should be familiar with the policies and procedures in this manual. [Chelcie Howley](#), Associate Superintendent of Business & Finance Secretary, should be immediately notified whenever an individual with signature authority is no longer employed at the school.
 - a. Compare the check with the invoice and check request prior to signing the check.
 - b. The invoice/cash register receipt and the check request should be stamped "Paid", and notation of the check number and date paid should be made on the face of both documents.
 - c. The paid invoice should be stapled to the check request and filed in an organized manner (e.g., in check sequence, date order by vendor, or date order by activity fund account).
 - d. Remember to keep your signature card at the bank current. Inform [Chelcie Howley](#), Associate Superintendent of Business & Finance Secretary, whenever an authorized check signer ceases to be employed at your campus or a new name needs to be added. It is a good practice, at the beginning of each year, to simply review who your current signer should be.

L. Ordering Accounting Supplies

1. *Receipt Books* – Email [Chelcie Howley](#)
2. *Deposit Books* – Email [Chelcie Howley](#) or [Jeannette Slack](#). These must be ordered and can take up to 6 weeks to receive.
3. *Check Request Forms* – Order triplicated form through Warehouse
4. *Check Stock* – Order with a budget PO from vendor B&B Commercial Printing
5. *Bank Bags* – Order through Warehouse

M. Change Fund Guidelines

A change fund may be established at the discretion of the principal at the high school campuses for up to \$100. Change funds exist for the sole purpose of making change for parents, students or staff. The cash remains on the school premises; it is the responsibility of the principal to exercise the maximum available protection of these funds. The change fund should be secured at all times with only appropriate personnel having access to the cash.

N. Implementing a Change Fund

Review the [Business Procedures Manual](#) – Section 8 Change Fund and Event Start-Up Cash procedures.

O. Cash Advance

1. Cash advances can be used for meals during student travel. This includes the meal costs for sponsors/coaches/teachers accompanying the students.
2. Cash advances up to \$200 can be used for conferences where a district employee will have an opportunity to purchase discounted district approved items. (E.g., A librarian attending the Texas Library Association Conference.) Employee must provide receipts for each purchase upon return. All remaining funds must be deposited back to the District.

6. Sales Tax

A. General Policy Guidelines

Campuses must prepare and submit a *Sales Tax Form* to the Accounting Department by the 10th of each month. If any amounts are owed, an activity fund check made out to MISD must be prepared.

Campuses should not pay sales tax or reimburse individuals for sales tax paid because the District is generally exempt from paying sales tax. Exceptions to payment of sales tax include instances when it is not practical for the individual to take a tax exemption certificate (e.g. emergencies, unexpected circumstances and purchases made from the faculty account).

Review the [Business Procedures Manual](#) – Section 10 Sales Tax for additional sales tax information.

B. School Purchases

School purchases, leasing or renting of equipment, supplies, materials, and services for educational or instructional use, or for use necessary to the function of the school (e.g., office supplies and copy paper) are exempt from state and local sales tax. The school, District or an authorized agent should provide the vendor a *Texas Sales and Use Tax Exemption Certificate*.

A *Texas Sales and Use Tax Exemption Certificate* may not be issued to secure exemption from sales tax for the purchase of items to be used for personal benefit (e.g., drill team purchasing makeup/earrings or athletics purchasing jackets to be given to a student). Further, an exemption certificate may not be issued by the campus for purchases by parents, patrons or outside organizations (e.g., PTA's and booster clubs).

In cases where the campus is purchasing items using activity funds, and the items will be resold to individuals, the campus should issue a *Texas Sales and Use Tax Resale Certificate* that then allows the campus to make a non-taxable purchase (i.e., because the intent is to resell the items to individuals). In these cases the campus must collect, report and submit sales tax when individuals buy the items that were purchased tax-exempt, unless a One-Day Tax-Free day is used.

C. School Sales/Fundraisers

Prior approval is needed through Eduphoria. Fundraiser reconciliation Report must be completed at the end of the fundraiser.

D. One-Day Tax-Free Sales

Each school and each bona fide student chapter, may have two one-day tax-free sales each calendar year.

E. School Sponsored Trips: Meals, Lodging

Sales tax is not due on meals purchased by a school for an athletic team, band, debating club or any similar school-supervised organization on a school-approved trip. The school must pay for the meal using a District or an activity fund check in order to be exempt. Individual purchases of meals by students while on a trip are not tax exempt.

A school or other qualified exempt organization is exempt from the state portion of the hotel occupancy

tax. These groups are not exempt from paying the hotel occupancy tax imposed by each city or county. The school, District, or District employee should provide the hotel with a *Hotel Occupancy Tax Exemption Certificate*. The hotel should then exclude the state hotel occupancy tax from the final bill.

F. Collection and Remittance of Sales Tax

The school shall collect sales tax on all taxable sales. Note: Arlington (.0800), Grand Prairie (.0825) and Unincorporated Tarrant County-Tarver Rendon (.0625) sales tax rate may differ from the Mansfield (.0825) sales tax rate. Be certain you are applying the correct percentage when calculating sales tax. When imposing sales tax, the school has the option of:

1. Adding the tax to the selling price of the item

If the selling price of an item is \$5.00 and the tax rate is 8.25%, the school would collect \$5.41 (\$5.00 x 1.0825) from the buyer for each item sold. The sales tax on this item would equal 41 cents.

2. Including the tax in the selling price of the item

a. Divide total sales by 1.0825 to determine total taxable sales.

$$\begin{array}{rclcl} \text{Total Sales} & / & 1+\text{Tax Rate} & = & \text{Total Taxable Sales} \\ \$100.00 & / & 1.0825 & = & \$92.38 \end{array}$$

b. Then subtract total taxable sales from the total sales amount to arrive at the total sales tax due. For example, if the tax rate is 8.25% and total sales are \$100.00, including tax, the school will retain \$92.38 and remit \$7.62 for sales tax.

$$\begin{array}{rclcl} \text{Total Sales} & - & \text{Total Taxable Sales} & = & \text{Sales Tax Due} \\ \$100.00 & - & \$92.38 & = & \$7.62 \end{array}$$

c. Note that when items such as t-shirts are sold to students “at cost” and this method is used to compute sales tax, the activity fund is actually reselling the items at a loss.

By the 10th day of the following month, the original signed *Sales Tax Form* should be sent interoffice mail to Accounting and 2 copies should accompany the activity fund check of all sales tax collected during the month to Accounts Payable. Amounts reported in the monthly report must agree with the total sales tax remitted. If no sales tax is collected during the month, this fact should be indicated on the monthly report. Even if no sales tax is collected during the month, the school must file a *Sales Tax Form* with Accounting.

The District's Accounting Department will transmit the total sales tax collected from all the schools to the State Comptroller's Office along with the required sales tax return report.

G. Toll Free Number

The state comptroller's office maintains a toll-free information number for quick response to any state tax question at 1-800-252-5555.

7. Returned Checks

General Policy Guidelines

The District has contracted with an outside vendor, Paytek, to collect on all checks that are presented to the District, deposited and subsequently returned unpaid (i.e., NSF checks). This agreement covers checks deposited to any District bank account (e.g., local maintenance, cafeteria and activity funds). Because Paytek is responsible for contacting persons who write NSF checks, you will not be required to attempt to collect on these checks that are returned on your activity fund bank account.

1. All NSF checks will be sent from the bank directly to Paytek, who will then begin collection proceedings for all checks.
2. Paytek will collect a returned check fee (and applicable sales tax) from the check writer in addition to collecting the amount of the NSF check.
3. Parents must work directly with Paytek to make good on returned checks. Do not accept repayment from a check writer who has received notice that their check was returned. If a parent with a returned check notifies the campus, they need to be referred to the Accounting Department.
4. Legal requirements state that we must post notice on the “front entrance to all point of sale locations at all times” indicating that a returned check fee and applicable sales tax will be assessed for NSF checks. To fully satisfy this requirement, a window decal must be posted on the front main entrance door, a window decal on the office door next to the “Visitor Sign In” notice and a sticker on the cafeteria cash register. Contact [Chelcie Howley](#), if additional stickers are required.
5. Per Texas state law, checks that are collected off-campus are covered under this agreement even though the check writer did not actually see the posted notice described above (e.g., checks written for fundraisers that are collected off-campus by students, checks that are sent with a student for book fairs, checks that are received in the mail).
6. Decisions should be made at the campus level concerning whether or not it is prudent to continue to accept checks from those individuals who repeatedly write checks that are returned due to insufficient funds, account closed, etc. It is within the campus principal’s right, as manager of the campus, to refuse to accept payment by check from a habitual bad-check writer.
7. In the event that Paytek cannot collect the funds from the check writer, the District will file appropriate paperwork with the District Attorney. If the check was deposited more than 30 days after the date of the check or was written on a business account, it cannot be sent to the District Attorney. In these cases, the Business Office will invoice the campus that accepted the check. Upon receipt of the invoice, the campus should issue a check to the District from the account that the check was received into.
8. To avoid being invoiced for returned checks, the campus should ensure that checks are deposited as soon as possible. All campus personal collecting funds should be aware of this policy. In addition, the campus should not accept checks written on a business account.

8. Adjusting Entries and Transfers

Occasionally it is necessary to adjust a previous entry made to the ledger or to transfer funds from one account to another account. If the bank corrects a deposit or if a check clears for an amount different than the amount originally recorded, do not go back and change the original entry, cash receipt ticket or check stub, and do not issue another cash receipt ticket for the difference. Simply make a journal entry in QuickBooks to correct the problem and explain the change. For assistance with any adjustments call the Accounting Department. The following are examples of situations requiring journal entries:

A. Differences Between Bank and QuickBooks

1. A deposit was recorded in the ledger for one amount, but it cleared the bank for a different amount. If the deposit cleared the bank for a greater amount, a receipt type entry will be necessary for the difference. If the deposit cleared the bank for a lesser amount, a disbursement entry for the amount of the difference will be necessary.
2. A check cleared the bank in an amount different than the amount originally recorded in the ledger. If the check cleared the bank for a greater amount, a disbursement type entry will be necessary. If the check cleared the bank for a lesser amount, a receipt entry for the difference will be necessary.

B. Check Write-offs, Cancelled Checks and Stop Payments

To write-off an old check or record and cancelled check or stop payment, a receipt type entry will be necessary.

C. Transfers and Posting Errors

Transfer entries are necessary to record the transfer of money from one fund to another, to correct a posting error or to close out an account. When transferring funds the following rules apply:

1. An email must be sent to the Activity Accountant and CC your principal with a detailed description of which accounts, amounts and reason why.
2. Accounting will review the request and enter the journal entry into the campus QuickBooks.
3. An email copy should be kept on file with the school's other activity fund receipts and invoices to properly support the transaction.

9. Due from Campus Balance (1290)

A. Definition and Purpose

Periodically, campus and student activity funds will desire to purchase an item through normal District procedures and will want to pay for the item using the group's activity fund account. In these instances you will charge the item to your campus' *Due From Campus* (461 campus activity or 865 student activity 1290 account) account in Skyward. The following is an example of such a purchase:

Student council would like to order paper from the Warehouse and desires to pay for it with activity fund money. In this case, an activity fund check request should be filled out and completed by the student council sponsor and treasurer. The check request should be made out to MISD. You would order the items from the Warehouse using the 865.A.00.1290.00.XXX.00.0.00 account number. When the Warehouse processes your order a debit entry (positive amount) will be posted to your budget account. After the order is shipped to the school and the invoice has been paid by Accounts Payable, an activity fund check must be written to MISD for the total cost of the order. The check should be sent to Accounts Payable with the activity fund *Check Request* and a note to deposit the check into your 865.A.00.1290.00.XXX.00.0.00 account. Once Accounting has deposited the check, a cash receipt will show up in the 865.00.1290 account as a credit.

In theory, the cash receipts posted to your account at the end of each month should clear all debits made by Accounts Payable, Warehouse or journal entries for the month. However, in actuality there will be cases when the account has a balance. It is therefore important to reconcile this account on a monthly basis.

Periodically, orders are submitted by campuses using the 461 or 865.A.00.1290.00.XXX.00.0.00 account, without the bookkeeper being notified or completing an activity check request. This activity sometimes results in overspending certain activity funds. All campus personnel, starting with the principal, need to remember that the bookkeeper should be aware of these requests before the related services are provided.

All campuses have access to the detail of the appropriate 1290 accounts in Skyward and are able to reconcile the balances. Be aware that at the end of each year this account must balance to zero. If you feel that a balance is incorrect or need assistance, please email an explanation to [Gisselle Rivera-Franco](#), Activity Accountant.

B. Reconciling 1290 Account

At the beginning of each month, run a detailed report in Skyward for your 1290 account to get a list of invoices paid by Accounts Payable for the prior month. This report can be run weekly to clear items throughout the current month.

A detailed list of the month's 1290 account transactions can be found in Skyward under Account Management – Budgetary Data Mining – Change the view to Balance Sheet – Change the filter to *All Users' Reports and search for *Campus 1290 Accounts Balances* report. Clone the report for your campus for Fund 461 and 865.

To create a list of outstanding items you can export the Skyward report to Excel. After running your report in Skyward, go into My Print Queue and select Convert to Excel.

1. Going line-by-line down the 1290 account transactions check off all debits and credits that zero

out. Make sure to mark off any items from the previous outstanding list that cleared in the current month.

2. All unchecked items will be added to the previous outstanding list. The outstanding list balance should equal the Ending Balance for the 1290 account located under Account Management – Fiscal YTD.
3. Once you have identified the outstanding invoices, activity checks should be written to clear the account. When writing activity checks to clear the 1290 account, there should be a separate line item on the skirt of the check for each PO with the amount paid for that PO. Do not lump all the items together for each category in QuickBooks. Accounting needs to be able to clear each PO number that has hit the 1290 account separately.

10. Monthly Reports

A. Requirements

Monthly activity in the activity funds is to be reported to the District's Accounting Department by submitting the documentation listed below. This information is due in Accounting by the 10th of the following month. Make sure you keep a copy of the reports submitted, for your files.

1. QuickBooks completed *Full Reconciliation Report*
2. Monthly bank statement
3. QuickBooks monthly *Checking Deposit Register*
4. QuickBooks monthly *Check Register*
5. QuickBooks monthly *Journal Entry Report*
6. QuickBooks monthly *Balance Sheet*
7. MISD *Reconciliation of Bank Balance* (original principal signature)
8. MISD *Sales Tax Form* (even if \$0.00, original principal signature)

Activity funds that need to be remitted to MISD must be sent to Accounts Payable for review and signature from Business Office. Proper documentation must include the activity fund check, check request and 2 copies of backup documentation. Review the Collecting District Fund Sections of this manual.

1. District Fund Payments (2 copies of QuickBooks report showing collections)
2. Sales Tax Payment (2 copies of signed *Sales Tax Form*)

B. Review of Bank Reconciliation and Reports

The principal should review the bank reconciliation and all attached reports, inquire about any items of interest and sign the report to indicate they have reviewed and approved the reports. Please note that the review of the bank reconciliation is a key internal control and if performed properly is very effective in detecting any misappropriation of funds from the account. Following are key items to look for during your review.

1. Ensure the bank balance on the reconciliation agrees to the ending bank balance per the statement from the bank.
2. Ensure the reconciled cash balance on the reconciliation agrees to the closing cash balance per the School Activity Account Monthly Report.
3. Review the outstanding deposit and check detail and ensure the totals per the detail agree to the amounts on the reconciliation.
4. Inquire about old outstanding checks and deposits in transit. These should be clearing the bank on

a regular basis.

5. Review cancelled checks to see if there are checks written to inappropriate parties, unusual erasures or endorsements.
6. Review the bank statement for unusual withdrawals or debits from non-check transactions (other than expected bank fees/returned checks).
7. Review the bank statement for recurring corrections to deposits. Errors do happen occasionally but this should not be a recurring theme. If deposit corrections are occurring frequently, it could be an indication that policies and procedures are not being followed.

The above procedures appear lengthy but can actually be performed in a small amount of time and are highly effective in detecting inappropriate activity as well as protecting the individuals involved in the administration of activity funds.

C. Problem Solving

1. Ensure the cash receipt amounts were posted to QuickBooks for the correct amount.
2. Ensure the check amounts were posted to the QuickBooks for the correct amount.
3. Ensure receipts listed on each deposit slip total the bank deposit amount.
4. Compare each check amount to the bank statement.
5. Make sure all miscellaneous debits and credits found on the bank statement have been posted to QuickBooks.

If you still need assistance request bank reconciliation help via email to [Gisselle Rivera-Franco](#), Activity Accountant, and “CC” your principal.

11. Fundraisers

General Policy Guidelines

A fundraiser is defined as an activity engaged in and managed by the school with the intent of raising money. Fundraisers can be structured to sell items, to sell services or simply to provide a service for students (in the latter case the fundraiser may be designed to break even). Generally, fundraisers are designed for the faculty or students to actively participate in the event with the intended result of a profit at the completion of the event. Often fundraisers involve the purchase of items for resale at a marked up price, although a profit is not always the main objective of the fundraiser.

12. Donations

Donations are made by outside entities or individuals for the benefit of students or faculty. Donations are made without any return consideration going back to the donor, and may be in the form of goods, services, or money.

Refer to the [Business Procedures Manual](#) – Section 13 Monetary Donations, In-Kind Gifts, and Gift Cards regarding donations. It is located on the [MISD](#) website under Departments\Business Services\Business & Financial Services Manual.

13. Travel

Refer to the [Business Procedures Manual](#) - Section 6 Employee/Student Travel which explains the process for obtaining approval, advances, and reimbursements for travel, located on the [MISD](#) website under Departments\Business Services\Business & Financial Services Manual.

14. QuickBooks

A. Deposit Entry into QuickBooks

To enter a deposit, perform the following steps in QuickBooks:

1. From the menu bar, select **Activities**.
2. Next select **Make Deposits**.
3. **Deposit To** should indicate "Checking Front." Do not change this field.
4. In the **Memo**, document the range of receipt number for which you are entering.
5. Click **Received From** and select the person from whom the money was received (i.e. students, parents, teachers, etc.).
6. Click **From Account** and select the appropriate account under GA or SA accounts.
7. Under **Memo**, key in the purpose of the collection.
8. Next tab or click in **Pmt Method** and select cash, check or both.
9. Under **Class**, choose the appropriate title.
10. Enter the dollar amount to the **Amount** field.

Make Deposits How Do I? [?] [X]

Deposit To: Checking Front Date: 05/30/2011 Memo: Deposit

Click Pmts to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk. No.	Pmt Meth	Class	Amount
Students	GA: School Operat	Pie in the Face Po		Cash	Student	3.77
Students	GA: School Operat	Coyote Camp/Spir		Cash	Student	105.00
Students	SA: Cheerleading	Cheer Payments/C		Cash	Student	508.00
Students	GA: Library	Fine		Cash	Student	8.00
Students	GA: Library	Fine		Cash	Student	5.00
Students	GA: School Operat	Coyote Camp		Cash	Student	25.00
Students	GA: School Operat	Lost & Found Cash		Cash	Student	25.00

Deposit Subtotal 679.77

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: [] Cash back memo: [] Cash back amount: [] **Do NOT Use**

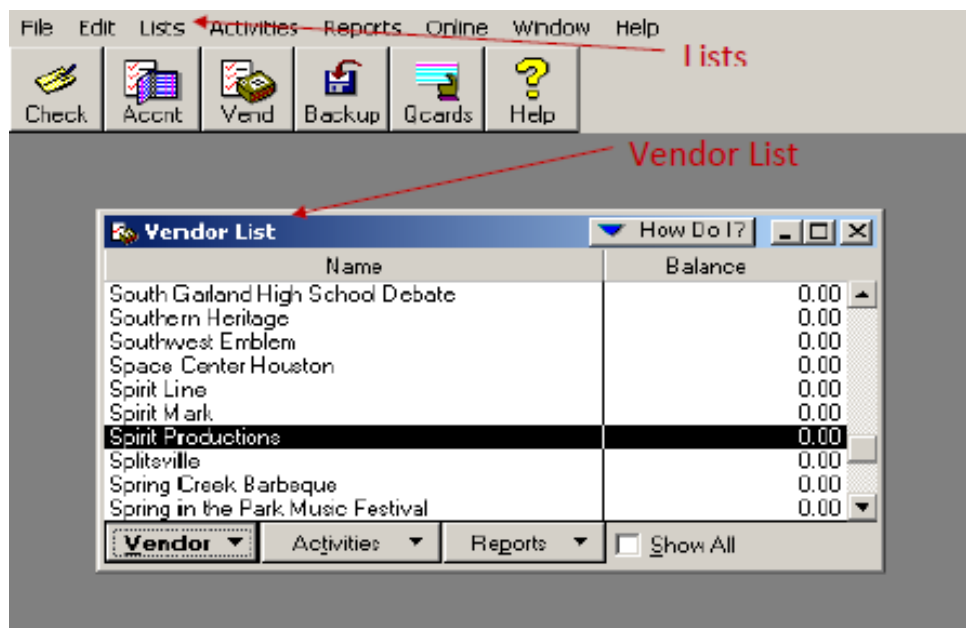
Order Deposit Slips [] Deposit Total 679.77

Note: You do not have to make a separate deposit entry for each account/receipt issued. You can combine the monies collected for the day into one deposit entry by changing the **From Account** for each line. Please make sure the **Deposit Total** agrees to the sum of each individual receipt included in the deposit entry (as documented in the memo).

B. Setup of W-9s in QuickBooks

If paying an individual for services, W-9 information must be entered into QuickBooks. Perform the following steps in QuickBooks:

2. From the menu bar, select **Lists**
3. Click on **Vendor List**



4. Select the appropriate vendor in the list and double click to open. If this is a new vendor, click on the **Vendor** button and select add vendor.
5. On the **Address Info** tab, key in or confirm the accuracy of the name and address with the W-9.

Vendor: Spirit Productions

Address Info | Additional Info

Company Name		Contact	Karen Baker
Mr./Ms./...		Phone	469-223-5711
First Name	Karen	FAX	
Last Name	Baker	Alt. Ph.	
Address	Spirit Productions P. O. Box 2348 Elk City, OK 73648		
		Alt. Contact	
		Print on Check as	

☐ Vendor is inactive

6. On the **Additional Info** tab, key in the Tax ID from the W-9.
7. Click the **Vendor Eligible for 1099** box to place a checkmark inside the box.
8. Click **OK** to save the vendor information.

The screenshot shows the 'Edit Vendor' window with the 'Additional Info' tab selected. The 'Tax ID' field is highlighted with a red box, and a red arrow points to the 'Vendor eligible for 1099' checkbox, which is checked. The 'Account No.' field contains the text 'ey the tax-id number and'. The 'Categorizing and Defaults' section includes 'Type' and 'Terms' dropdowns. The 'Credit Limit' field is empty. The 'Custom Fields' section has a 'Define Fields' button. The 'Vendor' field at the top is 'Spirit Productions'. The 'OK', 'Cancel', and 'Notes' buttons are on the right.

C. Check Entry in QuickBooks

To write a check, perform the following steps in QuickBooks:

1. From the menu bar, select **Activities**.
2. Next select **Write Checks**.

The screenshot shows the 'Write Checks - Checking-Frost' window. The 'Activities' menu item is highlighted with a red box and an arrow. The 'Write Checks' menu item is also highlighted with a red box and an arrow. The 'Bank Account' is 'Checking-Frost' and the 'Ending Balance' is 53,656.77. The 'Pay to the Order of' field is empty. The 'Address' field is empty. The 'Memo' field is empty. The 'No.' field is 3970 and the 'Date' is 07/06/2011. The '\$ 0.00' field is empty. The 'Dollars' field is empty. The 'Next', 'Prev', 'OK', 'Cancel', 'Print...', 'Clear Splits', and 'Regalc' buttons are on the right. The table at the bottom has columns for 'Account', 'Amount', 'Memo', 'Customer:Job', and 'Class'.

3. Type the vendor name in **Pay to the Order of**. (The vendor set up will fill in the address).
4. Tab into the \$ field and key in the amount of the invoice.
5. In the **Memo**, type the invoice number, account number, or reason for issuing the check that you would like to print on the check.

6. Click in **Account** and select the appropriate account to charge the check. Note: Sometimes the check is split between several accounts. If this is the case, select the first Account and key in the Amount to charge that account. On the next line down, choose another Account, and key in the Amount to charge that account, etc. Make sure the total of all accounts agrees to the amount of the check.
7. Under **Memo**, key in the purpose of the collection.
8. Make the appropriate selection in the **Class** field.
9. Click **OK** if finished entering checks or **Next** if you need to enter another check.

Write Checks - Checking-Frost

Bank Account: Checking-Frost Ending Balance: 53,656.77 To be printed: ☐

No. 3970 Date: 07/06/2011

Pay to the Order of: Mansfield ISD \$ 276.09 Dollars

Two hundred seventy-six and 09/100

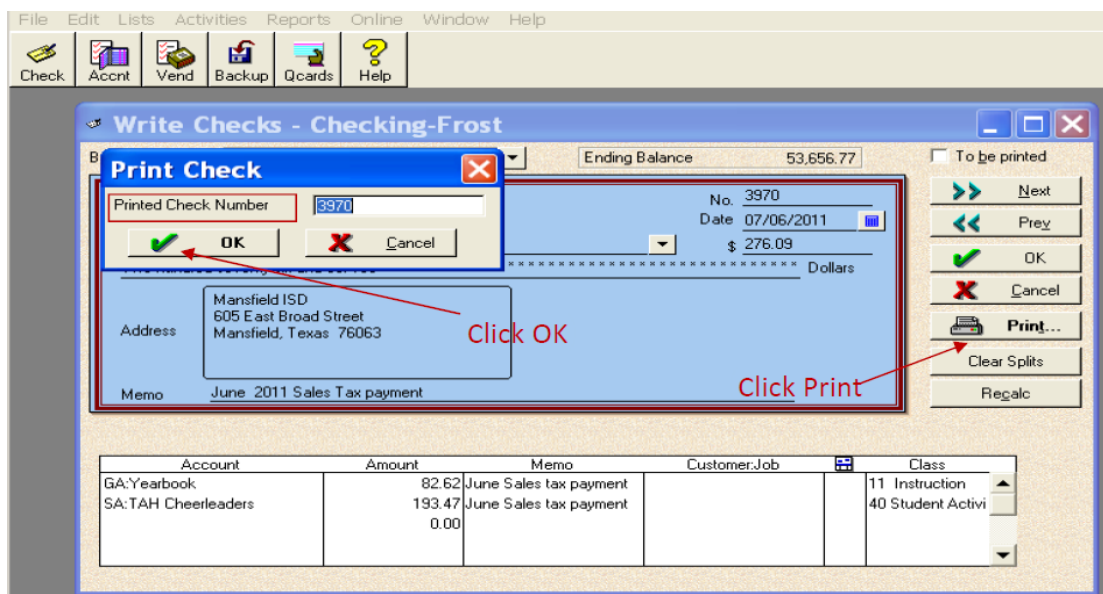
Address: Mansfield ISD
605 East Broad Street
Mansfield, Texas 76063

Memo: June 2011 Sales Tax payment

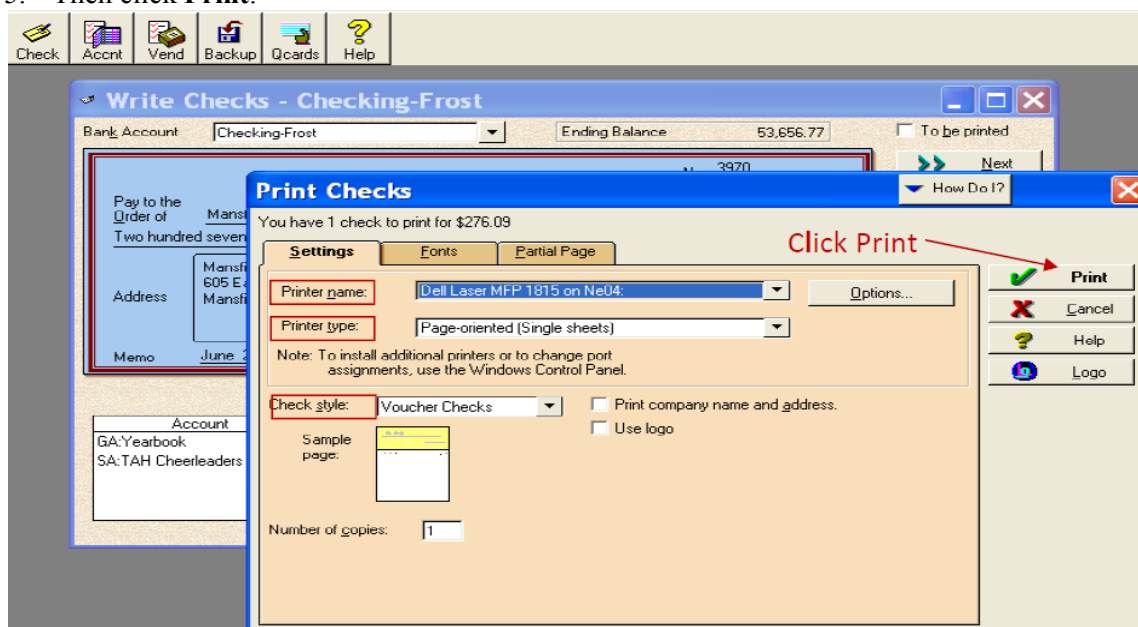
Account	Amount	Memo	Customer/Job	Class
GA:Yearbook	82.62	June Sales tax payment		11 Instruction
SA:TAH Cheerleaders	193.47	June Sales tax payment		40 Student Activi
	0.00			

To print a check, perform the following steps in QuickBooks:

1. Click **Print** on the **Activities, Write Checks** screen.
2. A **Print Check** box will appear. Turn the printer ON and load the check stock into your printer. Make sure the check is aligned and loaded in the printer properly and double check the check stock check number to the check number in QuickBooks.
3. Select **OK**.



4. Another box, **Print Checks**, will appear. Make sure the correct printer, type single sheet and check style voucher check are correctly selected.
5. Then click **Print**.



6. After the checks print, a box will appear asking if the checks printed ok. If the checks printed properly, click OK. If the checks did not print properly, key in the check number where they began printing improperly and proceed to print again.
7. If you are continuing to have problems or are unclear what to do, please call the Accounting Department to resolve the problem.

D. Bank Reconciliation Instructions in QuickBooks

1. From the menu bar, select **Reports-Memorized Reports-Checking Deposit Register**.
2. Select the starting and ending dates of the month you are reconciling and click refresh.

3. Next compare the detail amounts on the deposit register with the bank statement. If there are deposit corrections on the bank statement, make sure the journal entry in QuickBooks has been posted as a separate entry on the ledger. Instructions are listed above in section 8 - Differences Between Bank and QuickBooks.
4. Make sure the total deposits per the deposit register agree with the total deposits on the bank statement. Note: Any interest will be booked later.
5. Select **Activities-Reconcile**.
6. In the **Account to Reconcile** field, select "Checking Frost."
7. In the **Ending Balance** field, type the amount of "Bal this Statement" from the bank statement.
8. In the **Interest Earned** field, type in the "Interest Paid" per the bank statement.

Reconcile - Checking-Frost

Account To Reconcile: Opening Balance: 38,169.36

Ending Balance:

Transactions to be added (optional)

Service Charge: 0.00 Date: 06/01/2011 Account:

Interest Earned: 0.00 Date: 06/30/2011 Account: GA:INTEREST EARN

Deposits and Other Credits

✓	Date	No.	Payee	Memo	Amount
	06/03/2011			Deposit	
	06/03/2011			Deposit	
				Deposit	760.58

Checks

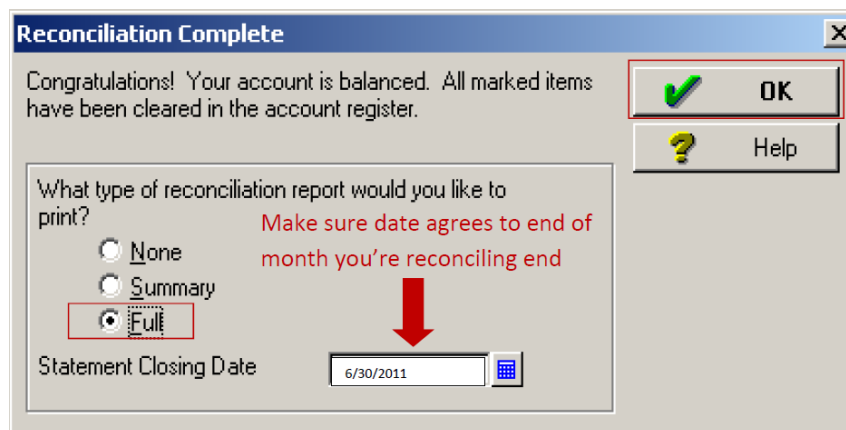
✓	Date	CHK NO.	Payee	Memo	Amount
	12/01/2010	1691	Dora Martinez	Reimb. for baby shower gift	25.00
	04/21/2011	1746	Nicole Brody	Reimb. for Kg. roundup & lunch	25.25
	05/11/2011	1762	Toys R Us	2 Gift cards for Top Sellers	150.00
	05/18/2011	1764	Jennifer Stoecker	Reimb. for plastic folders	21.87
	05/18/2011	1765	Putt-Putt Entertainment	Student Council field trip	155.00
	05/25/2011	1766	Wal Mart	cupcakes for 4th grade gradu	126.00

Items you have marked cleared

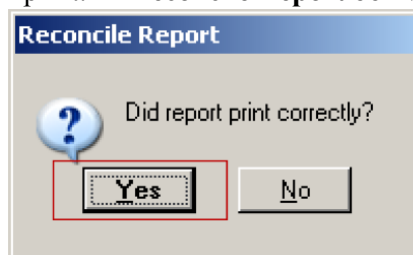
0	Deposits and Other Credits	0.00	Ending Balance	38,169.36
0	Checks and Payments	0.00	Cleared Balance	-38,169.36
			Difference	-38,169.36

Buttons: Done, Leave, Mark All, Unmark All, Last Report

9. In the **Deposits and Other Credit** box, click in the ✓ column next to each deposit reflected on the bank statement.
10. In the **Checks and Payments** box, click in the ✓ column next to the check numbers that are listed on the bank statement.
11. There should now be a \$0 in the **Difference** field. This indicated that the **Ending Balance** and **Cleared Balance** are the same and QuickBooks reconciles to the bank statement. **DO NOT** proceed to the next step until you have a \$0 difference.
12. Click on the **Done** button.
13. The **Reconciliation Complete** box will pop up. Select the **Full** circle.
14. Make sure the **Statement Closing Date** agrees to the end of the month being reconciled. Click **OK**.



15. The reconciling reports will print. A **Reconcile Report** box will pop up. Click **Yes**.



16. Next from the menu bar, select **Reports-Memorized Reports**.

17. Print the following reports for the month you are reconciling:

- a. **Checking Deposit Register**
- b. **Check Register**
- c. **Journal Entry reports**

18. Next go back to the menu bar and select **Reports-Balance Sheet-Standard**.

- a. Change the date to the last date of the month you are reconciling.
- b. Click **Refresh** and then **Print**.

19. At this point, exit from the QuickBooks software. When you log back into the software, it will reflect the current date and you can proceed with the posting and entering transactions for the current month.

20. The last phase of the bank reconciliation process is completion of the MISD *Reconciliation of Bank Balance* form.

- a. Write the month of reconciliation and the campus name on the form.
- b. On line 1, write the "Bal This Statement" amount from the bank statement.
- c. Write the amount, if any, of "Uncleared Deposits and Other Credits" from the Reconciliation Report that printed from QuickBooks on line 2. (It will be common for this amount to be \$0).
- d. Write the amount of "Uncleared Checks and Payments" from the Reconciliation Report that printed from QuickBooks on line 3.
- e. Next add line 2 and subtract line 3 from line 1. This total should be written on line 4.
- f. Next write the balance of "Checking Frost" from the Balance Sheet report that printed from QuickBooks on line 5.
- g. You should have no amounts on line 6 of the report; therefore, the total from line 5 will carry down to line 7.
- h. The amount on line 5 and 7 should agree to the amount in line 4.

- i. Lastly, sign the report on the “Prepared by” line and attach all the reports you printed from QuickBooks as well as the bank statement.
21. When the reconciliation has been completed, be sure that the principal reviews all the monthly reports, then signs and dates the *MISD Reconciliation of Bank Balance* form.