



Associated Student Bodies Legal Aspects and Hands On Accounting for Organized Student Bodies



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Associated Student Bodies: Legal Aspects and Hands On Accounting

Published by
Vicenti, Lloyd, & Stutzman, LLP (VLS)
2210 E. Route 66
Glendora, CA 91740

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Handbook for Organized Student Body Associations



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Abbreviations/Acronyms

ASB	Associated Student Body
CDE	California Department of Education
CFR	Code of Federal Regulations
CSAM	California School Accounting Manual
EC	Education Code
EDD	Employment Development Department
EIN	Employer Identification Number
FDA	Food and Drug Administration
FDIC	Federal Deposit Insurance Corporation
FEIN	Federal Employer Identification Number
FICA	Federal Insurance Contributions Act (Social Security Tax)
FMNV	Food of Minimal Nutritional Value
FSLIC	Federal Savings and Loan Insurance Corporation
FTB	Franchise Tax Board
FUTA	Federal Unemployment Tax Act
GASB	Governmental Accounting Standards Board
GJ	General Journal
GL	General Ledger
IRC	Internal Revenue Code
IRS	Internal Revenue Service
PDF	Portable Document Format
PO	Purchase Order
PTA	Parent Teacher Association
PTO	Parent Teacher Organization
RDA	Recommended Daily Allowance
RDI	Reference Daily Intakes
SBE	State Board of Education
SBE	State Board of Equalization
UBIT	Unrelated Business Income Tax

Chapter One- Overview

What, When, and How

Q- What can be done to lessen potential problems?

A- Consider if PTA/PTO/ Booster Clubs can handle certain activities. Be cautious- although legally NOT a part of the district, these organizations often are perceived as such.

- What are associated student bodies (ASBs)?
- Where are the main problem areas?
- Why are ASBs an issue?
- Staying out of trouble

Associated student bodies are formed for the sole benefit of the students. All students must be enrolled in the school district of residence to be a member of the student body. Any group of students may organize “with the approval and subject to the control and regulations of the governing board of the school district” (*Education Code Section 48930*).

The purpose of the ASB is to benefit the students as long as these benefits do not conflict with the authority and responsibility of school officials.

There are two types of student bodies: unorganized and organized. Generally accepted accounting principles and adequate internal controls are requisites of both. Regulations, budgets, income control, disbursements, internal control, and other accounting issues are provided in the subsequent chapters of this manual.

Organized Student Body

An organized student body is typically found at junior and senior high schools. Any group of students may organize a student body association within the school “with the approval and subject to the control and regulations of the governing board of the school district” (*Education Code Section 48930*). Any such organization shall have as its purpose the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the school officers.

The student body organization shall adopt a constitution, which states the name and purpose of the organization, and presents the framework within which it will operate. The student council or cabinet, as composed and designed by the student body constitution is responsible for approval of expenditures and, with the prior approval of the student council, authorization of fundraising activities. Clubs are formed within the student body and have their own officers.

Activity/Trust Accounts

Within the associated student body are activity accounts as well as trust accounts. Activity accounts are for the activities of the general student body. The balances of these accounts are closed out at the end of the year. Trust accounts are monies held by the student body or-

ganization as trustee and are, therefore, liability accounts (accounts of which the balance is carried over into the next year). These accounts are categorized into three main groups.

Scholarship Accounts

These are scholarship grants, which may be accepted by the student council with the approval of the district governing board or its delegate. The acceptance should be in writing and include all conditions prescribed by the donor for the administration of the scholarship and disposition of any balance remaining at the close of the period for which the scholarship was established. Separate bank accounts may be set up for these accounts.

Class Account

Separate accounts for classes can be established. They are allowed to raise funds and expend funds within the general guidelines of the associated student body.

Club Accounts

All student clubs must be composed entirely of students enrolled in the schools of the district. Any group of students may apply for permission to form a club by submitting for approval to the board authorized authority, a proposed constitution which specifies among other things, 1) the title, power and duties of various officers, and how elected, 2) the scope of proposed activity and 3) the name of the advisor.

The class or club accounts are subject to the same standard procedures for cash receipting and cash disbursement covered in this manual for the general associated student body and must be handled through the associated student body bookkeeper. Proper records must be maintained and minutes showing the approval for all transactions must be kept.

The balance of inactive trust accounts are generally transferred to the general surplus of the student body fund or to another designated school student body trust account.

Why Are ASBs an Issue?

- The auditors will find more exceptions in accounting for ASB funds than any other audit area. These audit findings and exceptions indicate that often there is not enough attention paid to ASB finances in California schools and many irregularities exist.

- The public, the school board and top-level administrators are becoming increasingly aware of the volume, diversity, and potential problems in the area of ASB finance.
- The oversight and responsibility for ASB finances is decentralized with many new individuals at different levels (principals, teachers, clerks, students, and district office personnel) who may not be trained in accounting.
- Many cash transactions occur without proper procedures and internal controls set up for the handling of cash.
- Fraud is increasing, indicating need for better control of finances.

What Are the Main Problem Areas?

- Lack of knowledge of regulations and good business practices by some of the leaders of ASB organizations.
- Lack of training in ASB procedures and accounting practices of teachers, clerks, and other people involved with student organizations.
- Expenditures made without approval and for purposes other than the benefit of the student members.
- Fundraising events held without proper procedures to account for merchandise and cash.
- Missing monies and merchandise from vending machines due to lack of control.
- Misuse of funds by advisors, principals, and club sponsors.
- Outdated, unclear or nonexistent board policies covering student organizations.

How To Stay Out Of Trouble

- Understand the regulations and purpose of student organizations described in the following chapters.
- Know the applicable laws and *Education Code* sections that relate to student organizations.
- Assure that all staff members are trained and familiar with regulations and codes.
- Pay close attention to expenditures that may be questionable.
- Be sure all approvals are in place before the expenditures are made.
- Control fundraising activities and use revenue potential forecasts.
- Control vending machines by tracking merchandise and cash.
- Ensure that proper internal controls are in place and being followed.
- Work with the school district administration to update or develop board policy that will aid and protect the student organization.
- Discuss new activities with peers and administrators. Think about the reaction of the community and parents to the activity.

Items to Include in Board Policy

- Reference to a manual regarding detailed accounting policies and procedures to be followed.
- Designation of responsibilities of employees.
- Statement that expenditures are to be for non-instructional purposes only.
- Procedures for equipment purchase and donation.
- Procedures for approval of contracts and prohibiting multi-year contracts.



Figure 1.1: Items to be Maintained in a Binder

School: _____ Fiscal Year: _____

Principal: _____

Designated administrator: _____

ASB Advisor: _____

ASB Bookkeeper: _____

The following information and document are to be organized and maintained in a binder (s) and stored in the school office.

Organization information

- ___ A ASB approved by Board of Education on _____
- ___ B ASB constitution and bylaws
- ___ C Trust accounts and charters/constitutions for each trust account
- ___ D Fundraising activities per district policy

Financial statements

- ___ E Chart of accounts
- ___ F Annual budget
- ___ G Trial balance for each quarter and year end
- ___ H Financial statements prepared and submitted to District Office at end of each quarter and year-end
- ___ I General ledger maintained
- ___ J Bank reconciliations

Student Council minutes

- ___ K Minutes for fiscal year _____

Sales and activities

- ___ L Revenue potentials for yearbook and other fundraising activities
- ___ M Ticket control log sheet
- ___ N Student store inventory

Periodic review

- ___ O Comparison of budget to actual

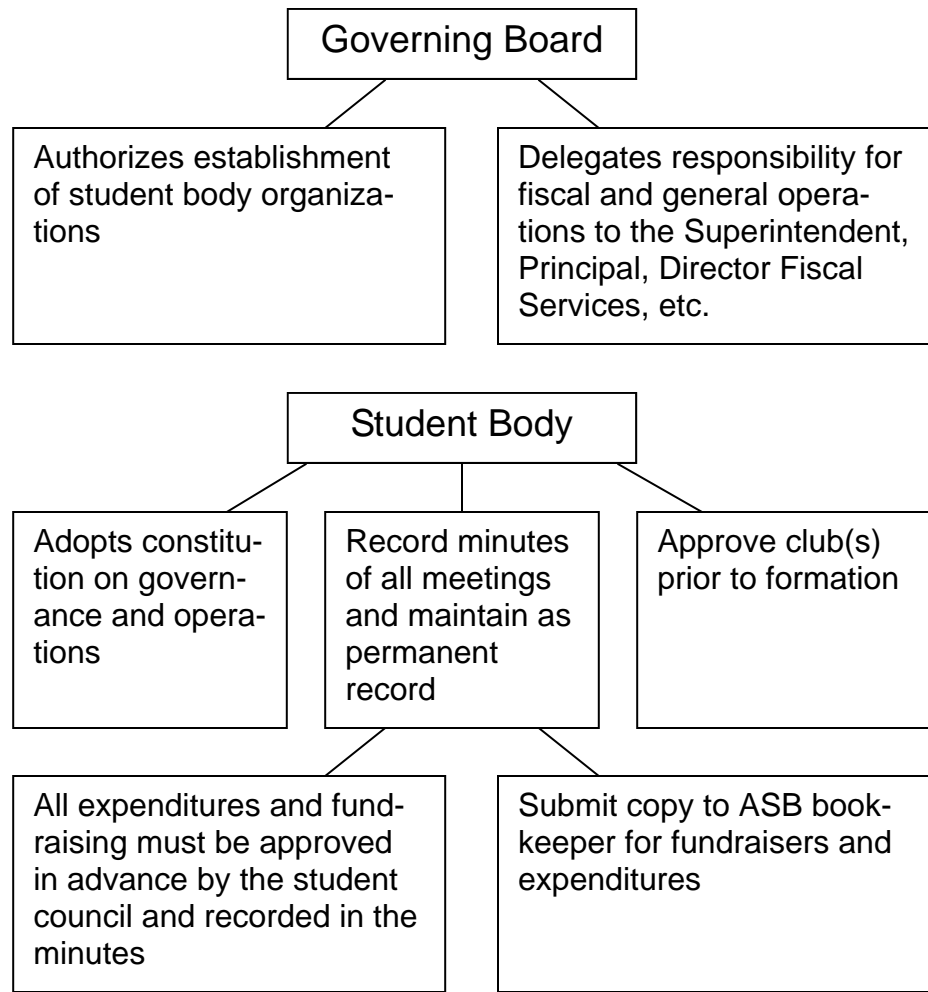
Year-end

- ___ P Listing of Accounts Receivable
- ___ Q Listing of Accounts Payable
- ___ R Student store inventory



Chapter Two- Regulations

Figure 2.1:
Chapter
Summary



Approval

All student bodies must have the approval of the governing board of the district for establishment and operation.

The student body organization must be composed entirely of students attending the school of the district.

California *Education Code* sections 48930 and 48931 authorize a school district's governing board to establish regulations for student body activities. The governing board is the controlling authority for all funds of the student body.

Although the fund does not generate tax revenues on an income basis, it is still subject to the tax-exempt status of the total school district. In assuming the authority given by the *Education Code*, a school district governing board must adopt regulations that govern (1) the establishment of a study body organization; (2) the supervision of the organization's activities; and (3) the operation and management of the organization's finances

Purpose

No “sunshine clubs”

Not for:

- PTA, Booster activities
- Library fines or other District activity
- Benefit of one student or a small group of students

Education Code Section 48930 states that, “A student body shall have as its purpose the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the public school officials.

The basic purpose of raising and expending money by a student body is to promote the general welfare, morale, and educational experiences of the student body.

Principles

- Funds should be used for activities over and above those provided by the district, and approved by the governing board appointed “trustee” on behalf of the students.
- Fund-raising should not conflict with the ideals of the educational program and are to be approved by the student governing body.
- Large reserves of funds are discouraged. Funds should be spent for the benefit of the students currently enrolled. Exceptions to this would be a long-range project that would be documented.
- Funds must be managed according to good business practices that include proper internal controls.
- Competition with local businesses must be kept to a minimum.
- The school district principal is responsible for the proper conduct of the student body’s activities.

Suggested Roles and Responsibilities

District’s Governing Board: Responsible for adoption of rules, regulations, and policies for supervision and control. The board delegates responsibility of financial control to those who are knowledgeable of good business methods.

Superintendent: General supervisor of the activities and implements board policy.

Principal: Directly responsible for financial activities. May appoint advisor in the management of funds. Has ultimate responsibility for ASB.

ASB Advisor: Prepares budget, acts as advisor in the management of funds, and ensures minutes are maintained for all financial matters of the student body, including clubs.

Director of Fiscal Services: Serves as consultant in financial matters. Reviews the financial structure and control.

Account Clerk/Bookkeeper: Responsible for maintaining ASB accounting system. Prepares and maintains financial records, monthly reports, and bank reconciliation. Ensures proper documentation is

submitted for cash receipts, revenues, and purchases. Develops and reviews accounting procedures.

Student Council: Responsible for adoption of budget, approval of expenditures and authorizing fund raisers, recording of minutes for all financial matters.

Figure 2.2: Specific Roles and Responsibilities

	Student Organization	ASB Finance Clerk or Bookkeeper	ASB Advisor	Principal	Governing Board (District Office)
Fiscal Solvency	Student officers shall review financial reports as received from ASB bookkeeper as to fiscal solvency and submit them for review to the student council/club.	Responsible for keeping financial records, including tax reports, in a secured location. Prepares the following monthly reports: trial balance, balance sheet and income statement. Prepares annual auditor reports and other reports as needed.	Reviews monthly financial reports and is responsible for the day-to-day operations of the student body organization.	Responsible for the fiscal solvency of the student body organization. Must ensure that ASB financial activities conform to established state and district policies and procedures.	
Bank Accounts	A student officer shall review bank reconciliations.	Keep running totals in checkbook. Prepares all bank reconciliation in a timely manner.	Reviews checkbooks to ensure running totals are being kept. Reviews bank reconciliations and traces amounts to bank statements and general ledger printout.		
Budget Preparation	Discuss plans for the current year. Shall prepare and approve budget. Approve and include individual club budgets in the general budget. Adopt preliminary budget by May 1. Adopt fiscal budget by November 1.	Contacts activity advisors for budget requests. Submits revisions for ASB Council and Club approval. Enter budget and budget transfers into accounting system.		Approves general ASB and club budgets prior to submission to District Office.	Adopts preliminary budget by July 1. Approves adopted budget by December 15.

2.4 Regulations

	Student Organization	ASB Finance Clerk or Bookkeeper	ASB Advisor	Principal	Governing Board (District Office)
Revenue Potentials	Under guidance of advisor, prepares for planning purposes for all fundraisers. After event, compares potential (plan) to actual results. Results should be used for planning in the next year.		Ensures revenue potentials are prepared for all major fund-raising events and are submitted with budget adoption and revisions. After event, compares potential (plan) to actual results. Any large differences should be investigated and explained. Results should be used for planning in the next year.	Responsible for ensuring advisors, clubs, and general student body prepare revenue potentials for all major fundraisers.	
Daily Cash Receipts	Student treasurer may be required to verify all revenues generated	Supervises and/or prepares and takes deposits to the credit union. Informs Dean of Activities and/or club advisors of any irregularities and establishes any needed controls. Informs District Office designee.	Verifies individual club and ASB sales deposits. Irregularities should be reported to ASB advisor. Investigates and determines if internal audit needs to be involved.		Establishes regulations and procedures for internal controls for cash receipts.
Proper Documentation- Revenues	All fund-raising activities shall be reported and approved by the student organization prior to implementation. Revenue potential shall be prepared as part of the approval.	Verifies that proper documentation is submitted to verify monies received. Collection may be verified through recap of master receipts, report of ticket sales and other auditable records received weekly from credit union. Maintains master receipt book and ticket control log.	Ensures ticket controls, cash receipts are used for all fundraisers and monies collected.	Ensures master logs control, tickets, receipt books, and monies are kept in secure locked safe.	Established procedures and internal controls to ensure that student funds are deposited intact.
Purchase Order	Ratifies PO listing and records in minutes.	Prepares for student council approval.	Reviews and approves purchase orders for compliance and appropriate use.	Reviews and approves purchase orders for compliance and appropriateness.	Establishes procedure for procurement of goods and services.



	Student Organization	ASB Finance Clerk or Bookkeeper	ASB Advisor	Principal	Governing Board (District Office)
Proper Documentation- Expenditures	All expenditures shall be approved by the student officers and recorded in their official minutes. Proper documentation shall be used to initiate and record all expenditures and the student officer's signature shall be applied to such documentation.	Verifies that proper documentation is submitted to verify disbursement requested. All requests for disbursement must be supported by P.O. and invoices (or other acceptable documentation) bearing signatures that, in effect, are certifying that: (a) merchandise has been received; (b) prices, extensions, and totals are accurate; (c) approves the invoice for payment.	Ensure proper purchasing procedures are being followed for all ASB purchases. Must review all expenditure requests. Ensures student council has reviewed and approved expenditures before payments are made.	Must review and approve all expenditure requests. Ensures established policies and procedures are followed.	Established procedures and internal controls to ensure expenditures are appropriate for Student Body funds.
Expenditures		Verifies that trust account or ASB budget balance is sufficient to cover expenditure requested. Issues check after Dean/ Advisor, Principal, and Student representative approve expenditure.	Monitors ASB expenditures to verify compliance with state and district policies and regulations. May sign as second party on checks.	Reviews expenditures for compliance, signs ASB checks.	
Computerized Accounting- Subsidiary Ledgers	Reviews reports, general ledger, and financial statements provided by ASB bookkeeper.	Reviews and monitors general ledger and financial statements. Inquiry of any unexpected balances reported. Posts daily financial transactions in a timely manner. Maintains backups and keeps hard copies of all transactions.		Ensures financial reports are prepared routinely and monitored.	May review/ approve ASB financial statements monthly, quarterly, semi-annually, or annually.

Constitution

Each student body must have a constitution adopted by the students of the school. The constitution adopted by the student organization must state the name and purpose of the organization. The constitution details the framework within which the organization will operate. The constitution must contain:

- The name and purpose of the organization
- Framework within which organization will operate
- Information concerning the membership of the student council
- Method of electing officers, the title and duties of the officers, and requirements for eligibility must be clearly stated
- The scope of proposed activities
- Frequency of meetings and definition of quorum
- Rules for expending funds and conducting fundraising activities
- Rules for clubs, including approval of the club's existence as well as approval of expenditures and fund-raising activities
- Method for amending the constitution and rules for adopting amendments
- Upon approval, an employee of the school district must be appointed to act as supervisor of the activities of the student body organization.

Minutes

Each club must record and approve its own minutes of each meeting.

It is not necessary to update the constitution annually, only when policies and/or laws change.

An organized student body organization is required to keep minutes of each meeting. The minutes should include details of all proceedings, including financial matters pertaining to the budget, approval of fund-raisers, expenditure authorization and approval of any funds to be invested. This includes:

- Approving all disbursements prior to release of funds
- Approving all fund-raisers
- Approve budgets and financial records

Each motion must be reported in the minutes. In the report the motion must be stated, the person who made and the person who seconded must be named. The results of the voting must be given.

It is the responsibility of the ASB bookkeeper to have the minutes authorizing the processing of a purchase order, transfer, or any other fiscally related transaction before proceeding with any action.

Minutes for all meetings should include:

- Who met (what group)



- When (the date and time of the meeting)
- Where (where the meeting was held-classroom #, school, etc.)
- Who's There (listing of all attendees)
- What happened (synopsis of discussions and decisions)
- Who's writing (name of the person recording this information)

Minutes are considered permanent records; therefore, they must be retained indefinitely.

Clubs or Trust Accounts

Clubs, which are also known as trust accounts, are similar to student organizations in that they must be composed entirely of students enrolled in the district. All clubs must have the approval of the student council. The club should follow the regulations stated in the ASB constitution for application to obtain permission to form a club. Each club's charter or constitution must contain a description of the title, powers and duties of the club's officers and the method for their election; the extent of the club's proposed activities; and the name of the proposed club.

To establish a club:

1. Fill out a club charter form and submit two copies to the ASB.
2. The ASB votes to approve the club. The vote is noted in the minutes, and a student representative of the ASB signs the form.
3. Forward the form to the Assistant Principal and Principal for approval.
4. One copy of the approved form is returned to the club; the other is sent to the ASB bookkeeper for the club's file.

To establish an account for a new club:

1. Fill out a request for account name and number form.
2. Attach backup documentation (i.e. club charter) to form.
3. Submit original and one copy of form and backup documentation to Principal for approval.
4. Sign and approve request for account. Return to bookkeeper.
5. Forward original and copy to accounting department in the business office.
6. When approved, duplicate will be returned with account numbers designated.

A club should have a purpose and hold regular meetings. They should not exist just to account for funds separately from the general ASB accounts.

An employee of the school district must be appointed (or selected by the students forming the club) to act as supervisor or advisor of the club. Clubs operate under the same regulations as the student body.

The club account continues each year. If a club account becomes inactive, the funds remaining in the account are transferred to the student body general fund or another designated ASB club account. The governing body of the ASB should vote on the transfer of funds and include the transfer in the minutes.

Accounts in student body organizations are intended only for students currently enrolled in the school. Therefore, before close of each school year, the graduating class shall prepare a “class will” that provides for disposal of all funds remaining in the class account after all obligations of that class have been met; the will shall be signed by all officers of the graduating class. Funds may be designated for specific purposes or transferred to the student body general fund. If a graduating class fails to draw up a will, or makes provisions for only a portion of the remaining balance, the undesignated amount will automatically be transferred to the student body general fund.

All balances remaining in the trust account of any club or organization one year after the club or organization has been disbanded or has been inactive for one year shall be reviewed by the principal (or designee) and the student council, and subject to extenuating circumstances, shall be transferred to the student body general fund. Such action shall be recorded in the minutes of a student council meeting. The chart of accounts should be reviewed periodically and inactive accounts cleared out.

Budget

Avoid large fund balances. Funds should be spent on the current students in the current school year.

Section Three gives a more in-depth view of budgeting and provides a sample to use.

Planning the financial operation for the school year is called budgeting. The budget is a written financial plan of the student body for a specific period of time, expressed in dollars. The student body governing board should adopt the budget. Each student body should develop and control budgets and prepare financial reports on or before the due dates established by the school district.

The student body and advisors monitor the budget throughout the year. The budget should be revised periodically, especially after large fund-raising activities and other events that greatly affect the budget. The student body governing board should approve these revisions.

The dates that the budget will be approved and other processes relating to the budget should be stated in the student body constitution. The governing board of the school district may also set guidelines on the submission of the budget to the district office or to the school district governing board.



The accumulation of large fund balances should be avoided, unless the student organization has developed an approved plan to reduce the fund balance (as stated in the minutes approved by the student governing board). It should always be the intent to spend the funds on the current students during the current school year.

Internal Controls

Established procedures and controls required for:

- *Fund-raising events*
- *Vending machines*
- *Food sales*
- *Student store inventory*

Income Controls

The lack of control of the cash received and the cash earned through fund-raising is one of the most frequent findings on audit reports. Timely deposits and receipting of the cash received is a vital part of the cash controls. The use of pre-numbered receipts and tickets is a must. The sale of food items and the control of vending machines are several of the problem areas often seen.

The school district's board policy should contain guidelines for the control of income for student body organizations, including guidelines for the acceptance of donations of materials or equipment. Cash and tangible donations accepted by the student body are subject to the regulations of all other income of the student body.

If the student body operates a student store, develop procedures for reconciliation of the daily receipts and inventory of merchandise.

Section Five details the procedures for cash control and provides some sample forms.

Student Body should decide on all expenditures, not the advisor, teacher or administrator

Use good accounting practices

Conform to purpose of ASB

Consider prohibited expenditures

Disbursement Control

All expenditures should be made in accordance with good accounting practices and conform to the general purpose of the student body. Expenditures must be approved by the student body for activities the students have decided upon. These decisions are not to be made by teachers, advisors or administrators. The employee or official of the school district designated by the school governing board must approve expenditures for unorganized student bodies.

Preparing cash disbursements within guidelines established by the student body constitution is an important function of the student body clerk or bookkeeper. Consideration must be given for the payment of applicable sales and use taxes as well as the purchase of equipment with student body funds.

Section Six outlines the procedures for the control of expenditures, the purchase of equipment, lists old prohibited expenditures and provides some sample forms.

Equipment

Equipment expenditures must be approved by the governing board as well as the student body. The student body is responsible for the accounting of the equipment, maintaining an inventory, repair and maintenance and insurance.

Equipment valued at more than \$500 is inventoried per CSAM. Equipment valued at more than \$5000 (or the amount approved by the local governing board) is capitalized in accordance with GASB 34.

Audit

The school district governing board is responsible for the auditing of the accounts of the student body. The board must provide for an annual audit by a certified public accountant. The audit not only identifies problem areas, it is a learning tool. The audit firm can also assist in developing better procedures and control for the effective operation of the student body.

Section Nine contains a list of items to help you prepare for the audit.

Figure 2.3: Student Body Meeting Minutes, page 1

The meeting was called to order by: _____

Location: _____

Date: _____ Time: _____

Minutes of the previous meeting (dated _____) were: ☐ read or ☐ corrected and approved.

Officers present: _____

Old business (corrections, rejections, changes to previous meeting’s minutes):

New business:

Business to be carried over:



2.12 Regulations

Figure 2.3: Student Body Meeting Minutes, page 2

Purchase order approval:

The following purchase orders were approved. (Attach a separate list if necessary.)

PO #	Vendor	Amount	Purpose
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Motion by: _____ Seconded by: _____

Vote count: For _____ Against _____

Invoice approval:

The following invoices were submitted for payment. (Attach a separate list if necessary.)

Check #	Payable to	Amount	Purpose
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Motion by: _____ Seconded by: _____

Vote count: For _____ Against _____

Respectfully submitted by: _____ Date: _____

Signature of President: _____ Date: _____

Signature of Advisor: _____ Date: _____



Figure 2.4: Club Charter

Name of Club: _____ Date Submitted: _____

Club Advisor: _____ Approximate # of members: _____

Name of student(s) seeking charter: _____

Purpose of Club: _____

Regular meeting time and place: _____

How will officers be chosen: _____

Proposed activities and projects: _____

Will dues be collected: _____ If yes, what will be the approximate amount? _____

How will dues and money raised be used? _____

Approved by: _____
ASB Representative _____ Date _____

Assistant Principal _____ Date _____

Principal _____ Date _____

2.14 Regulations

Figure 2.5: Request for Account Name and Number

Requested by: _____ Date: _____

Accounts to be established: Reason for account:

_____	_____
_____	_____
_____	_____

Approved by:

Principal _____ Date _____

Business Office representative _____ Date _____

Figure 2.6: Sample Club Constitution- Middle School

ARTICLE I- Name

The AAA Middle School Nature Club.

ARTICLE II- Purpose

This organization is formed with the intention of preserving and improving the environment of our community, county, and world through various activities and projects.

ARTICLE III- Authority

This organization derives its authority directly from the AAA Middle School Student Council, and indirectly from the Principal and the District Board of Education.

ARTICLE IV- Membership

This organization admits all students of AAA Middle School who want to become environmentally aware.

ARTICLE V- Meetings

Meetings will be held once a week at lunch unless a special meeting is called.

ARTICLE VI- Officers

President- Preside over all meetings. Call special meetings.

Vice-President- Supports presidents, takes over in his/her absence.

Secretary- Records minutes of club meetings and types correspondence.

Treasurer- Keeps financial record, oversees any fund drives.

ARTICLE VII- Elections

Officers will be elected by secret ballot for a one year term.

ARTICLE VIII- Amendment

A two-thirds majority vote of the members in attendance is needed to amend this constitution.



Figure 2.7: Sample Club Constitution- High School

Article I	Name:	XYZ High School Travel Club
Article II	Purpose:	To promote interest in the travel and tourist industry. To provide students the opportunity to experience other cultures.
Article III	Authority:	XYZ High School Travel Club drives it's authority directly from the XYZ ASB and indirectly from the Principal and Board of Education.
Article IV	Membership:	Members must be students at XYZ High School.
Article V	Meetings:	XYZ High School Travel Club will meet the first Monday of each month at lunch. Special meetings may be called by the president or advisor.
Article VI	Officers:	President- Oversees all activities and fund raisers. Vice-President- Fills in for president. Secretary- Takes minutes of meetings and keeps records of activities and correspondence. Treasurer- Responsible for money and budget. Publicity- Advertises fund raisers and activities.
Article VII	Elections:	Elections will be held once a year in October.
Article VIII	Committees:	The president will appoint committees as needed during the school year.
Article IX	Amendments:	All changes or amendments to this Club Constitution shall be by a 2/3 votes of the Club membership present at the date of the meeting scheduling such a change.

Chapter Three- Preparation and Control of the Budget

Overview

A budget should be prepared prior to the start of the school year by each club and general student council.

Purpose

- Teach students how to think through organizational goals and prepare a business plan with realistic outcomes
- Provide a planning tool against which to measure actual income and expenditures that occur throughout the year
- Provide an internal control mechanism to compare expected results to actual results
- Define for students and others the type and number of allowable fundraising events, how funds will be spent, and the anticipated fund balance and reserves at year-end

Definition

Planning the financial operation of the school year is called budgeting. The budget is a written financial plan for a specific period of time, expressed in dollars.

Description

Budgets are estimates of what will happen in the future. Predicting the future is impossible. However, a carefully prepared budget reflects the best predictions possible by those persons who prepare the plan. A complete budget shows the expected course of action for the school year. A budget should serve three important roles:

- A planning guide
- An operational control guide
- A trustee club account coordination guide

Development

To develop an effective budget, the advisor and students should consult with those who are responsible for district budget monitoring. A basic plan of income and expenditures can be developed from the information gathered. Revisions to the budget should be made periodically throughout the year. However, with careful planning, these revisions can be minimal.

Method for Projection

It is difficult to anticipate all revenue and expenditure activities that will occur in a given year. A simple method for projection is to compare last year's (or the current year) activities with what is planned for the future. The amount appropriated for each category should be adequate. However, if the amount is too large, this could eliminate an allocation for another function. Because every event may not be successful, revenue should be estimated conservatively.

Year-end Reserve Guidelines

At the end of the fiscal year, there should not be an excessive amount of money held in reserve in the student body account. An approved plan for reserves must be approved by the student council or trustee to allow carryover to subsequent years.

Steps to Prepare the Budget

Prepare a fundraising plan and revenue potential form(s) and submit with the budget. Samples of these documents are provided on the subsequent pages.

1. Review the budget and financial statements for the prior year.
2. Consider expenses that did not produce the anticipated results that cost more than revenue.
3. Decide on what events should be repeated or added in the new year. Prepare a fundraising activity plan.
4. Prepare a revenue potential for all major fundraising events.
5. Project revenues for those events.
6. Project expenditures for those events.
7. Submit school fundraising plans and revenue potential forms with the preliminary budget to the district business office for submission and approval by the school district governing board. Generally this is due May 1st for the next year.
8. Once school begins, review planned activities and revise the preliminary budget to reflect known and anticipated changes. Prepare a final adopted budget and submit to the district business office. Generally this is due by October 1st (current year).

Revenue Potential

For additional information and sample forms, see Section Four: Fundraising Activity Guidelines and Section Five: Income Control.

A revenue potential is a sales plan prepared for each major fundraising activity that:

- Shows expected sales levels, sales prices, costs, and net income
- Provides way to identify and plan on-campus fundraisers
- Provides an internal control mechanism for fundraising activities
 - Tools to compare projected revenue to actual revenue
 - Investigate major discrepancies for fraud



All fundraising activities should have a revenue potential form prepared, especially for the following:

- Student activity cards
- Athletic events
- Vending machines
- Social events
- Yearbook sales
- Book and magazine sales

To the extent that fundraising activities can be identified before school starts, revenue potentials should be prepared for each fundraising event included in the preliminary and final adopted budgets. Fundraising activities added during the school year should also have revenue potential forms prepared as a condition of approval for the fundraising event. The student organization council or officers, the designated certificated advisor or director, and the school principal should approve all fundraising events and supporting revenue potential forms at the school site level. It is recommended that the business office and school governing board subsequently approve these.

Preliminary Budget

The principal prepares the preliminary budget and distributes it by May 1 to School Business Services and student clubs.

A preliminary budget can be prepared in the spring for the upcoming year as soon as the new officers are elected. This schedule provides an opportunity for the incoming officers to consult with the outgoing officers and to review the current budget. The district business office generally has a specific “due date” for submission of the budget to comply with statutory guidelines for adoption of budgets by the school district governing board. The budget contains the estimated beginning balance, estimated sources of income, anticipated expenditures and the expected ending fund balance. Limits should be placed on the amount of increase to the ending fund balance that may be accumulated during the school year.

A preliminary budget must contain:

- Beginning balance
- Detailed estimated sources of income
- Detailed anticipated expenditures
- Any anticipated surplus (fund reserves) to be on hand in the ensuing school year

Adopted Budget

A final or adopted budget must be submitted to the district business office in October. Revisions for changes in planned activities must be included in the final budget. After review by the business office, the budget becomes the working financial document of the student body organization. If an expenditure exceeds the amount appropriated for

3.4 Preparation and Control of the Budget

the category, a budget revision must be made. Approval is sought by requesting an increase in the appropriation, not by requesting approval for the expenditure.

The final adopted budget must:

- Include revisions to the preliminary budget
- Reflect more accurate financial information
- Contain the same details as the preliminary budget
- Include allowances for possible losses

Budget Control

Students, advisors, administrators, and board members must know how the budget compares with what is actually taking place. Periodic reports that show the adopted budget, revisions to income and expenditures and the actual receipts and disbursements should be prepared by a standing committee for the student organization.

Interim budget updates should be submitted to the district governing board, district business office, principal, advisor, and the student council in accordance with district board policy.

Budget Revisions

Periodic statements of revisions to budget should be submitted to the district business office at least quarterly.

Explanations of significant variations between estimates and actual transactions should accompany the statements.

Once the final budget has been approved by the appropriate administrative-unit of the district business office, the budget becomes the official working financial document of the student body organization. Any expenditure that exceeds the budget amount for a budget category must have prior approval of the student governing body. Revisions may be made to authorize additional expenditures to the extent that they do not exceed anticipated income. Increased appropriations cannot under any circumstance exceed anticipated revenue.

The budget must be flexible enough for the organization to accomplish its goals. Approval must be obtained from the student governing body before the budget is revised. The district administration and governing board must be made aware of any material changes.

Budget Details

Details of income can include:

- Bank interest/dividends
- Festival/carnival
- Miscellaneous
- Sales, e.g. bookfairs, candy sales, photography, t-shirt sales, year-book, student store.

Details of expenditures can include:

- Cost of goods for resale:
- Admissions/tournaments



Common Audit Findings

- Awards
 - Bank charges
 - Assemblies
 - Entertainment
 - Field trips and transportation
 - Outdoor education
 - Miscellaneous expenses
-
- Budget is not prepared
 - Revenue potentials are not prepared
 - No monitoring of actual results against the budget
 - No monitoring of actual results against revenue potentials
 - Lack of supervision over budget preparation

Figure 3.1- Recommended Chart of Accounts

A Chart of Accounts is a systematically arranged listing of accounts that is applicable to a specific concern. All account names and numbers, if any are listed in order. Each income and expense account in the Chart of Accounts should be included in the budget. The following is a sample Chart of Accounts:

Current Assets

Current Assets are available or can be made readily available to meet the cost of operations or to pay current liabilities. These accounts encompass the 101 to 110 accounts.

Fixed Assets

Fixed assets are assets of a permanent character having continuing value. They are categorized as land, buildings, and equipment. An ASB would most likely use the Equipment account 111.

Current Liabilities

Current liabilities are amounts due and payable for goods and services. The amounts should be payable within a relatively short period of time, usually for no longer than a year. Accounts payable are unpaid balances or invoices that are due and payable in account 201. Other liabilities include sales and use tax in account 209.

Trust Accounts

Trust accounts are sums of money held by the student body organization as trustee. These accounts include 210 Scholarship Accounts, 220 Class Accounts, and 230 Club Accounts.

Equity

Equity accounts are fund balance (reserve) accounts that show the excess of assets over liabilities in account 320.

Income

Student Body organizations receive income from many sources as can be seen in accounts 405-490.

Expenses

Student Body organizations spend money for many reasons as seen in accounts 510-590.



Figure 3.2- SBCUSD Chart of Accounts

Chart of Accounts for Organized ASB

- a. **Current Assets**
 - 101 Cash in Bank, Checking
 - 102 Cash in Bank, Savings
 - 103 Cash Collections Awaiting Deposit
 - 104 Petty Cash Fund
 - 105 Accounts Receivable
 - 105.1 Commercial Organizations
 - 105.2 School District
 - 105.3 Other Accounts Receivable
 - 106 Prepays and Deposits
 - 107 Investments
 - 108 Inventory (Student Store)
 - 109 Other Current Assets (Specify)
 - 110 Other Current Assets (Specify)
- b. **Fixed Assets**
 - 111 Equipment
 - 112 Accumulated Depreciation of Equipment
 - 113 Other Fixed Assets
- c. **Current Liabilities**
 - 201 Accounts Payable
 - 201.1 Commercial Organizations
 - 201.2 School Districts
 - 201.3 Other Accounts Payable
 - 202 Wages Payable
 - 203 Payroll Tax Payable
 - 204 Sales and Use Tax Payable
 - 205 Other Current Liabilities
 - 220 Clearing Account
- d. **Equity**
 - 301 Associated Student Body Account - Capital
 - 310 Investment in Equipment
- e. **Trust Accounts**
 - 401 Scholarship Accounts
 - 401.1
 - 401.2 (etc.)
 - 402 Other Trust Accounts
 - 402.1
 - 402.2 (etc.)
 - 501 Class Accounts
 - 501.1
 - 501.2 (etc.)
- f. **Income and Expenditure Accounts**
 - 600 - 699 Student Activity Accounts (including Student Store Sales, purchases accounts, and cash over or short)

3.8 Preparation and Control of the Budget

Descriptive Sample Chart of Accounts

a. Assets

Current Assets - Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities.

- 101 Cash in bank, checking
A sum of money in the form of bank deposit(s) for the purpose of paying bills.
- 102 Cash in bank, savings
Funds deposited into bank(s) for the purpose of earning interest.
- 103 Cash collections awaiting deposit
Receipts which have not yet been deposited in a bank.
- 104 Petty Cash
A sum of money, either in the form of currency or a special bank deposit set aside for the purpose of making change or immediate payments of comparatively small amounts for which it is subsequently reimbursed from the cash of a fund.
- 105 Accounts Receivable
Amounts due from various sources, including amounts billed but not received.
- 106 Prepaids and Deposits
Payments which are not charged to the current period but which are set up to be recorded as expenditures in subsequent periods and deposits to be refunded at termination of agreements.
- 107 Investments
Securities, certificates of deposit, savings bonds or other property in which money is put at interest either temporarily or permanently
- 108 Inventory
Description of equipment and/or supplies on hand, including books, candy, stationery, etc.
- 109 - 110 Other Current Assets
Other items available to meet the cost of operating or to pay current liabilities.

b. Fixed Assets - Assets of a permanent character having continuing value, such as:

- 111 Equipment
- 112 Accumulated Depreciation of Equipment (contra-asset account)
- 113 Other Fixed Assets

c. Liabilities

Current Liabilities - Liabilities which are payable within a relatively short period time, usually no longer than a year.

- 201 Accounts Payable
Unpaid balances or invoices which are due and owing.
- 202 Wages Payable
Salaries or wages due and payable to any employee.
- 203 Payroll Tax Payable



Figure 3.3- Sample ASB Adopted Budget

(A) NET BEGINNING FUND BALANCE	4,351
Estimated Income	
Student Store	8,000
ASB Cards	5,000
Vending Machines	7,000
Yearbooks	13,000
Athletic Gate Receipts	14,000
Social Activities	5,000
Interest	200
Other	100
(B) TOTAL ESTIMATED INCOME	52,300
(C) TOTAL INCOME & BEGINNING FUND BALANCE (A+B)	56,651
Estimated Expenditures	
Student Store	7,000
Vending Machines	5,000
Yearbooks	12,000
Athletics	17,000
Social Activities	7,000
Awards	3,000
Other	1,000
(D) TOTAL ESTIMATED EXPENDITURES	52,000
(E) ESTIMATED ENDING FUND BALANCE (C-D)	4,651

3.10 Preparation and Control of the Budget



Chapter Four- Fundraising Activity Guidelines

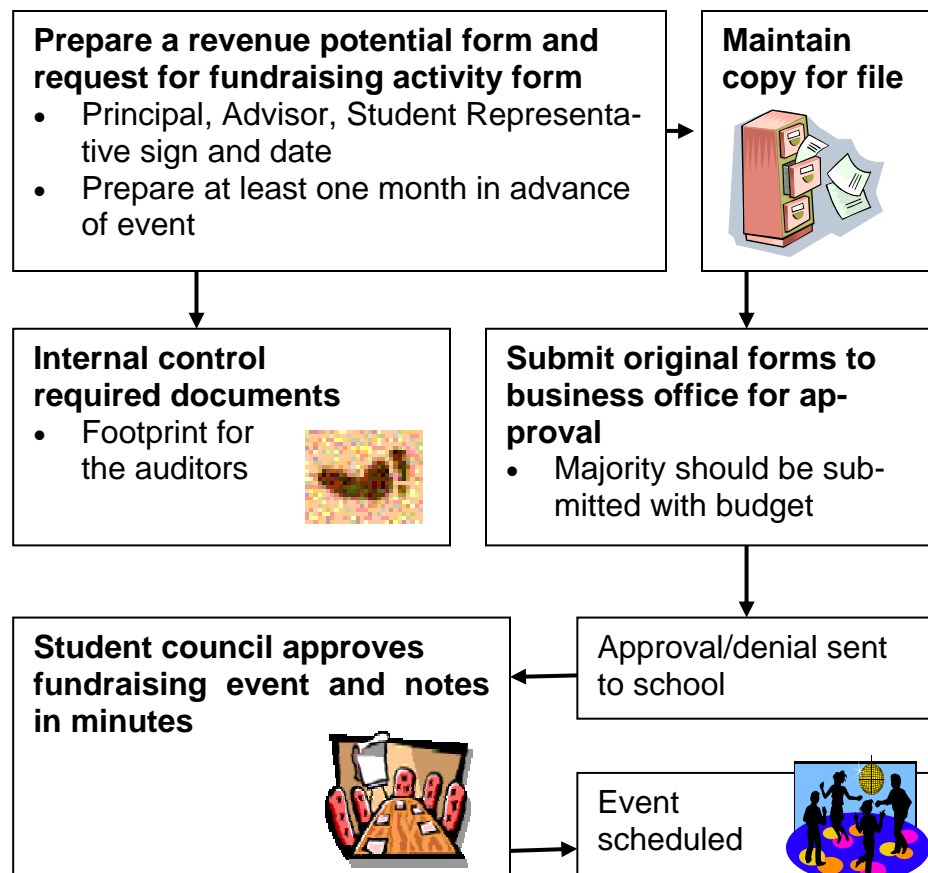
Overview

Any student that does not raise funds for an activity cannot be excluded from the activity. This is in violation of the "Free Schools Act" Title IX, Section 5 of the California Constitution.

The governing board (or designee) may authorize any fundraising activity pursuant to *Education Code* Section 48932. If the activity is conducted during school hours, the governing board may approve the activity if it does not interfere with the normal conduct of school. The governing board should have adopted-policy addressing the types of fundraising activities that are permissible.

The club, the associated student body, the Principal, and the Superintendent (or his designee) should approve all fundraising activities before the event takes place. A fundraiser request form should be completed and a revenue potential form must be completed for all fundraisers.

Figure 4.1:
Fundraising
Process Flow



Free Public School System

The California Constitution, Article IX, Section 5 provides for a free public school system. Students enrolled in a public school system cannot be required to pay any fee, deposit, or other charge not specifically authorized by law as a condition of participation in curricular or extracurricular activities. All *school-connected* activities fall under this regulation. Additionally, no student shall be required to raise a specified amount of money as a condition of participation in an activity or program sponsored by a *school-connected* organization. Purported donations with mandatory payment as a condition of participation are not “donations” and are not legal. Readers are encouraged to become familiar with allowable and unauthorized fees and charges applicable to public schools. Appendix C contains the CDE’s legal opinion and applicable laws on this subject.

School-Connected Fundraisers Must Be Authorized by Law and the Local Public School Board

Programs, fund-raisers or other activities sponsored by parent and booster groups must be authorized and conducted according to local board policy, laws, and the rules of the sponsoring school. Most school districts require groups submit an activity request form, such as Figure 4.4, to have the activity approved and scheduled by the designated school administrator and the student body council. If the activity is one that is not authorized by the governing board (in board policy) or one that may impose liability against the district, the governing board or designee must first approve the activity to comply with *Education Code* Section 51521. Additionally, prior written approval is always required for sales or solicitations whenever any portion of the funds raised is to be applied to the costs of the fundraiser or to the costs of the merchandise sold. Larger organizations must be especially careful not to seek advantages for the activities they support if those advantages might be detrimental to the entire school program.

Use of School Facilities

Education Code sections 10900-10915 regulate community programs on district school premises. Sections 38130-38139 address the use of school property for public purposes. The District must comply with these laws to prevent loss and damages to public property and as such, requires any outside organization desiring to use its school facilities complete and submit a District *Use of Facility* form. Such request should be submitted generally one month before the intended use, with a *Certificate of Insurance*., covering liability and property damage naming the District as additional insured.

Revenue Potential

The basic purpose of preparing a revenue potential analysis is to provide a comparison of the actual gross income and profit to the estimated gross income and profit. It is normal to estimate the proceeds from fundraisers and build the budget around this projected income. This comparison will indicate whether any significant shortages or overages exist.



- *Compares actual to estimate*
- *Alerts activity director to need to revise budget*
- *Identifies potential problems when shortages exist*
- *Good internal control*
- *Helps to verify accuracy of account balances*
- *Always prepare for all major fundraisers. This is a major audit exception when not prepared.*
- *Recommended for all fundraisers*

If a significant difference does exist, it should be examined in detail. Once the cause is identified, corrective action can be taken, if applicable. The corrective action normally means adjusting the budget to allow for this difference thus changing the spending plan for the year. Or it could be a clue to the misappropriation of funds. This procedure is a very good internal control procedure and should be performed for all major fundraisers.

Activities where revenue potential tests will benefit include yearbook (annual), candy sales, ASB cards, dances, theater productions, and magazine sales.

To complete the form:

- List the activity, date, advisor, and club
- Before the activity complete the 'Expected' column. This should be submitted at the club meeting that approves the fundraiser and forwarded to the associated student body.
- After the fundraiser, complete the 'Actual' column and calculate any difference. This should be submitted to the ASB bookkeeper at the time of depositing the final revenue.

Suggested Procedures for Fundraising

The Principal and District Office designee (typically Assistant Superintendent) should approve all fundraising activities before the event.

1. Prepare a revenue potential form and request for fundraising activity form at least one month in advance of event (most fundraisers should be planned, approved, and scheduled as part of the budgeting process- see chapter three).
2. If request for fundraising activity comes from a club or group other than the ASB, that club or group must approve the request and note the approval in the minutes. The Advisor of the club or group signs and approves the request form. Submit to ASB for approval.
3. The ASB approves the request for fundraising activity and note the approval in the minutes. Sign form (student representative). Forward to Principal for approval.
4. If request for fundraising activity comes from the ASB, the ASB approves the request and note the approval in the minutes. The request is signed and approved by the ASB Advisor and an ASB student representative. Forward to Principal for approval.
5. The Principal signs and approves the request for fundraising activity form.
6. Submit the original revenue potential form and request for fundraising activity form to district business office. Maintain a copy for ASB files.

4.4 Fundraising Activity Guidelines

7. The district business office will send the approval or denial to school.
8. The ASB approves fundraising event and notes in minutes.
9. The ASB, advisor, and Principal schedule the event.

Key Points

- The raising of funds must have one specific purpose, to promote the general welfare and morale of the students as a whole.
- Fundraising efforts must not conflict with district operations or interfere with the educational program.
- Fundraising is held for ASB (the students) in general, not for specific students.
- Let parents know that “overages” will revert to general ASB.
- Follow good internal controls, no matter who is raising the money.
- Profits made by activities which are supported by the general student body should be considered general student body revenues, and not directed to special interest groups.
- The student governing body, Advisor, Principal, and district business office (or designee) should approve all fundraising activities before the event.
- Note: Students cannot be excluded from activity if they do not raise funds for the activity...violation of “Free Schools Act” Title IX, Section 5, California Constitution.

Activities Often Included In Board Policies

Athletics

The following are approved sources of income from athletics provided they are in accord with league agreements and with policies and regulations of the district governing board:

- Sale of admissions
- Guarantees from schools visited
- Television and radio rights
- Program sales
- Concessions

Student Body Cards

The student council shall approve the amount to be charged for the card and the benefits that the holder of the card shall receive. Individual activities shall be made available to all students who do not hold cards, but not necessarily at the reduced rate allowed student body cardholders.



Concessions

On-campus sales of merchandise may be conducted by organizations or under agreements with outside vendors if both the vendor and the sale of such merchandise have the approval of the principal. All food sales must comply with all relevant sections of the *Health and Safety Code*. On regular school days, food sales must not occur before 2:00 p.m.

Entertainments

The amount charged for such entertainments should be fixed at amounts that will permit the maximum number of students to attend.

Publications

The student council and the principal, or delegated advisor, shall approve in advance all contracts for school newspapers, yearbooks, and other publications. The selling price of student body publications, either by separate sale or inclusion in the student body card shall be such that the maximum number of students may benefit from the publication.

Student Body Store

The district governing board has authorized the operation of student stores in middle and high schools, subject to the following conditions:

- Stores shall be operated as a service to students in supplying them with necessary school supplies and items not readily available.
- Each store shall have a member of the faculty designated as sponsor and supervisor. The supervisor is responsible for carrying out this policy and providing opportunities to students for leadership, responsibility, and business experience.
- Student stores shall be operated in such a way as not to interfere with the principle of free enterprise and offer a minimum of competition to local merchants.
- Student stores shall be subject to internal accounting procedures established by the district governing board.

Class and Miscellaneous Gifts

Class or other student organization gifts must be approved by the Superintendent or designee prior to its acceptance by the district.

General Guidelines

Profits from General Student Body Activities

As a general rule, profits made by conducting activities that are supported by the general student body should be considered general student body funds and not diverted to any account or special groups. Any exception should have prior approval of the principal.

Campaign and Charitable Drives by Student Body for Outside Agencies

1. Public school boards generally discourage the use of time and effort by the schools, student body organizations, and students during classroom hours for fundraising and charitable drives.
2. Only those fundraisers and organizations authorized pursuant to board policy may conduct such fundraisers during school hours.
3. All fundraiser request must be approved by the board designee, generally the Superintendent, who reports his or her recommendations to the governing board.
4. The following represents the most common procedures employed by public schools for fundraising campaigns:
 - Collections are confined to a definite period of time not to exceed one week.
 - Contributions must be voluntary. Any phase of a fundraising campaign that could be embarrassing to pupils must be carefully avoided.
 - Campaign plans, procedures, and marketing materials are approved in advance by the designated district authority.

Who Accounts for Money from Sponsored Fundraisers?

Booster and parent organization funds and accounts are to be maintained completely separate from associated student body accounts. Tax and financial disclosure laws require nonprofit and tax-exempt organizations to account for all funds raised, received, and spent by the organization. These organizations must first deposit into the organization's bank account, money raised from fundraisers they sponsor on behalf of a specific student club or student body or school or school district, and then write a check payable to the student body, student club, school, or district for an amount *as mutually agreed in advance of the event* by the school administrator, student body council, credentialed ASB advisor, and sponsoring parent group president or treasurer.

Division of Earnings

The division of earnings from events shall be determined by the school administrator, the student body council, the credentialed ASB advisor, and the executive board of the cooperating organization **in advance of each activity**. Any changes will require a written statement of facts and must be approved by the school administrator, sponsoring parent group president or treasurer, the student body council, and credentialed ASB advisor. This is not intended to imply that all proceeds are to be donated to a single group or function, but rather to prevent misunderstandings regarding the division of earnings. For example, an “All Sports Booster” may designate 25% to the football team, 25% to the baseball team, 25% to the basketball team, and 25% to the general ASB.

Fundraising by Groups Within the Student Body

Income for special groups may be raised from either dues, sales of admissions, or other activities limited to active members of the groups enrolled at school. All other fundraising activities by groups within the student body, i.e. car washes, that would involve persons other than group members must receive prior approval from the designated district or school administrator.

Photograph Sales

Contracts with photographers should be carefully reviewed by the district or school and have the approval of the designated administrator.

Food Sales

State Law Applicable to Food Sales Anytime and Anywhere

All food sales anytime and anywhere must comply with health and food safety laws. School district insurance policies often set forth conditional coverage, which require individuals who prepare and/or serve food hold a valid food handler’s health certificate. Enforcement of the California Uniform Retail Food Facilities Law Section 113700 varies by county. The local county health services or the public school food services departments generally have information about how individuals can obtain this certificate. Some school food authorities coordinate and supplement this type of food safety training with an inexpensive program available online at www.daydots.com/university/enroll_main.asp. This interactive food safety training program allows individuals to learn at their own pace about the most important food safety topics, such as preventing cross-contamination, proper hand-washing techniques, and thermometers.

Food Sales as a Fundraiser on School Premises

Education Code sections 49430 through 49436 set forth regulations pertaining to school food nutrition. Existing law requires that the sale of all foods on school grounds be approved for compliance with the state published nutritional standards by a district person responsible for compliance with nutritional standards, e.g., food service director. Regardless of the time of day, the sale of certain food items and beverages on elementary K-6 schools that do not comply with nutritional standards is strictly prohibited, e.g. carbonated beverages. Commencing July 1, 2007, this law extends to all K-12 public schools, and places further restrictions on food and beverage portions, calories, and fat content served to minors. Food and beverages that are part of a school fundraising event *may be permitted by the school district only if all of the following criteria are met:*

1. The items are sold by pupils of the school, and
2. The sale occurs during a school sponsored event and takes place at the location of that event after the end of the schoolday, and
3. If on school premises, the sale occurs not later than one-half hour before the start of the schoolday and not sooner than one-half hour after the end of the schoolday, and
4. Vending machines, pupil stores, and cafeterias are not used earlier than one-half hour after the end of the schoolday.

Control of School- Connected Food Sales

Education Code Section 49431 requires state agencies and public school food authorities to establish rules to control food sales, including those from vending machines, on school premises. *Education Code* Section 48931 states the governing board of a public school *may permit* any pupil or adult organization to sell food on school premises but only if such sales:

- Comply with *CCR,5, Sections 15500 and 15501*; and
- Are authorized by the school governing board; and
- Are approved in advance by the school food authority; and
- *Guarantee all income from such food sales accrues to the benefit of the public school food services program and/or the school and/or the student body organization*; and
- Conform to food safety and tax laws
 - Individuals preparing and/or serving food must hold a valid Food Handler's Health Certificate
 - Violation carries a possible \$10,000 fine
 - Taxable food items are subject to California sales tax

State and local school food authorities and governing boards may impose further restrictions on the sale of and income from all foods sold at any time on school premises or during school-connected events. Food sales regulations are very restrictive and complex. Readers are encouraged to review and become knowledgeable of applicable laws. The *Legal Citations* and *Fundraisers for Public Schools* chapters of this publication provide additional, but not all inclusive information.

Food Sales During School Hours

The sale of food on school premises during school hours is prohibited by law if such school is participating in the National School Lunch, School Breakfast or Food Distribution programs. However, 5 CCR sections 15500 and 15501 allows school boards , under very limited circumstances, to *permit a student organization to sell during school hours* under the following conditions:

1. The food item is one approved by the food services authority and the district governing board; and
2. The food is not prepared on school premises; and
3. The food is not an item or category sold in the food services program at that school that day; and
4. Food items may not be sold from vending trucks on school grounds during the school day; and
5. A Food Handler's Health Certificate, valid for one year, is required for all persons preparing, serving, or selling food for student body fundraisers on campus. Certificates are to be kept on file in the school office. (*California Uniform Retail Food Facilities Law*, Chapter 4, Section 113700)
6. Elementary schools may not sell more than one food item of a dessert type and such sales may only occur on four school days during the entire school year; and after the close of the midday lunch, and the food item must meet specific nutritious requirements pursuant to *Education Code* sections 49431 and 49431.5, which includes low-fat and low-sugar requirements; and
7. Junior and high schools are permitted to have pupil organizations sell during school hours, including the lunch period, provided:
 - Only one such organization each school day selling no more than three types of food or beverage items, e.g. confections, popcorn, nuts, fruit or nutritious drinks; and/or
 - Any one or more student organizations may conduct no more than four sales of any food items during a school year in each school, but such sales shall be held on the same four days for any or all organizations. Soft drinks and other drinks not meeting 5% US RDA can be sold only after the last lunch period.

New School Nutrition Bills

SB 12 (effective July 1, 2007) will:

- Establish new nutritional standards on sugar, fat, and calorie content for any food sold on campus outside the federal lunch and breakfast program
- Restrict entrée items sold to no more than 400 calories and four grams of fat per 100 calories
- Restrict snack items sold to no more than 175 calories per individual food item for elementary schools and 250 calories for middle and high schools
- Exempt foods sold at least one-half hour after the end of the school day, off school campus, or during a school-sponsored pupil activity that occurs after the end of the school day

SB 965 will:

- Expand the existing ban on soda sales in elementary and middle school to high schools phased-in over two years, beginning July 1, 2007
- Prohibit sales of banned products from vending machines, pupil stores, and cafeterias
- Limit beverages that can be sold to milk, nonsweetened water, and fruit- and vegetable-based drinks composed of no less than 50% or more fruit or vegetable juice with no added sweeteners
- Allow sales of certain electrolyte replacement beverages (sport drinks) at junior high and high schools
- Prohibit sales of soda at school beginning one-half hour before the start of school until one-half hour after school ends
- Exempt students' sodas brought on campus from home

SB 281 will:

- Establish the California Healthy Start Pilot Program that encourages schools to provide additional fruits and vegetables in school lunch programs
- Provide the formula of how the \$18.2 million for fruits and vegetables included in the 2005-06 State Budget will be expended
- Reimburse school districts and charter schools 10¢ per meal, to be paid in quarterly installments and deposited into the nonprofit food service account of the school district or charter school, to supplement and not supplant a school breakfast program or federal school breakfast program
- Earmark funding to establish an online professional development seminar (provided by a county office of education or community college selected on a competitive basis) for school site staff on



serving, including safe handling guidelines, marketing and promoting nutritious fruits and vegetables

- Earmark funding for a comprehensive evaluation, including a determination of the need for educational materials on the safe handling, serving, and marketing of nutritious fruits and vegetables
- Authorize the development of emergency regulations to implement the program

Recommended Guidelines for Allowable/Prohibited Food Sales

The following are guidelines to facilitate the safety and health of individuals and to prevent potential liability. The items shown are for information purposes only and are not contained in statutes.

Figure 4.2, Food Prepared in Private Homes		
Allowable	Prohibited	
Candy	Baked Beans	Popcorn balls
Cakes	Casserole dishes	Sandwiches
Cookies	Cream fillings	Whipped cream
Fruit or berry homemade pies	Custards	Fish
Salad, fruit or vegetable, with non-dairy product dressing	Home-canned foods	Meat
	Meat Loaf	Food with egg or dairy products
Tarts or turnovers, fruits	Any other such types of food cooked or prepared at home	

Figure 4.3, Foods Commercially Prepared and Bought From Licensed Vendors		
Allowable		Prohibited
Hot dogs	Cakes	Egg sandwiches
Enchiladas	Candied apples	
Pies	Chili beans, canned (served immediately after opening)	
Pizza	Cookies	
Popcorn balls	Spaghetti sauce	
Donuts	Drinks, concentrated (may be mixed with water or milk)	
Tamales	Ice cream products, frozen novelties	

Alcohol is Prohibited at School-Connected Events

Education Code Section 82580 states, "It is unlawful to offer or sell any controlled substance, alcoholic beverage or intoxicant on school premises." Some parent and booster groups hold annual silent auctions and dinners as fundraisers in which bottles and/or cases of wine are donated for use as auction items. These donated bottles and/or cases of wine may be used as auction items provided the auction is

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held at a non-school-site location and the contents are not decanted and/or consumed during the event or on the premises.

Summary of Competitive Food Sale Requirements (CDE Nutrition Services Division)

Federal Regulations- 7 CFR 210.11, 220.12

Requirements

State agencies and school food authorities shall establish such rules or regulations as are necessary to control the sale of foods in competition with lunches served under the (National School Lunch) Program. Such rules or regulations shall prohibit the sale of foods of minimal nutritional value in the food service areas during the lunch periods.

The sale of other competitive foods may, at the discretion of the State agency and school food authority, be allowed in the food service area during the lunch period only if all income from the sale of such foods accrues to the benefit of the nonprofit school food service or the school or student organizations approved by the school.

State agencies and school food authorities may impose additional restrictions on the sale of and income from all foods sold at any time throughout schools participating in the National School Lunch Program.

Comments:

Applies to school food services, student organizations, parent and teacher organizations or entities, and all vending machines in the food service area.

Outdoor points of sale for a la carte foods may sell or make available foods of minimal nutritional value (FMNV) without restriction other than those imposed by state requirements.

State Requirements- Education Code Section 39876 (Torres Bill, 1979)

Requirements

Fifty percent of all food items offered for sale each school day at any site by any organization or entity during regular school hours shall be selected from the specified list of nutritious foods. Food items reimbursed under the National School Lunch Act or Child Nutrition Act are not included in the fifty percent calculation.



Comments

Applies to all organizations or entities selling food at any location on the school premises, e.g., school food services, student organizations, parent and teacher organizations, and any vending machines.

California Administrative Code- *Education Code* Section 48931*Requirements*

Section 48931 states, “The governing board of any school district or any county office of education may authorize any pupil or adult entity or organization to sell food on school premises, subject to policy and regulations of the SBE. The SBE shall develop policy and regulations for the sale of food by any pupil or adult entity or organization, or any combination thereof, which shall ensure optimum participation in the school district’s or the county office of education’s nonprofit food service programs and shall be in consideration of all programs approved by the governing board of any school district or any county office of education.”

Under this authority, the SBE adopted 5 *CCR* sections. 15500 and 15501, stipulating the criteria under which student organizations may participate in food sales:

Requirements- Elementary Schools

“No school providing kindergarten or any of grades one through eight shall permit the sale of food by pupil organizations if such school is participating in the National School Lunch, School Breakfast, or Food Distribution Programs.”

The sale of food by student organizations is permitted only if the governing board approves the sale of not more than one food item; and

- the sale is conducted after the noon meal service;
- the food is not prepared on the school premises;
- there are no more than four such sales per year per school;
- the food item is a dessert-type food; and
- the food item is not sold in the food service program that day at that school.

Requirements- Junior High and High Schools

“The governing board of any district or a county superintendent of schools maintaining a high school or a junior high school may permit

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an organization consisting solely of pupils of such school to sell food items during or after the regular school day if:

- The specific nutritious food items are board approved by the governing board.
- A student organization or organizations may be approved to sell food at any time during the school day, including the regularly scheduled food service period(s) as provided in (1) and/or (2):
 - Only one such organization each school day selling no more than three types of food or beverage items such as confections, popcorn, nuts, fruit, or soft drinks; and/or
 - Any one or more student organizations may conduct no more than four food sales of any food items during a school year in each school, but such sales shall be held on the same four days for any or all organizations.
- The sales during the regular school day are not of food prepared on the premises.
- The food items sold during the regular school day are not those sold by the district in the food service program at that school during that school day.”

Comments

The SBE may establish policies and/or regulations to optimize participation in the nonprofit food service program.

Applies to student organizations (including parent booster clubs) and vending machines operated by student organizations

Elementary schools, junior high, and high schools have different requirements:

- Elementary schools may sell no more than one food item; the item must be from the specified list of nutritious foods.
- Junior High and High schools are permitted to have only one organization sell each day except four days during the school year. On these four days, any number of organizations may sell.

Categories of Foods of Minimal Nutritional Value

Table I: Categories of Foods of Minimal Nutritional Value Per 7 CFR 210.2 and 220.2, 1980

- Soda Water
- Water Ices - Does not include water ices which contain fruit or fruit juices.
- Chewing gum



- Certain Candies - Processed foods made predominantly from a sweetener or artificial sweetener with a variety of minor ingredients which characterize the following types:
 - Hard Candy: a product made predominately from sugar (sucrose) and corn syrup which may be flavored and colored, is characterized by a hard, brittle texture, and includes such items as sour balls, fruit balls, candy sticks, lollipops, after dinner mints, sugar wafers, rock candy, cinnamon candies, breath mints, jaw breakers, and cough drops.
 - Jellies and Gums: a mixture of carbohydrates which are combined to form a stable gelatinous system of jelly-like character, and are generally flavored and colored, and include gum drops, jelly beans, jellied and fruit-flavored slices.
 - Marshmallow Candies: an aerated confection composed of sugar, corn syrup, invert sugar, 20 percent water, and gelatin or egg white to which flavors and colors may be added.
 - Fondant: a product consisting of microscopic-sized sugar crystals which are separated by a thin film of sugar and/or invert sugar in solution such as candy corn, soft mints.
 - Licorice: a product made predominantly from sugar and corn syrup which is flavored with extract of licorice root.
 - Spun Candy: a product that is made from sugar that has been boiled at high temperature and spun at a high speed on a special machine.
 - Candy Coated Popcorn: popcorn which is coated with a mixture made predominantly from sugar and corn syrup.

Nutritious Foods Allowable in Public Schools

TABLE II: List of Nutritious Foods Permissible to be Offered For Sale in California Schools Per AB 753-Torres, 1979

- Milk/Dairy: Milk, Cheese, Yogurt, Frozen yogurt, Ice cream
- Juices: Fruit juices and Vegetable juices (Must contain 50% or more full-strength fruit juice), Fruit nectars (Must contain 35% or more full-strength fruit juice)
- Fruits/Vegetables: Fresh, frozen, canned, dried fruits and vegetables
- Nuts: Nuts, seeds, nut butters
- Bread/Grain Products: Crackers, bread sticks, tortillas, pizza, pretzels, bagels, muffins (Non-confection grain products as defined by of the U.S. Food and Drug Administration)
- Meats: Meat, poultry, beef jerky, pizza, chili
- Legumes: Legumes, legume products, bean burritos, bean dip, roasted soybeans, soups

Alcohol and Controlled Substances

Education Code Section 82580 states it is unlawful to offer or sell any controlled substance, alcoholic beverage or intoxicant on school premises or to minors. In accordance with this law, no organizations may engage in the sale, distribution, or donation of such substances on school premises or at any *school-connected* events.

Vending Machines

Exclusive carbonated beverage vending contracts are not allowed unless the Board has adopted a policy after public hearing to insure adequate internal controls over the funds are in place, and that any funds raised benefit public education. Such contracts must comply with the competitive bidding process. Vending machine food sales are also restricted by other laws, and certain items are subject to state sales tax.

Door-to-Door Sales

8 *CCR* Section 11706 provides detailed requirements for students under age 16 participating in door-to-door sales. The students must work in pairs on the same or opposite side of the street, be within the immediate sight or sound of a supervising adult at least once every fifteen minutes, and be returned to their respective homes or meeting place after each day's work.

Raffles and Games of Chance

Penal Code sections 320 and 320.5 authorize, under defined circumstances, eligible organizations to conduct raffles and games of chance which require the payment of a fee for a chance to win a prize. Raffles may include but are not limited to 50/50, raffles, donation drawings, ducky derby and cow chip bingo. Under this law public schools are not "eligible organizations" but parent organizations with a 501(c)(3) status are. The law allows, under limited criteria, public schools and other nonprofit organizations to sponsor raffles that are *donation based*.

Raffles That Do Not Require a Fee

Public schools are now eligible to sponsor raffles as defined by Penal Code Section 320.5(m), which states that "A raffle shall be exempt from this section if it satisfies all of the following requirements:

- It involves a general and indiscriminate distributing of the tickets.
- The tickets are offered on the same terms and conditions as the tickets for which a donation is given.
- The scheme does not require any of the participants to pay for a chance to win."

Thus, any raffles conducted by a public school district or students of the school other than through a "private, non-profit" organization must conform to the three rules set forth in Penal Code Section 320.5(m).

In effect, this subsection has codified the previous rules about raffles that are “donation” based.

Information on how to conduct a legal raffle can be obtained by going to the California Attorney General's Web site: www.ag.ca.gov- *Penal Code* Section 320.5 Gambling: Charitable Raffles.

Bingo Games

Penal Code Section 326.5 authorizes bingo games run by eligible charitable organizations under defined criteria but specifically prohibits minors to participate in any bingo games. Bingo is a game of chance that must comply with regulations of all local authorities, including school district and city and local governments. Consult with county council and/or city attorney to determine local code and ordinances. Violation of any provision of this code is a misdemeanor and certain subdivisions carry an additional fine not to exceed \$10,000.

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Figure 4.4: Request for Fundraising Activities

School: _____ Date submitted: _____

Requesting organization: _____

Person in charge: _____

Dates of proposed activity: _____

Location of proposed activity: _____

Approximate number of students involved: _____

Approximate number of supervisors provided: _____

Nature of activity: (i.e., candy sale, book fair, etc.): _____

Purpose of activity: (How will the instructional program for all students be enhanced or the attitudes of students, parents, staff, and community be promoted?) _____

Budget Plan: (How will funds be solicited and distributed? What are income projection, cost, and net anticipated profit? Complete and attach a Revenue Potential Form. Revise the budget if necessary, and forward a copy of revised budget with this form.) _____

Approved by: _____

Advisor

Date

Student Representative- Club (leave blank if ASB fundraiser)

Date

Student Representative- ASB

Date

Principal

Date

District Office use only

Please submit entire form to Business Office. Approval form will be returned to school.

Approved by _____

Director of Financial Services

Date



Figure 4.5: Revenue Potential Form

School site: _____

Advisor: _____ Fiscal year: _____

Event: _____ Event date: _____

	Quantity	Unit price	Expected	Actual	Difference	Reason for difference
Revenue						
Sales - expected			A			
Sales - actual			B			
Advertising			C			
Donations			D			
Other			E			
Total revenue:			F			

Losses						
Given away						
Lost						
Stolen						
Damaged/returned						
On hand						
Total losses:			G			

Net revenue (F-G): _____

Expenses:						
Product- expected						
Product- actual						
Freight						
Tax						
Photos						
Advertising						
Prizes						
Other:						
Total expenses:						

Net profit: _____

Signature of Principal _____

Date approved _____ Date appears in minutes _____

Figure 4.6: Yearbook Advertisement Contract

Name of firm (print): _____

Address: _____

City: _____ Zip Code: _____

Telephone: _____ E-mail: _____

Advertisement prices: ½ page- \$100.00, ¼ page- \$65.00, 1/8 page- \$45.00, 1/16 page- \$30.00

With the purchase of a ¼ page or larger ad, an ad-photograph will be taken free. With the purchase of a ½ page ad, you will receive a free copy of the yearbook.

I hereby agree to place a _____ page advertisement in the _____ (year) _____ (school) yearbook. I am aware that this advertisement will cost \$ _____, which amount must be paid in full by _____. I know that, because the yearbook will not be completed until _____, I will not be able to see my advertisement prior to payment.

Description of advertisement: _____

Signature of Merchant Date

Signature of ASB Advisor Date

Signature of student solicitor Date

For Staff Use Only

<input type="checkbox"/> Deposit _____	<input type="checkbox"/> Art work needed	<input type="checkbox"/> Invoice sent
<input type="checkbox"/> Balance _____	<input type="checkbox"/> Photo needed	Date of invoice: _____
<input type="checkbox"/> Paid in full	<input type="checkbox"/> Page number _____	Invoice number: _____



Figure 4.7: Photography Contract

This agreement, entered into this _____ day of _____ by _____ School Student Body, hereinafter referred to as "Student Body" and _____, hereinafter referred to as the "Photographer" in consideration of mutual promised herein contained, do hereby:

The photographer agrees:

1. To make an individual sitting of each senior for the yearbook, submit 4 or more proofs, size 3 ½" X 5", and to deliver to the yearbook staff one retouched glossy print from the proof selected by the senior, for the sum of \$_____ plus sales tax. This amount shall be paid by each individual senior to the photographer at the time of the sitting. When individual portraits are ordered by the senior at the time of the sitting, proofs shall be taken, some in coat or dress, and some in cap and gown, at no added cost;*
2. To guarantee uniform head size and background;
3. To provide all personnel necessary for the sale, production, and delivery of all photographs, and to keep accurate records of the receipts;
4. To show samples and submit special school price lists to each individual senior, prior to the sitting, but to use no pressure sales methods to obtain orders;
5. To notify each individual purchasing photographs, exactly when and where the photographs will be delivered at the school. This date will be mutually agreed upon;
6. To mail all proofs to all individual seniors, directly to their homes;
7. To guarantee unconditionally all work and service to each individual senior, as well as to the school;
8. To be responsible for any loss which may occur in undelivered orders;
9. To make _____ group and activity photographs at specified times, mutually agreed upon, and to supply to the yearbook advisor one glossy print of each, according to size specifications. The cost of this service shall be \$_____ each;
10. To furnish to the school and to the seniors duplicate copies of individual receipts for monies collected from seniors;
11. To collect and remit to the State Board of Equalization, under California Seller's Permit (Sales and Use Tax) No. _____, all sales tax due on all photographs sold.

The Student Body agrees:

1. To make all individual appointments between the photographer and the senior;
2. To give the photographer reasonable notice as to when his services will be required;
3. To accept no advertising that is detrimental to the photographer;
4. To notify the parents of the name of the official senior portrait photographer for the coming school year.

Accepted by:

Principal _____

Date _____

Photographer _____

Date _____

Figure 4.8: Definitions Included in CDE Nutrition Service's Summary of Competitive Food Sale Requirements

Prepared on the premises refers to the heating or re-heating and service of hot food and/or beverage items such as instant soup, hot chocolate, microwave popcorn, or pizza. “Confections” include all candies, cookies, pies, and cakes.

Competitive foods consist of any foods sold in competition with the National School Lunch and School Breakfast Programs to children in food service areas during the lunch periods.

Foods of Minimal Nutritional Value - (i) In the case of artificially sweetened foods, a food which provides less than five percent of the Reference Daily Intakes (RDI) for each of eight specified nutrients per serving; and (ii) in the case of all other foods, a food which provides less than five percent of the RDI for each of eight specified nutrients per 100 calories and less than five percent of the RDI for each of eight specified nutrients per serving. The eight nutrients to be assessed are protein, vitamin A, vitamin C, niacin, riboflavin, thiamine, calcium, and iron. (Table I, page 44).

Food service areas: (1) Indoor: Anywhere where federally reimbursable meals are served (including cafeterias, multipurpose rooms in use as cafeterias, courts, and other indoor locations) OR (2) Outdoor: At points of sale/service where federally reimbursable meals are sold/served (including such points of sale as service windows, mobile carts, kiosk lines, barbecue stands, or other similar arrangements).

Point of sale means the point in the food service operation where a determination can accurately be made that a reimbursable free, reduced price, or paid lunch has been served to an eligible child.

Lunch period and breakfast period shall be defined as the Limes designated for the service and consumption of meals, from the time students are released from class to the time students return to classes.

Food items are defined as each separate kind of food offered for sale as a separate unit, e.g., orange juice and apple juice would be two items.

Nutritious foods refer to those foods specified in Table II ([page 45](#)).

Prepared on the premises refers to the heating or re-heating and service of hot food and/or beverage items such as instant soup, hot chocolate, microwave popcorn, or pizza.

Types of food or beverage items refer to categories of food groupings such as fruit juices, soft drinks, sandwiches, or confections. Confections include all candies, cookies, pies, and cakes. For example, if the food service program offers fruit juice for sale, a student organization shall not sell any type of fruit juice.



Figure 4.9: Frequently Asked Question- Raffles

May charities now hold raffles to raise funds?

Recent changes to the state constitution and *Penal Code* provide a narrow exception to the prohibition against gambling in California. After July 1, certain tax-exempt groups such as charities may hold fundraising raffles.

What is a raffle?

A raffle is a type of lottery in which prizes are awarded to people who pay for a chance to win. Each person enters the game of chance by submitting a detachable coupon or stub from the paper ticket purchased. A raffle must be conducted under the supervision of a natural person age 18 or older. At least 90 percent of the gross receipts from raffle ticket sales must be used by the eligible tax-exempt organization to benefit or support beneficial purposes in California.

Groups are prohibited from awarding raffle prizes by use of a gaming machine, apparatus or device such as a slot machine. A raffle also may not be advertised, operated or conducted over the Internet. However, the organization conducting the raffle may place on its web site an announcement of a raffle. (*Penal Code* Section 320.5.)

Who may hold raffles?

Only eligible private, tax-exempt nonprofit groups qualified to conduct business in California for at least one year prior to conducting the raffle may conduct raffles to raise funds for the organization and charitable or beneficial purposes in California.

Eligible organizations are charities and religious or other organizations that were exempted from state taxation by the Franchise Tax Board (FTB) under the following *Revenue and Taxation Code* sections: 23701a (labor, agricultural, or horticultural organizations other than cooperative organizations); 23701b (fraternal orders); 23701d (corporations, community chests or trusts operating exclusively for religious, charitable or educational purposes); 23701e (business leagues, chambers of commerce); 23701f (501(c)(4) civic league, social welfare organization, or local employee organization); 23701g (501(c)(7) social organization); 23701k (religious or apostolic corporations); 23701l (501(c)(10) domestic fraternal society); 23701t (homeowners' association); and 23701w (501(c)(19) veteran's organization). If you cannot locate your tax exemption letter with the number, contact the FTB, Exempt Organization Section, (916) 845-4171.

Does an organization already registered as a charity need to register separately to conduct a raffle? Are there separate reporting requirements?

Yes. Raffle registration is a separate requirement from charity registration. A report on raffle activities is required during the year (September 1 through August 31) in which any raffle is held..

4.24 Fundraising Activity Guidelines

Must all eligible organizations register and report?

Nonprofit religious organizations, schools and hospitals are exempt from the registration and reporting requirements; however, though they are not required to register and report, those organizations must still comply with all other provisions of *Penal Code* Section 320.5.

Can my organization hold a raffle immediately?

No. Before conducting a raffle, your group must be registered with the Attorney General's Registry of Charitable Trusts. Your group also must receive written confirmation of your annual registration before holding the initial raffle.

If an organization gives away raffle tickets, does it have to register and report?

No. Before conducting a raffle, your group must be registered with the Attorney General's Registry of Charitable Trusts. Your group also must receive written confirmation of your annual registration before holding the initial raffle.

Registration is not required if all tickets for a drawing are free, and solicitations of voluntary donations to the organization are in no way connected to distribution of tickets, and this is made clear to all participants. If you require a "donation" in return for a ticket, you must register.

How do I register to conduct a raffle?

Complete the raffle annual registration form (ct-NRP-1) and mail to the Registry with your \$20 registration fee by September 1 of the year (September 1 through August 31) in which you expect to hold a raffle. Checks should be made payable to the Department of Justice.

Please note, you must receive written confirmation of your registration before holding a raffle. Raffle registration forms are available on the Internet or may be requested by mail, fax, or telephone.

If my organization registers but decides not to hold a raffle, is the fee refundable?

No.

How long is a raffle registration valid?

A raffle registration is good for 12 months - from September 1 through August 31 - and must be renewed annually. Since the law takes effect July 1, 2001, the first year under the new law includes two extra months - July and August. Therefore, this registration period will be July 1, 2001 through August 31, 2002.

What information must we provide for raffle registration?

An eligible nonprofit group must furnish on the registration form:



Name of organization;

Address of organization;

One or more of the following:

- Federal Tax/Employer Identification Number (assigned by the Internal Revenue Service and usually found on the IRS letter granting exemption from federal taxes. Contact the Exempt Organization Section of the IRS at (877) 829-5500; or <http://www.irs.gov/> with questions); or
- Corporate Number (assigned by the Secretary of State at the time the Articles of Incorporation are endorsed and filed); or
- Organization Number (assigned by the Franchise Tax Board to associations, trusts, and organizations that are not incorporated in California but do business in California); or
- California Charitable Trusts Identification Number (assigned by the Registry of Charitable Trusts to organizations required to register and report with the Registry).
- Name and title of a "fiduciary," which is a person such as a director, officer, trustee or other individual occupying a similar position of responsibility in the organization.

As a chapter of a statewide organization, do I have to register to hold a raffle?

Yes. Each individual chapter of an organization that plans to conduct a raffle must register and complete a Nonprofit Raffle Report for each raffle conducted.

My organization has changed the raffle date noted on the registration form. Do we need to contact the Registry?

No. You can indicate the revised date on the Nonprofit Raffle Report when it is completed and filed.

When is the Nonprofit Raffle Report disclosing raffle activities required to be filed?

A separate disclosure report is required for each raffle held by the organization. The reports may be filed with the Registry of Charitable Trusts anytime after the conclusion of a raffle, but must be filed by no later than September 1 of each year for activities in the current registration period.

What kind of record keeping is required?

The required information appears on the Nonprofit Raffle Report form (ct-NRP-1). Basically, the organization must report the date and location of the raffle held; total funds received from the raffle; total expenses for conducting the raffle; the charitable or beneficial purpose for which raffle proceeds were used or the amount and organization to which proceeds were directed. (See Nonprofit Raffle Report form at forms.)

Are there limits on raffle prizes?

State law does not specify any limits on the value of raffle prizes.

4.26 Fundraising Activity Guidelines

Does an organization report individual buyers of raffle tickets?

No.

When can an organization expect to receive confirmation of registration?

Depending on volume, it could be up to 60 days after receipt of the registration form.

Can I complete the registration and report forms on the Internet?

Yes. However, upon completion, you must print it, sign and mail it along with the fee to the Registry of Charitable Trusts.



Chapter Five-

Income Control

Cash Receipts

The principal must approve all activities where cash will be generated. These activities include ticket sales for athletic and social events, student activity (ASB) cards, yearbook sales, food sales or other merchandise type sales or donation. Once the principal has approved such activity, the activity sponsor is responsible for collecting the money and turning it in to the student body bookkeeper daily.

The activity sponsor should prepare the proper forms in order to prove that the cash is in balance with the receipts. A coin and currency count form should be used to report the cash. A report of ticket sales documents the sales of tickets for activities such as athletic games, dances and drama activities. The bookkeeper is responsible for depositing the cash collected as verified with the activity sponsor.

Suggested Procedure: Cash Receipts

1. ASB bookkeeper issues tickets, three-part receipt book, or group collection receipt to seller. The ticket or receipt book information is recorded on the control log. A cash box is issued and noted on the control log if necessary.
2. The seller records each sale and collects the money. The sale is recorded by the issuance of a ticket or one copy of a completed three-part receipt, or by having the purchaser sign a group collection receipt.
3. If any checks are received, immediately stamp them with the bank endorsement stamp and make a notation on the check indicating the activity or item paid for.
4. When all sales are completed, count the monies collected and fill out a coin and currency count form.
5. Complete either a report on ticket sales, a report on three-part receipt sales, or the bottom portion of a group collection receipt. Reconcile the sales data to the cash receipts.
6. Return the unsold tickets or receipt book, cash box, monies collected, coin and currency count, and report on sales or group collection receipt to the ASB bookkeeper immediately.
7. If the seller turns in the monies collected and backup documentation to a teacher or advisor, the teacher or advisor should issue each student an individual receipt for the amount turned in. The teacher or advisor should then fill out a recap sheet for student body fund or trust account deposits and turn it in with the monies collected and backup documentation.

Internal Control

8. The ASB bookkeeper counts the cash box and monies collected to verify the seller's report. An individual receipt is issued to the seller for the amount turned in. Record the individual receipt and backup documentation in log. Ensure that checks have a bank endorsement stamp and a notation indicating the activity or item paid for.
9. Update the ticket inventory or receipt book control log. Enter the deposit information into the ASB accounting system.
10. Store all cash receipts in the safe and deposit as soon as possible, minimally once per week.

- Cash receipt books should be used at the ASB and club levels.
- All forms are pre-numbered and records are maintained.
- Copies of voided receipts are retained.
- The activity and the names of the individual who are issued receipt books and sub-receipt books are recorded.
- Cash turned in is identified with the numbered receipts acknowledging initial receipt of the moneys.
- All cash is recorded promptly when received and checks endorsed with the bank endorsement stamp.
- Details as to the number of items receipted and the unit price per item are included in the receipt.
- Sales to individual students for yearbooks and student body cards are documented with a receipt.
- Bank deposits are made daily during large fund-raising events and weekly at other times.
- Personal checks are not cashed from student body funds.
- All money from student fund-raising activities is turned in promptly and not left in classroom or offices.
- Funds collected from vending machines are accompanied by a report documenting sales and inventory.
- Commissions from vending machines are collected when due.
- The cash over/short account should be properly used and the controls established by the school district observed.
- The auditors will trace each receipt to the bank deposit and to the posting in the financial records.
- Receipts should be in triplicate
- Daily receipts should be posted to the appropriate ASB account and bank deposits reconciled.
- All cash received should have adequate backup. This may include:
 - A list of students name with an amount and date received, and activity/event. This could be handwritten or a teacher roster

may be used and should have a total that ties to the total of the cash submitted.

- A report on ticket sales which would show the first ticket number used and the last ticket number used and then the multiplication of the number of tickets used by the ticket price which should total the cash submitted.
- Three part receipts – one to the student submitting the cash, one to attach to the master receipt and follow the deposit backup, and one to keep as the numeric record kept attached in the receipt book.
- Cash registers are recommended for use at the student store for cash receipting. The cash in the drawer must be reconciled to the sales per the internal tape plus the beginning change fund. The daily sales should be reconciled to changes in inventory.
- In lieu of a cash register, cash box and sales tally sheets can be used. Controls should be in place to reconcile cash in the box to the daily tally sheets.
- Track cash over/short and follow-up on significant variances. Document the reasons for the cash over/short.

Banking

- Keep deposits under lock and key prior to bank deposit
- Fireproof safe preferred over locking cabinet or drawer
- Stamp checks with bank endorsement upon receipt
- All cash should be deposited at least weekly
- Daily for large fundraising events
- Armor car service protects employee
- Use sealed or locking money bags
- Alternate deposit times for security reasons
- Identify receipt numbers that make up the deposit
- No ASB money should be taken home or kept over breaks

Pursuant to *Education Code* Section 48933, student body funds must be invested in one or more of the following:

- A federally insured bank (FDIC)
- A federally insured savings and loan (FSLIC).
- Repurchase agreements issued by a bank or savings and loan
- U.S. government notes and bonds.
- An insured credit union.

An unorganized student body may, pursuant to *Education Code* Section 48938, and at the direction of the board appointed employee, invest in a board approved bank account or savings and loan.

Steps for preparing the bank deposit:

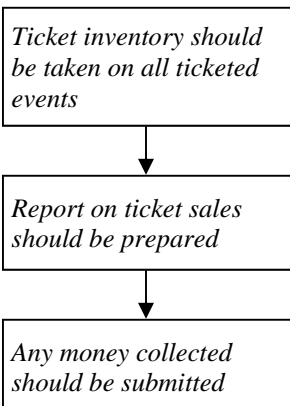
1. Run a tape total of all receipts (cash and checks to be deposited).
2. Record the cash and checks on the deposit slip.
3. If the checks are too numerous to list on the bank deposit, total the checks and attach the calculator tape to the deposit slip.
4. Tape total deposit: Run a tape of the amounts recorded on the bank deposit slip.
5. The totals of the tape receipt total and the tape total deposit must be the same.

A sample bank deposit ticket with tape totals is provided on at the end of the chapter. Included also are sample copies of coin and currency count and recap sheet for student body fund deposits forms used for collecting cash and checks from clubs, groups, and schools.

Suggested Procedure: Student Store

1. Count starting cash in register/cash box.
2. Use register or tally sheets to track sales.
3. At the end of each day, reconcile sales as shown on register or tally sheet to cash receipts plus starting cash. Turn starting cash and cash receipts over to bookkeeper.
4. The bookkeeper posts daily receipts to the appropriate accounts and reconciles the receipts to deposits.
5. Reconcile daily sales to changes in inventory.
6. Count cash box or register to verify seller's report. Issue an individual receipt to seller for amount turned in. Enter deposit information into journal.
7. Store cash receipts in safe and deposit as soon as possible.

Ticketed Events



Athletic/social events

- Pre-numbered tickets
- Class roster/listing
- Revenue potential test

Ticket control

- Use pre-numbered tickets for all athletic events, social events and student activity cards.
- Keep the tickets in a locked and secure place.
- The person selling the tickets should not have access to the ticket stock.
- Keep a master log in the safe listing by number the tickets issued and returned.
- Account for all tickets sold and unsold at each event.



Ticket inventory

- Each roll of tickets should have its individual log.
- Enter the color of the roll of tickets.
- Enter the number from and to contained on the roll.
- Each time the tickets are issued, the date, event, ticket price, beginning and ending number and the number of tickets used should be recorded on the log.

Report on ticket sales

- Ticket takers should reconcile sales to tickets sold.
- The ASB bookkeeper checks the report on ticket sales, recounts the cash turned in and updates the ticket master control log for tickets as sold and unsold.

Vending Machines

More information is available in Appendix F, Vending Machine Management.

The vending machine control sheet is a specialized revenue potential test for vending machines. Individuals with access to the machines have been known to abuse the responsibility given them by using the machines as their personal fund-raisers. For these reasons it is very important to keep track of all activity in the machines.

One person should count the cash, and the inventory counted by another person. The cash count should be recorded on a separate form and carried forward to the control sheet. Those people making the two counts should trade duties on a regular basis.

When an outside vendor handles the vending machines, there should be a written contract stating the term of the contract and the percentage of profit the student body will receive. A clause permitting a periodic audit of the cash removed and the merchandise used should be included. This contract, as all other contracts, should be approved by the business office and signed by either a district business official or the principal according to district policy.

A separate vending machine control sheet should be used for each vending machine operated. Those persons responsible for machines that do not produce the anticipated gross profit percentage, or that show shortages of cash and/or product, should be required to provide an explanation of the discrepancy.

Revenue Potential

The basic purpose of preparing a revenue potential analysis is to provide a comparison of the actual gross income and profit to the estimated gross income and profit. It is normal to estimate the proceeds from fundraisers and build the budget around this projected income. This comparison will indicate whether any significant shortages or overages exist.

5.6 Income Control

Revenue Potential:

- Compares actual to estimate
- Alerts activity director to need to revise budget
- Identifies potential problems when shortages exist
- Good internal control
- Helps to verify accuracy of account balances
- Recommended for all fundraisers
- Include with fundraiser Request
- Submit copy with budget over \$500

If a significant difference does exist, it should be examined in detail. Once the cause is identified, corrective action can be taken, if applicable. The corrective action normally means adjusting the budget to allow for this difference thus changing the spending plan for the year. Or it could be a clue to the misappropriation of funds. This procedure is a very good internal control procedure and should be performed for all major fund-raisers.

Most revenue transactions are recorded only when the deposit is made to the bank, not when the actual sale is made. Therefore, a complete and detailed receipt system must be present to adequately account for these revenues. This practice, unfortunately, is very difficult to track. It is the basis for many audit opinion exceptions and disclaimers. If an adequate receipt system is maintained and the accounting system is functioning correctly, the revenue potential analysis may assist the auditor. The worksheet may provide further evidence as to the fairness of various account balances and enables the auditor to express an opinion on the financial statements.

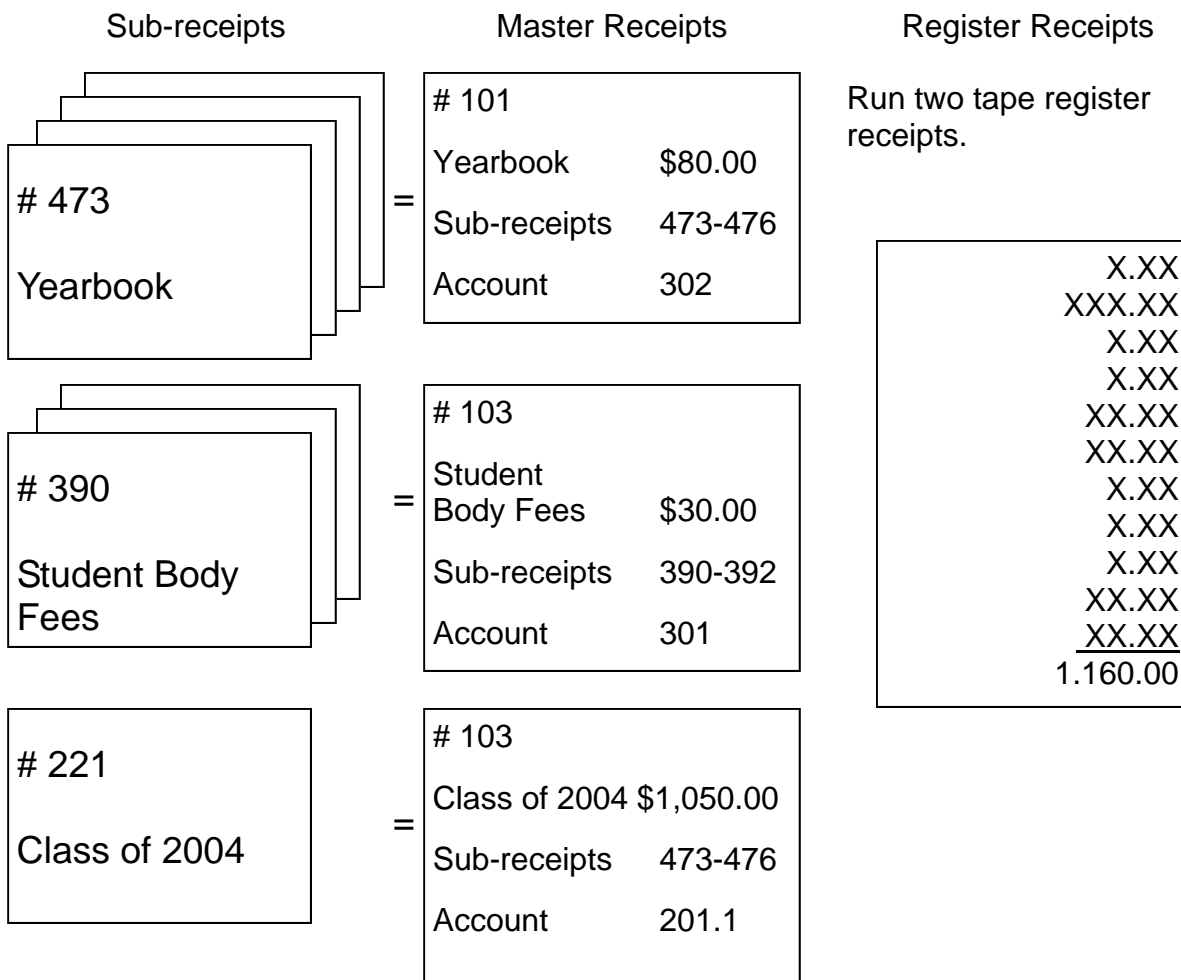
The revenue potential test worksheet can be used for most fundraising activities conducted by the student body organization.

Common Audit Findings

- Cash is not recounted
- Bank deposits are not made timely for large deposits and infrequent for all other cash transactions
- Pre-numbered tickets are not used
- No master ticket log exists to control and account for tickets issued and sold
- Ticket sales are not reconciled to the cash collected
- Receipt books are not used by clubs or the student body book-keeper
- Cash is kept in an unsecured location
- One person both issues and sells tickets at events



Figure 5.1: Sample Cash Receipts Process Flow



Cash Receipts Journal Entries

September

Date	Received from/ Description	Rec. No.	Debit	Credit						Acct. No.	Bank Deposit
			Cash	301	302	303	304	305	Other		
9/2	Lee White/ Yearbook	101	80.00		80.00						
9/2	Joe Brown/ ASB Cards	102	30.00	30.00							
9/2	Mary Black/ Class 2004	103	1,050.00						1,050.00	110	
	Total		1,160.00	30.00	80.00				1,050.00		1,160.00

Figure 5.2: Coin and Currency Count

Counted by: _____ Date: _____

Counted by: _____ Date: _____

				Amount
Loose coin				
Pennies	_____ x	0.01	=	_____
Nickels	_____ x	0.05	=	_____
Dimes	_____ x	0.10	=	_____
Quarters	_____ x	0.25	=	_____
Half-Dollars	_____ x	0.50	=	_____
Rolled coin				
Pennies	_____ x	0.50	=	_____
Nickels	_____ x	2.00	=	_____
Dimes	_____ x	5.00	=	_____
Quarters	_____ x	10.00	=	_____
Total coin:				_____
Currency				
Ones	_____ x	1.00	=	_____
Fives	_____ x	5.00	=	_____
Tens	_____ x	10.00	=	_____
Twenties	_____ x	20.00	=	_____
Fifties	_____ x	50.00	=	_____
Hundreds	_____ x	100.00	=	_____
Total currency:				_____
Total checks:				_____
Grand total:				_____

Verified by ASB Bookkeeper:

Signature_____
Date

Figure 5.3: Report on Three-Part Receipt Sales

Event: _____ Event Date: _____
 Seller: _____ Today's Date: _____

Receipt Book Information		Cash Count			
		Starting Cash		Cash Receipts	
		#	\$	#	\$
Receipt book ID: _____					
A # of first receipt	_____				
B # of last receipt:	_____				
C # items sold:	_____				
D Price item:	_____				
Total sales (CxD):	_____				
Receipt book ID: _____					
A # of first receipt	_____				
B # of last receipt:	_____				
C # items sold:	_____				
D Price item:	_____				
Total sales (CxD):	_____				
Receipt book ID: _____					
A # of first receipt	_____				
B # of last receipt:	_____				
C # items sold:	_____				
D Price item:	_____				
Total sales (CxD):	_____				
Total of all sales: _____					
		Bills			
		100.00	x	_____	= _____
		50.00	x	_____	= _____
		20.00	x	_____	= _____
		10.00	x	_____	= _____
		5.00	x	_____	= _____
		1.00	x	_____	= _____
		Coins			
		1.00	x	_____	= _____
		0.50	x	_____	= _____
		0.25	x	_____	= _____
		0.10	x	_____	= _____
		0.05	x	_____	= _____
		0.01	x	_____	= _____
		Subtotals:		A _____	B _____
		Total checks received:		C _____	
		Total deposit (B-A+C):		_____	

If total of all receipts does not match the amount to deposit, please explain: _____

Counted by: _____ Date: _____

Verified by: _____ Date: _____

Figure 5.4: Report on Ticket Sales

Event: _____ Event Date: _____
 Seller: _____ Today's Date: _____

Ticket Information		Cash Count			
		Starting Cash		Cash Receipts	
		#	\$	#	\$
Ticket color/type: _____					
A # of first ticket sold:	_____				
B # of last ticket sold:	_____				
C # Sold (A-B+1):	_____				
D Price per ticket:	_____				
Total sales (CxD):	_____				
Ticket color/type: _____					
A # of first ticket sold:	_____				
B # of last ticket sold:	_____				
C # Sold (A-B+1):	_____				
D Price per ticket:	_____				
Total sales (CxD):	_____				
Ticket color/type: _____					
A # of first ticket sold:	_____				
B # of last ticket sold:	_____				
C # Sold (A-B+1):	_____				
D Price per ticket:	_____				
Total sales (CxD):	_____				
Total of all receipts: _____					
		Bills			
		100.00	x	_____	= _____
		50.00	x	_____	= _____
		20.00	x	_____	= _____
		10.00	x	_____	= _____
		5.00	x	_____	= _____
		1.00	x	_____	= _____
		Coins			
		1.00	x	_____	= _____
		0.50	x	_____	= _____
		0.25	x	_____	= _____
		0.10	x	_____	= _____
		0.05	x	_____	= _____
		0.01	x	_____	= _____
		Subtotals:		A _____	B _____
				Total checks received: C _____	
				Total deposit (B-A+C): _____	

If total of all receipts does not match the amount to deposit, please explain: _____

Counted by: _____ Date: _____

Verified by: _____ Date: _____



Figure 5.5: Individual Receipt

Individual Receipt	
	Date _____
Received from _____	\$ _____
The sum of _____	Dollars
For _____	

Erasures or alterations render this receipt void	Signed _____ School or Department _____

Group	Advisor
-------	---------

Date _____ Master Receipt No. _____

Receipt Book #: _____ Date: Used from _____ to _____


[illegible]

Figure 5.9: Ticket Inventory Control Log

Color of tickets: _____ Contains tickets number: _____ to _____

[illegible]

Figure 5.10: Sample Deposit Ticket

FOR CLEAR COPY, PRESS FIRMLY WITH BALLPOINT PEN			
 Second Interstate Anywhere, Calif. 90210			
ASSOCIATED STUDENT BODY 456 Famous Dr. Beverly Hills, CA 91210 123300356 2054 203 5200 82	DATE Feb. 13 2003		
		DOLLARS	CENTS
	CURRENCY	4,633	00
	COIN	217	15
	LIST EACH CHECK		
	1.		
	2.		
	3.		
	4.	See Attached Tape	
	5.		
	6.		
7.			
8.			
9.			
	10.		
	11.		
TOTAL DEPOSIT:		5,240	15
Deposits may not be available for immediate withdrawal			

TAPE TOTALING
ALL RECEIPTS

1,240.00 +
3,940.00 +
60.15 +
5,240.15 T

TAPE TOTALING
DEPOSIT

4,633.00 +
217.15 +
390.00 +
5,240.15 T

TAPE TOTALING
CHECKS

20.00 +
15.00 +
47.00 +
30.00 +
105.00 +
18.00 +
27.00 +
46.00 +
22.00 +
60.00 +
390.00 T

[illegible]

Figure 5.13: Vending Machine Control Sheet

Signature: _____ Date: _____
 Signature: _____ Date: _____
 Machine #: _____ Location: _____
 Item: _____

Starting inventory:

Number of units: _____ (A)

Stock purchased:

Invoice number	Date	Price	Units purchased
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total purchases for the month: _____ (B)
 Total inventory available for sale (A + B): _____ (C)
 Ending inventory: _____ (D)
 Total merchandise sold (D-C): _____ (E)
 Unit price: _____ (F)
 Amount of deposit (E x F): _____ (G)

Income analysis:

Receipt number	Date	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Income from sales: _____ (H)
 Rebate income for the month: _____ (I)
 Total income for the month: _____ (J)

If I differs from F, please explain:

Profit analysis:

Price per unit (vendor invoice): _____ (K)
 Cost of goods sold (E x K): _____ (L)
 Difference of cost and income (J - L): _____ (M)
 Gross profit (N ÷ J): _____ (N)



Chapter Six-

Disbursement Control

The funds raised by the student body are to be spent for the students, by the students, not as the teachers, administrators or advisors want. The money of the ASB, including clubs, trust accounts and scholarships, belongs to the students. All expenditures should be made in accordance with an established system that includes sound internal control procedures, good accounting practices and conforms to the regulations of the governing board (*Education Code* Section 48933).

Approval

Requisitions must be submitted for prior approval of purchases of merchandise or services. Purchase orders must be issued for purchases approved by the student council, though purchase orders are optional for unorganized student bodies. If the unorganized student body does not use purchase orders, the board-designated employee of the school district, generally the principal, approves the expenditures. For internal control, a different person should authorize the payments and sign the checks.

A student body is not obligated to pay for an expenditure ordered by a teacher, student, or other person who has not first received a written purchase order form from the person responsible. These orders must be pre-numbered and printed in multiple copies. One copy of the invoice is sent to the vendor, one is attached to the invoice, one is filed in the numerical file, one is kept by the person originating the request, and one is filed alphabetically by vendor name.

All expenditures must be supported by invoices or other acceptable documentation. All bills must be submitted for payment promptly after their receipt. Invoices should be cancelled by marking them with the date they were paid, the check number and the amount paid.

Suggested Procedures: Purchase Order and Requisition

1. Prepare and sign a requisition/purchase order form for each check written. Submit to ASB for approval.
2. The ASB approves the requisition/purchase order and notes the approval in the minutes. The ASB student representative signs the requisition/purchase order. A copy of the minutes approving the requisition/purchase order is attached to the form.
3. The ASB Advisor signs and approves the requisition/purchase order.
4. The Principal signs and approves the requisition/purchase order.

6.2 Disbursement Control

*Do not pay from statement.
Pay only from original
invoice on receipt of mer-
chandise.*

5. The ASB bookkeeper verifies that the requisition/purchase order is properly authorized and included in minutes.
6. The bookkeeper enters the disbursement on the requisition/purchase order and logs it on the purchase order control log.
7. The ASB bookkeeper sends a copy of the requisition/purchase order to the vendor.
8. The person who receives the merchandise checks the goods against the requisition/purchase order and the invoice. This person signs the requisition/purchase order to verify receipt.
9. The ASB bookkeeper generates a check. Forward the check to the two people authorized for signatures and send to the vendor.
10. The ASB bookkeeper stamps the invoice paid. Note the check number and date paid on the invoice. Staple the invoice to the purchase order and file.

Suggested Procedures: Reimbursement

1. The person requesting reimbursement prepares and signs a requisition/purchase order form for each check written. Attach a bill, invoice, statement, or receipt. If no invoice or receipt is available, substitute a check request form for the requisition form. Submit to the ASB for approval.
2. The ASB approves the requisition/purchase order and notes the approval in the minutes. The ASB student representative signs the requisition/purchase order. A copy of the minutes approving the requisition/purchase order is attached to the form.
3. The ASB advisor signs and approves the form.
4. The Principal signs and approves the requisition/purchase order.
5. The ASB bookkeeper verifies that the requisition/purchase order is properly authorized, is approved and noted in the ASB minutes, and matches the receipt or invoice attached. The requisition/purchase order is entered into the purchase order control log.
6. The ASB bookkeeper generates a check. Forward the check to the two people authorized for signatures and send to the vendor.
7. The ASB bookkeeper stamps the invoice paid. Note the check number and date paid on the invoice. Staple the invoice to the purchase order and file.

Checks

- *Three signatures on all requests: principal, advisor, student representative*
- *No pre-signed checks*

Check authorization should be provided prior to writing the check. A confirmation delivery slip or packing slip, a purchase order or check request form, and an original invoice or receipt are requisites to writing a check. All checks must be pre-numbered and voided checks retained. Two signatures should be required on all checks. Usually those authorized to sign are listed in board policy and/or the Student Body's constitution by-laws. Checks should never be written to "Cash" or issued without a name or an amount (blank check).



Backup Documents

All student body expenditures should have appropriate backup before they are paid. This backup should also be retained and filed in an orderly manner for use during the annual audit. Appropriate backup would include an invoice or other receipt showing the amount due, date and vendor. Payment should never be made from a statement.

Persons receiving merchandise should verify the quantity that was received is the same as listed on the invoice, then sign the invoice as received. Once the check is written, the invoice or other back up should be marked “PAID” and the date and check number of payment noted on the invoice. If no invoice or receipt is available, a check request form (example included in this section) should be used so that there is some form of backup in the files. This form should not be used as the normal routine but as the exception.

Inventory

If the student body runs a student store, an inventory listing should be maintained. At the end of the year (at least) a physical inventory must be made and the value totaled. If this total is different from the total in the General Ledger, an adjustment is made. When the adjustment is unusually large, the controls should be reviewed.

Inventory controls are necessary over all goods bought and sold. Only those goods needed for a sales event should be moved to the cashier areas. Limited access to the back stock area should be employed. Locked cabinets and fireproof and secure safes should be used. Inventory levels need to be reviewed periodically to identify losses, to determine what sells and what doesn't, to account for all purchases and sales, and damaged and destroyed items. The beginning inventory plus purchases minus sales equals the ending inventory.

Appropriate Use of Student Body Funds

An unorganized student body may use funds to pay for non-instructional periods or to augment or enrich the programs provided by the district (*Education Code* Section 48934). The district board appointed employee (generally the principal) approves the expenditures, subject to district board policy, of an unorganized student body (*Education Code* Section 48938).

The district governing board has the discretion to charge student organizations for the rental of district property or to provide such facilities at no costs.

Common Expenditures Prohibited by Local Board Policy

Prohibited expenditures of student body funds are no longer included in the *Education Code*. Local district policy, however, often includes expenditures that may not be made from student body funds. It is recommended that board policy minimally include a statement that stu-

6.4 Disbursement Control

dent body funds may only be used to purchase non-instructional items. The following are examples of common prohibited expenditures contained in local board policy:

- Equipment, supplies, forms and postage for curricular or classroom use or for district business.
- Repairs and maintenance of district-owned equipment.
- Salaries or supplies that are the responsibility of the district.
- Articles for the personal use of district employees.
- Gifts, loan, credit or the purchase of accommodations for district employees or others. Please note that the student body governing board may authorize gifts or awards to district employees to be paid from student body funds. It is recommended that District policy state the maximum (cap) amount that may be spent on such gifts or awards from student body funds; e.g. \$25.

The table on the following pages is shown for information purposes only. Each student body must adhere to local board policy. The prohibited expenditures listed are those most commonly questioned by auditors, community members, local governing boards, and the media. A good rule of thumb to use in determining the appropriateness of an expenditure is to ask the question “Will I be able to justify the expenditure in the local newspaper and at a public board meeting?”

Figure 6.1, Allowable and Prohibited Expenditures	
EXAMPLE OF ALLOWABLE EXPENDITURES	EXAMPLE OF PROHIBITED EXPENDITURES
Purchases	
Animal cages, incubators, feeders, brooders	
Aquarium accessories	
Audiovisual equipment and software	Supplies and equipment for the office
Workbooks, reference books, library books	Basic textbooks
Capes and robes for student chorus	
Ceramics	
Decorative items	
Draperies, curtains, and carpeting (fireproof)	Equipment and supplies for faculty rest-rooms, faculty dining rooms, or faculty lounges; subscriptions for faculty magazines or books.
Entertainment	
Film, including developing, printing, and camera rental	
Filmstrips	
Games and toys	
Identification equipment	



Identification equipment	
Megaphones	
Musical instruments	
Pictures and art prints	
Pictures of student service groups	
Plants for interior and exterior use	
Playground activities and equipment	
Public address systems	
Office supplies for student body activities	
Services	
Salary of ASB clerk for time spent on ASB books/supervision	Salaries for assignments which are the responsibility of the district
Security officers	
Cleaning and repairing student body-owned items	Repair and maintenance of district equipment and buildings
Donations	
To recognized charitable organizations when clearly identified at onset of fundraiser and approved in advance by student council	Donations of excess student body funds
Miscellaneous	
Awards and certificates – recognizing services and/or achievement for student groups or individual students. Perfect attendance approved by student body.	Awards to District employees (limited)
Hospitality – courtesy extended to visiting patrons other than district employees. Hospitality should not exceed \$250 per year, or \$.50 per student per year, whichever is greater.	Meals or refreshments for employees on an ongoing basis
Insignia – usually limited to arm bands, badges, buttons, pins, ribbons, and sashes for student service groups. Note: <i>Items in contact with skin and hair should be cleaned before reissuing to another child.</i>	
Magazines and Newspapers – suitable for school use by students or personnel employed working with ASB.	Individual memberships in professional organizations
Memorial – expenditures may be made only for deceased students or personnel employed at the school site. Note: <i>Limited to \$50 per individual.</i>	
Welfare – for students within the school Definition: <i>Includes reasonable amount of money in an emergency situation when directly helping students to carry on work at school.</i>	Student body funds should not be expended for family relief. Welfare involving health services for students should be processed through the PTA health centers or dental clinics.

6.6 Disbursement Control

EXAMPLE OF ALLOWABLE EXPENDITURES	EXAMPLE OF PROHIBITED EXPENDITURES
Activities	
Student body funds may be used for a special activity for a grade level if the same activity will occur each year for that grade level (includes culmination activities).	
Gifts	
Gifts to another school in the district	Gifts to out-of-school organizations
Gift to P.T.A. for child welfare	P.T.A. expenses
Gifts to the district for use at the school	
PERMITS & APPROVALS REQUIRED	PROHIBITED
Booths	Raffles or games of chance
Safety and bleachers	Rides- animal/mechanical rides prohibited.
Food	Use of darts or arrows
Cafeteria	Object thrown at a live target
Custodial help	Use of any water tanks
Fire regulations	Destruction of cars (or similar) by hammers
Electrical connections	Cosmetic sales, manicure or makeup booth
	Used jewelry and used clothing
	First aid booth

Bank Reconciliation

Banks furnish a depositor with a bank statement once each month. Included with the statement are usually the cancelled checks and any debit or credit memos that have affected the account. The checks returned are called cancelled checks because they are cancelled by stamping to show that the bank has paid them. During any month, besides the checks drawn, the bank may deduct from the account amounts for service charges, returned checks and for errors. The bank notifies the depositor of each deduction with a debit memo. The bank may also add amounts to the depositor's account for errors and interest. A credit memo is used to notify the depositor of any additions. A copy of each memorandum should be included with the monthly statement.

When all receipts are deposited in tact and all payments are made by check, the bank statement becomes a device for proving the cash in the bank account. The proof normally begins with the preparation of a reconciliation of the bank balance. To simplify this process, request the cutoff date of the bank statement to be the last working day of the month.



Numerous things may cause the bank statement balance to differ from the cash balance in the General Ledger:

1. Outstanding Checks: These are checks that have been written and are listed on the cash disbursement journal but have not cleared through the bank.
2. Unrecorded Deposits: (Also called Deposits in Transit.) Often deposits are made on the day following the last day of the month. Consequently these deposits do not appear on the bank statement for that month but they appear on the cash receipts journal.
3. Charges for Services and Non-Collectable Items: A bank often deducts amounts from a depositor's account for services rendered and for returned checks. The bank notifies you of each such deduction with a debit memo. If the item is material in amount, the memo is usually mailed on the day of the deduction. These deductions should be recorded as soon as received. If the deduction occurs close to the end of the month, it may not show on the bank statement. In this case treat the un-cleared item the same as an outstanding check.
4. Interest: Some accounts earn interest, posted to the account by the bank each month. The statement is the only notification.
5. Errors: Regardless of care and systems of internal control, both the bank and the depositor may make errors that affect the bank balance. Occasionally, these errors are not discovered until the balance is reconciled.

Suggested Procedure: Bank Reconciliation

1. Compare the deposits listed on the bank statement with deposits shown in the cash receipts journal. Identify any differences and determine which is correct. List deposits in transit on the form.
2. Compare the cancelled checks with the bank statement listing. Note any discrepancies or errors.
3. Check the previous month's reconciliation and check off the checks cleared during the current month that were outstanding last month. List any checks that are still outstanding.
4. Check any deposits in transit that were listed last month to assure they have been recorded by the bank on the current statement.
5. Compare each check with its entry in the cash disbursement journal. Identify any corrections or discrepancies.
6. List any outstanding checks on the reconciliation form.
7. Determine if any debits or credits appearing on the bank statement need to be recorded in the General Ledger. Make general journal entries to record them.
8. Any corrections to deposits or to checks noted should be made by general journal entries. Do not go back and change the cash disbursement or cash receipts journals.

9. The month ends on the last day of the month. Any changes to those records must be made in the following month through general journal entries.
10. If bank errors are found, notify the bank immediately.
11. Submit a copy of the bank statement and the bank reconciliation form to the accounting department of the district business office for verification.

Taxes

See Section Seven for more information.

Sales Tax

Under the provisions of the Sales and Use Tax Law, student body organizations are required to pay sales tax for selling tangible personal property at retail. If no tax is paid when the student body purchases the goods, then they are required to pay sales tax on the difference between the purchase price and the selling price. Sales tax is paid on the profit made on each item. These goods are usually those purchased for the student store. Student bodies are exempt from paying taxes on items sold on an irregular or intermittent basis (fundraisers).

Sales tax laws change each year. It is important that the student body knows current laws. The district's audit firm can assist the student body with the current law. The student body should work closely with the district business office on the payment of any tax due.

Other Taxes

Student bodies do not pay any other taxes. In particular, they do not pay payroll taxes since the district must pay employees. The district is considered the employer in all cases. The student body must reimburse the district for employees paid by the district on behalf of the student body.

Disbursements to Individuals

Student council must pre-approve all positions to be paid by ASB funds and record in minutes.

Payments to District Employees

Employees that provide services to the ASB within an existing job classification (such as campus supervisors providing security at extra curricular functions) should be hired through the district's personnel procedures, including fingerprinting. Any payments to the district employees must be processed through the district payroll department and all compensation should be as provided for in the applicable collective bargaining agreement. The ASB then reimburses the district for activities and related payroll expenditures that are pre-approved by the student body governing board.

Employees:

- Routinely have direct contact with students (walk-on coach)



Suggested Procedure: Payments to District Employees

- Provide the ASB services within their existing job classification (security, custodial)
 - Must be hired through district personnel
 - Fingerprinting and background checks (Megan law)
 - Paid through district payroll processes
 - ASB reimburses for salary and benefit costs
1. The ASB pre-approves the activity and estimated salary expense.
 2. Upon completion of the activity, the employee completes an over-time form.
 3. The Principal approves the overtime form.
 4. The overtime form is forwarded to the payroll department together with a copy of the student council minutes approving the activity.
 5. The district office payroll department pays the employee in accordance with the applicable collective bargaining agreement.
 6. The district office accounts receivable department bills the ASB for salary and fixed charges.
 7. The ASB approves the actual expenses, including payee, amount and purpose.
 8. The ASB bookkeeper processes a payment to reimburse the district.
 9. The district office accounts receivable department abates the salary and fixed charge accounts.

Payments to Independent Contractors

ASB organizations are not authorized to hire employees. Payments made by the ASB for various services such as officiating at sporting events, security, and supervision, are payments to contractors. The amounts paid are taxable and must be reported to the federal and state agencies for any individual who exceeds \$600.00 in income during the calendar year.

A record on each individual must be maintained, recording every payment for the calendar year. It will be necessary to obtain a social security number before engaging any person to perform ASB services. School district employees who are paid by the ASB must be included. Further, no check should be written to any individual without first obtaining his/her social security number.

Cash payments shall not be made to individuals. The amount paid to each vendor must be compiled and sent to the district accounting office, who will prepare the 1099's.

Employee Versus Independent Contractor

Here are the 20 questions the IRS will use to determine if workers are company employees or true independent contractors. The IRS considers any “yes” answer to be evidence of an employer/employee relationship.

1. Do you instruct the worker as to when, where and how work is performed?
2. Did you train the worker in order to have the job performed correctly?
3. Are the worker’s services a vital part of your company’s operations?
4. Is the person prevented from delegating work to others?
5. Is the worker prohibited from hiring, supervising and paying assistants?
6. Does the worker perform services for you on a regular and continuous basis?
7. Do you set the hours of service for the worker?
8. Does the person work full time for your company?
9. Does the worker perform duties on your company’s premises?
10. Do you control the order and sequence of the work performed?
11. Do you require workers to submit oral or written reports?
12. Do you pay the worker by the hour, week, or month?
13. Do you pay for the worker’s business and travel expenses?
14. Do you furnish tools or equipment for the worker?
15. Does the worker lack a “significant investment” in tools, equipment and facilities?
16. Is the worker insulated from suffering a loss as a result of the activities performed for your company?
17. Does the worker perform services solely for your firm?
18. Does the worker not make services available to the general public?
19. Do you have the right to discharge the worker at will?
20. Can the worker end the relationship without incurring any liability?

IRS 1099 Form

When a non-district employee performs services for the Student Body, the amount paid each calendar year (January to December) must be reported to the Internal Revenue Service. IRS Form 1099, Amounts Paid to An Independent Contractor, is used for this purpose.



The district office **MUST** file this form district-wide since the ASB is not a separate entity. Each Independent Contractor should complete a form W-9 and the district should keep this form on file. There are severe penalties for not reporting the information to the IRS and less severe penalties for reporting incorrect information. The IRS provides a description of an Independent contractor and the district office can help in identifying those services that should be reported.

Reporting Requirements for Independent Contractors

Effective January 1, 2001, California law requires businesses and government entities to report specified information to the Employment Development Department (EDD) on independent contractors within 20 days of either making payments totaling \$600 or entering into a contract for \$600 or more in any calendar year, whichever is earlier.

Information on each independent contractor will only be required once a year regardless of the number of multiple contracts you enter. However, ongoing relationships will require a new form each new calendar year the \$600 threshold is met.

This information will be used to increase child support collection by helping to locate parents who are delinquent in their child support obligations.

Form DE 542 "Report of Independent Contractors" will be used for reporting the information. Magnetic media reporting will also be accepted for employers hiring a large number of independent contractors. Refer to Appendix B for Magnetic Reporting Requirements published by EDD.

The following information is required to be reported:

Employer information:

- Federal employer identification number
- State employer identification number
- Business name, address, and telephone number

Independent contractor information:

- First name, middle initial, and last name
- Social Security number
- Start date of contract
- Contract expiration date
- On-going contract (check box if applicable)

Payment to Students

It is not appropriate to compensate students for services provided to the ASB or the clubs.

Prizes/Awards

Work-related prizes and awards are excludable from the recipient's gross income only if they qualify as employee achievement awards as defined in *Revenue and Taxation Code* Section 274.

An employee achievement award is an item of tangible personal property that is transferred by an employer to an employee for length of service achievement or safety achievement, awarded as part of a meaningful presentation, and awarded under conditions and circumstances that indicate the payment is not disguised compensation. The exclusion does not apply to awards of cash, gift certificates, or equivalent items.

An award will not fall within the excludable length of service achievement award category if it is received within the employee's first five years of employment or if the employee received a similar award (other than one of de minimus value) during the current year or the preceding four years.

An awards will not be considered an excludable safety achievement award if employee safety achievement awards (other than one of de minimus value) were granted during the year to more than 10% of the employer's employees (excluding managers, administrators, clerical employees or other professional employees) or were granted to managers, administrators, clerical employees or other professional employees.

For a tax-exempt organization, the exclusion applies to the extent that the cost would be allowable as a deduction if the organization was not exempt from taxation (*Revenue and Taxation Code* Section 74(c)(3)).

If the award's cost is larger than the employer's allowable deduction, the employee must include in gross income the greater of either an amount equal to the nondeductible portion of the award but not greater than the value of the award or the amount by which the value of the award exceeds the allowable deduction.

Prizes or awards furnished to a student totaling less than \$600 a year are not subject to taxes. If the total amount is \$600 or more, a 1099 must be issued.



Withholding on Payments to California Nonresidents

Payments made to California nonresidents, including corporations, limited liability companies, and partnerships that do not have a permanent place of business in this state are subject to 7% state income tax withholding (*Revenue and Taxation Code* Section 18662).

Types of income subject to withholding include, but are not limited to, payments for services performed in California and payments of leases, rents, and royalties for property (real or personal) located in California. No withholding is required on payments for goods.

The Franchise Tax Board may reduce the withholding if the 7% will result in substantial over-withholding or waive to withholding if the payee has a current history of filing California returns and/or making estimated payments when due. For more information, or to request a waiver or reduced withholding rate, contact:

Nonresident Withholding Waiver Requests, Section MS-F265
Franchise Tax Board
P.O. Box 651
Sacramento, CA 95812-0651
Telephone: 916/845-4900
Fax: 916/845-4831

Donations

Student body funds may be donated under the following conditions:

- Intent to donate is clearly identified at outset
- Intent to donate is recorded and approved in the student body minutes
- The donor is fully apprised of the intent to donate
- The donation is to a recognized charitable or not-for-profit organization

Student body funds may not be donated if the funds in question were raised/donated for a specific purpose other than the donation.

Equipment

Insurance:

Most activities are covered under District insurance. If there is a question, contact District Risk Management

Before equipment is purchased with student body funds, the purchase must be approved by the school district governing board. Equipment examples are machines, furniture, vehicles and furnishings that are not an integral part of a building.

It is recommended that a student body formally donate any equipment purchased with student body funds to the district. However, the student body is not required to make this donation. Procedures to be followed in either cases are as follows:

Equipment Formally Donated

The governing board, at its discretion, formally accepts the gift from the student body organization. Board policy should be established concerning such donations (who can use, who pays for repairs, etc.)

Equipment Not Donated

The student body organization is responsible for purchased equipment, including repairs, upkeep and insurance. In this situation the student body must also set up appropriate accounts for fixed assets in the accounting system; maintain an inventory record for each item of equipment; and take a physical inventory of all equipment at the end of each year to determine that all equipment purchased is on hand.

Equipment Used for Income

The student body must be responsible for and must pay for all costs, such as repairs, maintenance, upkeep and insurance. Such costs paid by the school district must be reimbursed by the organization.

Contracts

Serious legal questions arise when a student body organization enters into a contract. The principal question is whether a student body organization composed of minors is a competent party. Another question concerns the personal liability of an adult who becomes involved with the contract. The approval of the district's business manager based on the formal recommendation of a school administrator should be a prerequisite for all contracts. Contracts generally should not extend beyond the current fiscal year. Guidelines for contracts:

- Students cannot enter into contracts
- Use district purchasing for major capital purchases
- District business services should approve contracts
- Avoid multi-year contracts
- Follow board policy

Common Audit Findings

- Purchase orders are not used in organized student bodies.
- The required three signatures are not met.
- Expenditures are made that are prohibited by board policy and not for the benefit of students.
- Confirmation of delivery is not made prior to payment.
- Two signatures are not required on all checks written.
- Personal loans are made from student body funds.
- No segregation of duty exists for cash receipting, deposits, book-keeping, and bank reconciliation.

Figure 6.2: Cash Disbursement Transaction Flow

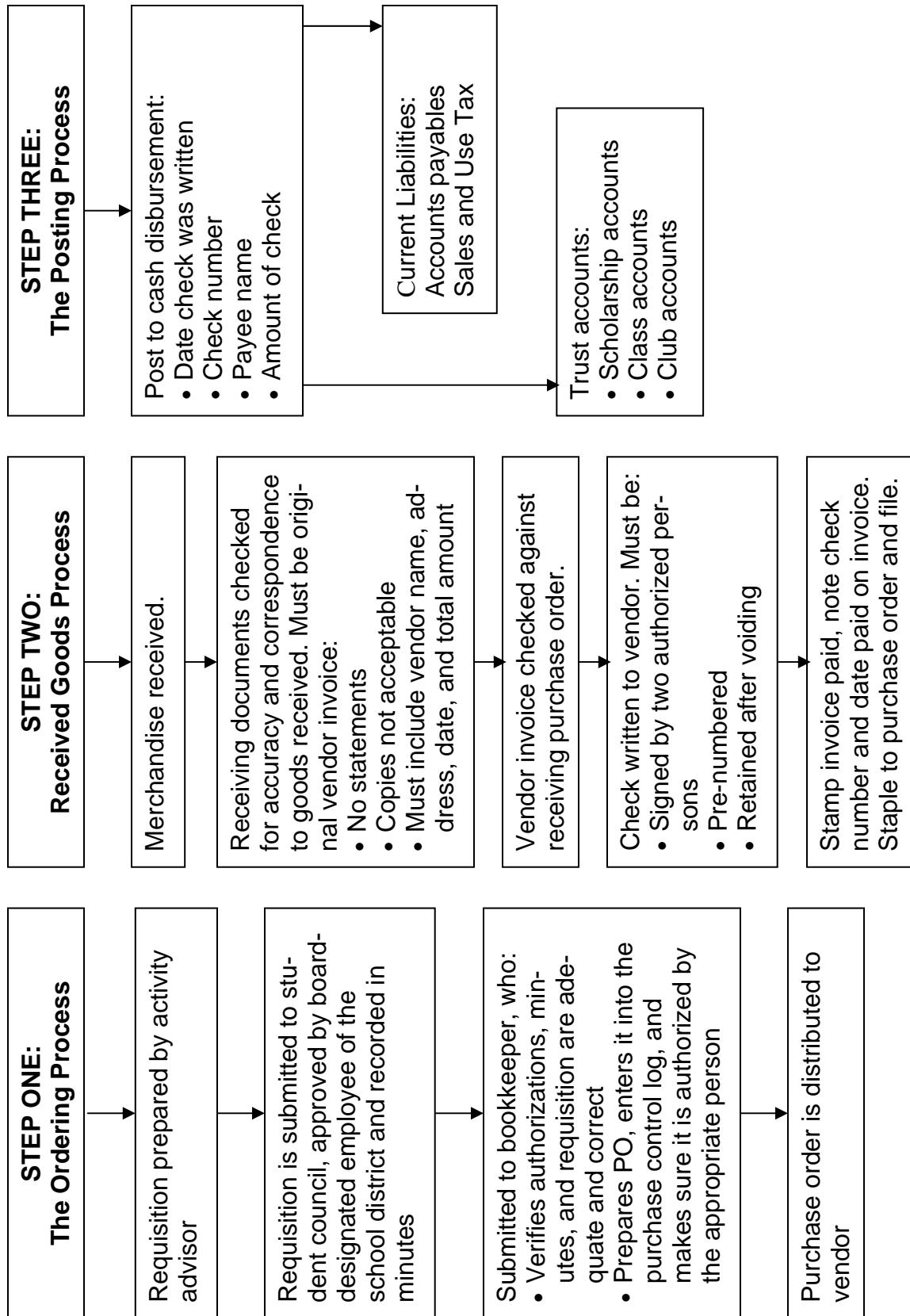
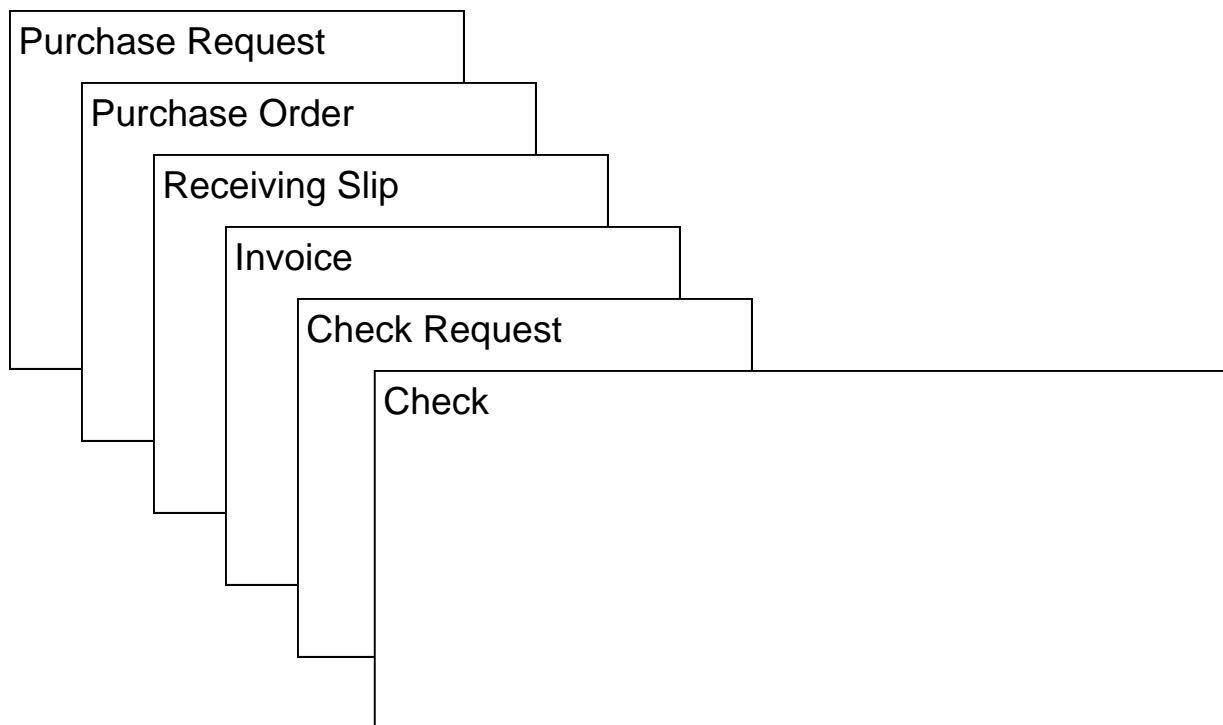


Figure 6.3: Sample Journal Entries



Journal Entries										
September										
Cash Disbursements Journal										
			Credit	Debit						
Date	Payee	Check #	Cash	401	402	403	404	410.1	Other	Acct. #
9/2	Harmony Music	721	50.00						50.00	220.1
9/3	Stationers Corp.	722	135.00	130.00	5.00					
9/5	Howard Smith	723	15.00		15.00					
9/6	Sports Shops	724	25.00	25.00						
9/6	Ray Johnson	725	15.00	15.00						
9/7	Jack Jones	726	15.00	15.00						
Total:			255.00	55.00	20.00				50.00	

Figure 6.4: Purchase Request Checklist

___	Vendor's name, address, telephone number	
___	Price totals and tax figured	
___	Reason for purchase stated	
___	Purchase requisition approved at class/club meeting dated	_____
___	Club Sponsor's signature	_____
___	Copy of minutes approving requisition is attached	
___	Student government representative's signature	_____
___	Administrative approval (signature)	_____
___	Date of administrative approval	_____
___	Date submitted to ASB bookkeeper	_____
___	Club funds checked and are adequate	

Figure 6.5: Confirmation of Delivery of Goods/Services

Send merchandise to: _____

Send invoice/billing to: _____

Send packing slips to: _____

Vendor: _____ Date: _____

PO/Req. #: _____ Club/Group: _____

☐ All goods received, OK to pay. ☐ Partial shipment, make partial payment.

Authorized signature

Date

Figure 6.6: Requisition/Purchase Order

[illegible]

School #: _____ Check # _____ Date: _____
Account # _____ Account Name: _____ Amount: _____



Figure 6.7: Check Request Form

(To be used only when no invoice or receipt is available)

Date of expenditure: _____ Amount: _____

Vendor: _____

Address: _____

City _____ CA Zip code: _____

Club/Group: _____

Purpose of expenditure: _____

Account charged: _____

Reason for lack of receipt/invoice: _____

Signed _____ Date _____

Print name _____

Approved: Club/Group Advisor _____ Date _____

Approved: Club/Group Representative _____ Date _____

Approved: District Representative _____ Date _____

For ASB Bookkeeper use only

Date of payment: _____ Items ordered date: _____

Date of minutes: _____ Invoice number: _____

Check number: _____ Final cost: _____

Figure 6.9: Check Control Log

[illegible]

Figure 6.10: Bank Reconciliation Worksheet

Name of bank: _____ Date: _____

Account number: _____ Account name: _____

(A) Bank statement ending balance _____				(A) Ledger cash balance: _____	
Deposits in transit:		Amount		Bank adjustments (interest, etc.): Amount	
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
(B) Total deposits in transit: _____				(B) Total bank adjustments: _____	
Outstanding checks:				Bank charges:	
Date	Ck #	From	Amount	Description	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
(C) Total outstanding checks: _____				(C) Total bank charges: _____	
Balance after adjustments (A+B-C): _____				Balance after adjustments (A+B-C): _____	

Completed by: _____ Date: _____

For District Office Use Only:

Verified by: _____ Date: _____

Title: _____



Chapter Seven-

Sales and Use Tax

Background

The Sales Tax is imposed on retailers for the privilege of selling tangible personal property at retail. Tangible personal property includes certain snack food items as well as personal property such as paper, books, school supplies, sweatshirts, etc.

In the past, many organizations associated with schools have assumed they are exempt from collecting and paying Sales Tax due to the tax exempt status of the district. However, the definition of an exempt organization will be discussed and the activities that qualify for exemption will be defined. The district's tax exempt status is a Federal and State Income Tax exemption and generally does not exempt the district from Sales Tax requirements.

How Sales Tax Collection and Payment Affect You

Tax Exempt Status Requirements

The Sales and Use Tax regulations provide certain qualified charitable organizations with an exempt status for their sales from Sales Tax collection and payment. These organizations are also exempt from paying Sales Tax when an item is originally purchased. The following conditions must be met according to Regulation 1570 in order to qualify for this exempt status:

1. The organization must be formed and operated for charitable purposes, and must qualify for the 'welfare exemption' from property taxation provided by Section 214 of the *Revenue and Taxation Code*.
2. The organization must be engaged in the relief of poverty and distress.
3. The organization's sales must be made principally as a matter of assistance to purchasers in distressed financial condition.
4. The property must have been made, prepared, assembled, or manufactured by the organization.

Certain nonprofit organizations such as Parent Teacher Associations and specific youth organization automatically qualify for this special exempt status. Connection to a school or being a student organization does not automatically qualify a group for treatment as a 'consumer' for all sales. The following criteria must be fulfilled in order to be considered an equivalent organization:

7.2 Sales and Use Tax

1. It must be a nonprofit organization that includes parents.
2. The objectives of the group must include enhancing the welfare of all students in the school and developing better communication between parents and school authorities.
3. It must have been authorized to operate in the school by the school's governing board.
4. The profits from its sales have to be used exclusively to further the organization's purpose.

A student body organization could qualify for this status if only criteria 2, 3, and 4 are used. However, parents are not included in the organization's activities.

If your student organization meets all of the above criteria and tax exempt status for Sales Tax is appropriate, a "Certificate of Exemption – Charitable Organizations" must be completed and filed with the State Board of Equalization on an annual basis.

Student body organizations and cafeteria funds that do not meet these conditions are subject to Sales Tax collection and reporting requirements. There are, however, situations when a student body organization will be considered a "consumer" and not a "retailer" during fundraising events. The following two conditions must be met in order to be exempt from Sales Tax regulations:

1. The sales of taxable food items are on an irregular or intermittent basis.
2. The profits are used exclusively in the furtherance of the purpose of the student organization.

As "consumers", the student organizations must pay Sales Tax at the time they purchase any item classified as taxable. It is not necessary to collect Sales Tax on the profit of the items sold, nor is it necessary to file a Sales Tax Return with the State Board of Equalization.

Student body organizations operating a student store selling snack items, or and other merchandise which has historically been subject to Sales Tax, are still subject to the laws. A Seller's Resale Permit number should be used when purchasing merchandise and Sales Tax should be reported on the full sales price.

The State Board of Equalization's publication of Sales Tax requirements can be founds at <http://www.boe.ca.gov/sutax/staxregs.htm>. This publication defines the types of food and beverages which are tax exempt.



How to Collect and Report Sales Tax

The collection of Sales Tax may be accomplished in one of two ways. If a cash register is used which will accumulate the tax charged on each individual sales, then the actual Sales Tax collected will be reported on the Sales Tax Return filed with the State Board of Equalization. If a school elects to make tax-included sales, then a sign must be posted in a location visible to all purchasers stating: "The price of taxable items includes Sales Tax reimbursement computed to the nearest mill." Sales of taxable items are then accumulated and the proper percentage of tax to be remitted is calculated and reported on the Sales Tax Return.

Both of these methods are based on the actual sales of items subject to Sales Tax. As an alternative, a school may report taxable sales on the basis of a percentage developed by testing a representative period. This percentage would then be applied to all sales within a given time. Be aware: to use this method, permission must first be granted in writing from the State Board of Equalization. Generally, the Board will request a detailed description of the method used to calculate the tax, and the period of time the percentage used was based on. All sites that will be using this method should be included in the test period. All sales at all sites should be included in the test period. All sales at all sites are monitored for a specific period of time, such as one week, and the percentage of taxable sales to nontaxable sales is determined, the same percentage may not apply at all school sites. The calculated percentage is then used throughout the year to properly determine the amount of Sales Tax due. If your school is interested in this method, contact the Board directly at the office noted in the reference section of this material.

In order to properly file a Sales Tax Return, a Seller's Permit and Resale Number must be obtained. The process for obtaining this information is included in the next section. The Sales Tax Return must be filed according to the following schedule to remit the tax collected to the Board:

<u>Frequency of Payment</u>	<u>Total Sales Tax collected</u>
Annually	\$0 - \$75
Quarterly	\$76 - \$500
Monthly	\$501 - \$1000

Taxes collected in excess of \$1,000 must be prepaid on a monthly basis and a quarterly return prepared (quarterly prepaid). It is also important to note a return must be filed for a reporting period even if no

tax is due. The amount of tax due on the return should be rounded to the nearest whole dollar on the tax return. Thus, \$76.49 would be rounded to \$76.00, and \$76.50 would be rounded to \$77.00.

It is possible for a student organization to include the taxable sales total and related Sales Tax on the cafeteria or district tax return. This would eliminate the need for each school site with a student body organization to apply for and obtain their own seller's permit and resale number and file their own Sales Tax Return. The State Board of Equalization will send the Sales Tax Return at the time it is to be filed. If sales have increased to a new level during the year, the return will automatically be sent. If annual returns have been filed in the past, and quarterly returns appear to be the proper filing frequency, you may call the local State Board of Equalization office, or you may wait for them to update your reporting frequency. There are no penalties associated with filing as directed by the Board even if more frequent filing is determined by the schedule.

Do You Need A Seller's Permit and Resale Number?

Who Must Have a Permit?

Generally, if an organization does not meet the criteria discussed in the previous sections for exemption, then a seller's permit is required if the organization intends to sell personal property ordinarily subject to Sales Tax. Personal property in this case will include snack foods items as well as the paper, pencils, notebooks, and sweatshirts generally sold in a student store.

It is important to remember here that the sales made on an intermittent or irregular basis and used exclusively in the furtherance of the purpose of a student organization are exempted on the basis that the organization is a consumer and not a retailer. Therefore, if the organization will be holding one fundraiser during the year, it is not necessary to apply for a seller's permit or to file the tax return. This exemption for intermittent sales should not be expended to include each club or group within a student organization. It would not be proper to assume the sales of the Computer Club, the Ski Club, Boys Athletics, etc., are to be looked at singularly. Rather, it is the sales of the organization as a whole that must be used to determine if the sales are intermittent or irregular.

How to Obtain a Permit

The State Board of Equalization has offices throughout the State of California. To get the appropriate application, contact the nearest State Board office, or call the business services department.



The information which is requested in the application includes: the District Tax Identification Number, the name and location of the bank(s) where an account is maintained, names of suppliers, name of the organization bookkeeper or accountant, and anticipated average monthly sales along with a breakdown of the taxable and nontaxable portions. Additional information may also be required.

There is no filing fee with the application, however a security deposit may be required, which would then be refunded at a later date.

When to Use a Resale Certificate

Once the resale number has been obtained, the number will be used to allow the purchase of taxable items from another seller without paying Sales or Use Tax to that seller. The Board does not issue actual resale certificates, only the resale number which will appear on the certificate. The certificates are available in office supply and stationery stores. It may be necessary to purchase several certificates, as these will be given to the seller each time a purchase is made.

Depending upon the size of the district and the volume of sales subject to Sales Tax reporting, it may be more efficient to have only one resale number for use within the district. Reporting of combined Sales Tax information is discussed in the next section on recordkeeping. The district may determine it is more efficient for each ASB to obtain its own resale number and prepare and remit its own Sales Tax Return.

Since the resale number and certificate are used to defer the collection and payment of Sales Tax, it is a misdemeanor to use a resale certificate if the item being purchased is not for the purpose of the organization. The Board has the authority to impose penalties and interest on any fraudulent purchases.

Keeping Records

What Records are Necessary

It is important to remember that student organizations and cafeterias are required to remit the correct amount of Sales Tax at the time the Sales Tax Return is filed. It is also important to keep the records of those sales in an organized manner to support the actual Sales Tax paid.

The State Board of Equalization has the authority to review and/or audit the records that will support the amount reported on the return. They may use the records to verify the accuracy of the Sales Tax Return and to determine if the tax reported has been under reported. The

State Board auditors may determine the failure to maintain accurate records is sufficient evidence of negligence or intent to evade the tax and could impose additional tax and penalty assessments.

The types of records necessary to support the amount reported on the tax return include: the normal ledger books (computerized or manual), documents of original entry (receipts, deposits, invoices), and all schedules or workpapers to prepare the return. The records should allow anyone with authority to review the ledgers to recreate the information on the tax return.

How Long to Keep Your Records

The records used to support the Sales Tax Return are to be maintained for four years unless the State Board of Equalization has given written permission to destroy the documents earlier. If the return has been selected for audit, all records must be maintained during the audit, even if the four year time frame has expired.

Combining Return Information

It is possible, and often desirable, for the district to maintain one resale number and report all taxable sales on one return. If the sales through ASB are fairly small, the sales may be combined with the sales through food services and reported with the district's Use Tax.

When the Sales Tax Return is received either in the district office or food services, a photocopy should be sent to all sites reporting taxable sales. Each site will then complete the return, keep one copy with the site records along with all back up information, and return the completed copy to the district office along with a check for the amount due. When the final return is completed, all figures reported by the various sites are combined, and reported as one return.

Leaving an Audit Trail

As with any records relating to the finances of a student body organization, food service or the district office, it is important to remember that the records will be subject to the normal annual audit procedures of the district's contracted services audit. The trail from a purchase of goods for resale to the actual sale, receipt and deposit of money to the bank, should be maintained to support proper internal controls over all monies received. Properly recording all sales, and the designation of taxable or nontaxable, is necessary to accurately report sales totals in the organizations' audit report and the Sales Tax Return. The records that could be requested by an auditor from the State Board of

Equalization are no different than the records requested through the normal audit process. It should be clear to anyone in authority reviewing the books of the organization which sales were made that were subject to Sales Tax. Maintaining all documents related to sales, deposits, and disbursements is an integral part of the bookkeeper's responsibilities.

Use Tax

*The most up-to-date California City and County Sales and Use Tax rates may be found on the internet at the following web address:
www.boe.ca.gov/rates/citycnty.htm.*

Definitions and Requirements

The Use Tax is imposed on the storage, use or consumption in this state of tangible personal property purchased from an out-of-state retailer. The Use Tax is based on the sales price (cost) of the item purchased and is the same as the Sales Tax rate.

When purchasing products from an out-of-state retailer, the difference between the Sales Tax paid to the vendor and the California Use Tax rate must be reported on the Sales and Use Tax Return and remitted to the state at the same time Sales Tax is remitted. The out-of-state retailer may register with the State of California to collect the Use Tax portion on behalf of California customers. The vendor should explicitly state on the invoice that California Sales Tax has been collected. This will relieve the district from computing the Use Tax and reporting the purchase to the state.

If no tax is included in the invoice price, a method of determining the tax due should be developed. Tax is due on the invoice as well as shipping and handling. The price of postage, however, should be excluded. A separate ledger of all purchases subject to Use Tax may be maintained with the actual calculation being made at the end of the reporting period, or the tax may be calculated at the time payment is made and a Sales Tax payable accrued at that time.

All amount reported on the return should be supported to allow for a proper review or audit.



Chapter Eight- Internal Control

If people object, remind them that internal controls are not just to protect assets, but people also.

Internal controls include the business plan of an organization and all the similar methods and measures adopted by a business to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies. The procedures described in Sections Five and Six are internal controls. The main characteristics of internal control are:

- Policies that communicate what is expected.
- An organizational structure that provides for cross training of individuals; and segregation of duties
- Documentation of systems and procedures and
- Individuals who are properly trained.

Segregation of Duties

Different individuals should perform the three general duties of management, accounting, and maintaining custody of student body funds.

- Authorization to execute a transaction-This refers to the person who had authority and responsibility to initiate record keeping of a transaction. (Management-student council)
- Recording of the transaction-This refers to the accounting and record keeping function. (Accounting)
- Custody of the assets involved in the transaction-(Custodial) This duty refers to the actual physical possession or effective physical control of property.

The idea underlying separation of these duties is that no one person should have control of two or three of the functional responsibilities. If a proper segregation exists, deliberate introduction of error is made more difficult because it would require collusion of two or more persons. Additionally, by acting in a coordinated manner, it is more likely that innocent error will be found.

An example of segregation of duty is having a person other than the one writing checks to reconcile the bank statement. Another example is the exclusion of the check writer as a signatory on the check. Weak internal controls are the most frequent reason for audit findings during the annual independent audit. At the end of the chapter is a sample form that can be used to test for proper internal controls. This form can be used as a self-evaluation tool. The correct answer to all questions is “yes”. A “no” answer would indicate an area of concern where improvement of internal controls should be addressed.

Internal Controls For:

Payables

- Are invoices checked for:
 - Mathematical accuracy
 - Receiving reports
 - Quantities
 - Original invoice

Purchasing

- Are proper approvals sought prior to order?
- Is there assurance that funds are available prior to order?
- Are pre-numbered PO's used?
- Are purchases consolidated?
- Are the following functions segregated?
 - Accounting
 - Purchasing
 - Receiving
 - Approvals

Cash Receipts

- Pre-numbered receipts
- Deposits made timely
- Duplicate deposit slips
- Bonded employees
- Armored transport
- Person opening mail should be different from record keeper
- Locked fireproof safe should be used
- Have two people counting cash

Disbursements

- Are there two signatures on checks?
- Is authorizing agent different from the writer of the check?
- Who is reconciling the account?
- Are unused checks properly safeguarded and controlled?
- Are checks prevented from being pre-signed?
- Are voided checks controlled?
- Are checks used in numerical sequence?



Property, Plant and Equipment

- Get proper approvals for capital expenditure
- Have controls for adding and deleting from the inventory listing
- Follow guidelines for obsolete or unused equipment
- Communicate clearly policies regarding personal use of district property
- Physical safeguards:
 - Mark all items (preferably engrave)
 - Keep fixed asset inventory listing
 - Update inventory listing once a year

Physical Inventory

- Conduct at least an annual count
- Double count inventories by independent person
- If summer school or year round school, consider counting at other than June 30
- Differences between recorded amounts and actual counts should be investigated

Warehouse

- Limit physical access to warehouse
- Ensure segregation of duties between those responsible for safeguarding inventory, purchasing, and receiving
- High per dollar amount items should be secured separately

Inventory

- Warehouse controls
- Inventory counts
- Accounting safeguards

Key Points for Administrators

- Make sure all expenditures are for students, approved by students
- Have clear audit trail for receipts
- Safeguard cash
- “Newspaper test”

Figure 8.1: Internal Control Evaluation Checklist, pg 1

School: _____ Fiscal year ending: _____

	Yes	No	N/A
General:			
1) Has the Governing Board of the District adopted rules and regulations by which the student body is governed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Is there a clear distinction of income and expenditures between the student body and the District funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Do procedures ensure that trust funds will not be used to finance general student body activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Is prompt action taken to recover deficits in trust accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Has the Governing Board established a policy for disposing of the trust balances of inactive student body organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Is equipment adequately controlled and recorded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Is the board's designee an authorized signatory on all the student body bank accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) Is a general ledger maintained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9) Are monthly financial statements prepared?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10) Are the monthly financial statements submitted to the district office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11) Is an annual budget prepared and adopted by the student governing body?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12) Are minutes of student body meetings kept?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13) Do minutes include authorization for all fund raising, expenditures, and other financial activities in detail?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14) Are fund raising activities in accordance with those prescribed by the District?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15) Are disbursements of student body funds specifically approved, item by item, and in the minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16) Are the activities of the student body reflected in the minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17) Does each recognized club have a constitution or charter on file with the ASB office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18) Are accounting controls for the clubs the same as for the general ASB?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19) Are student store inventories reviewed periodically?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20) Are monthly bank reconciliations prepared?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 8.1: Internal Control Evaluation Checklist, pg 2

	Yes	No	N/A
1) Are employees handling cash, bonded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Are provisions made in the accounting records for accounts payable, accounts receivable and inventories?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Is equipment inventoried and insured?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash Receipts/Sales:			
1) Are all cash receipts recorded promptly when received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Are details as to the number of items receipted and the unit price recorded on the receipt?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Is a summary or detail of amounts making up deposits retained for sufficient audit trail?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Are shortages/overages handled as prescribed per established policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Are pre-numbered tickets used for athletic and social events?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Is control retained over unused tickets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Is control of ASB card sales maintained, including the number of cards issued and the beginning and ending numbers of the cards sold?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) Are commissions from vending machines sales received promptly when due?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9) Is there an adequate separation of duties pertaining to cash transactions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10) Is cash maintained at the school properly safeguarded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11) Are cash receipts from student fund-raising activities turned in promptly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12) Are deposits to the bank made timely and intact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13) Are cash records adequate to note account classification?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14) Are all cash collections recorded promptly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15) Are pre-numbered receipts issued for all cash collections other than those recorded on a cash register?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16) Is adequate control maintained over receipt books?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17) Are potential tests prepared for the major revenue activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a) Yearbook sales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Candy/coke sales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Picture sales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Sporting events?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash Disbursements:			
1) Are all disbursements supported by original invoice (not a copy or fax) and by adequate receiving documentation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 8.1: Internal Control Evaluation Checklist, pg 3

	Yes	No	N/A
1) Are all checks drawn to a specific payee, i.e. no checks written to cash?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Are general ASB funds spent to enhance the general welfare of the entire student body?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Are there board policies in place which prohibit the following:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
a) Equipment, supplies, etc. for curricular or classroom use for District business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Repairs or maintenance of District owned equipment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Salaries or supplies which are the responsibility of the District?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Gifts, loans, or purchase of accommodations for District employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Contributions to charitable organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Are pre-numbered purchase orders or requisitions used and properly accounted for? If not, are expenditures approved before purchase is made?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Are pre-numbered checks used and properly accounted for?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Are all payments approved by the student representative, faculty advisor and district representative prior to payment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Do checks require double signature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) Are payments made only after goods or services have been received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9) Are receiving documents signed by person who received the goods?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10) Are bank statements reconciled promptly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11) Are voided checks retained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12) Are all expenditures approved by the student council?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Chapter Nine- The Audit

Audits of Student Body Accounts

Auditing is a very important part of good business procedures for a student body organization. The audit must include a study of financial procedures, controls, and conformance to law as well as verification of accounts. The most important function of the audit is to assist the administration so that better procedures and controls may be established to enable the student body organization to operate more effectively.

The school district governing board is responsible for the auditing of the accounts of student body organizations. The board must provide for a continuing audit through its own internal audit program. In addition, the governing board must provide for an annual audit by a certified public accountant or a public accountant licensed by the state Board of Accountancy (*Education Code* Section 41020).

Here are some helpful hints for a smooth audit process:

- Keep a positive outlook on the audit. The auditors work for you and are there to help. And they are nice people.
- Handle problems as they occur instead of waiting until year-end.
- Keep open communication throughout the year with the district office and auditors. ASK QUESTIONS!
- Keep your records well organized.
- Assure all the items that the auditors will need are completed prior to setting up an appointment with them.

Interim Audit:

- Auditors may visit sites in the spring
- Auditors will be focusing on back-up for receipts and disbursements
- They will also ask you about internal controls

Year-End Audit:

- Auditors review cash accounts (statements and reconciliations)
- Auditors review financial statements for accuracy
- Material differences between current and prior year, budget and actual, will be investigated

Figure 9.1: Record Retention Requirements

*Class	Record Title	Required Hared Copy Retention	Recom-mended Retention	Reasons For Recommended Period	If Filmed Hard Copy Retention	If Filmed Microfilm Retention
1	Agenda/Minutes-Student Council Meet-ings	Permanent	Permanent		4 years	Permanent
1	Annual Financial Re-ports	Permanent	Permanent		4 years	Permanent
2	Bank Deposit Slips		1 year	For Audit Pur-poses		
3	Bank Statements	3 Years	7 Years	For Audit Pur-poses		
3	Cash Collection Re-ports	3 Years	4 Years	Timing / Fiscal Year		
3	Cash Receipts / Dis-bursements Journals	3 Years	Permanent	Fiscal Account-ability	4 Years	Permanent
3	Canceled Checks and Bank Reconciliation	3 Years	7 Years	For Audit Pur-poses		
3	Corresponding Ledg-ers (i.e. General Ledg-ers)	3 Years	Permanent	Fiscal Account-ability	4 Years	Permanent
3	Invoices - Vendors	3 Years	4 Years	Timing/Fiscal Year		
3	Purchase Orders (Numerical, Alpha, etc.)	3 Years	4 Years	Timing / Fiscal Year		
3	Receipts	3 Years	7 Years	For Audit Pur-poses		
3	State, Local Sales and Use Tax Return	3 Years	4 Years	Timing/Fiscal Year		
3	Stores Inventory	3 Years	4 Years	Timing/Fiscal Year		

CLASS KEY:

- 1 = Permanent Records. The original, or one exact copy, unless microfilmed, shall be retained indefinitely. Feasibility to microfilm at ASB discretion.
- 2 = Optional Records. Not required by law to be retained permanently, but deemed worthy of further preservation.
- 3 = Disposable Records. Shall not be destroyed until after the third July 1 succeeding the completion of the audit required by the *Education Code* or any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever is later.



Figure 9.2: Items to Prepare for the Annual Audit

School: _____

Responsible employee: _____

	Completed by:	Date:
1. Copy of the annual financial report that includes a listing of the trust account balances.	_____	_____
2. Copy of the budget.	_____	_____
3. Schedule of accounts receivable which lists name and amount due you at June 30. (Do not include those receivable by trust accounts.)	_____	_____
4. Schedule of accounts payable which lists name and amount you owe others at June 30. (Do not include those payable by trust accounts.)	_____	_____
5. Schedule of accounts payable which lists name and amount you owe others at June 30. (Do not include those payable by trust accounts.)	_____	_____
6. Detailed analysis of any adjustments to the beginning fund balance.	_____	_____
7. Copy of the inventory.	_____	_____
8. Have bank statements for checking account (s) available from July in preceding year to July of current year. Also, update interest earned on savings account (s) passbooks through June 30 and have available for audit.	_____	_____
9. List of all petty cash funds and who is the custodian of the funds.	_____	_____
10. Gather student council official minutes for review.	_____	_____
11. Inventory of yearbooks remaining unsold and a listing of gratuity copies given out, showing names and quantities.	_____	_____
12. Listing of different prices used during the year for ASB cards and yearbooks. Include how many were sold at each price.	_____	_____

Chapter Ten- Fraud

Common Forms of Fraud

1. Pilfering stamps.
2. Stealing merchandise, tools, supplies and other items.
3. Removing small amounts from cash funds and registers.
4. Creating overages in cash funds and registers by under-recording.
5. Overloading expense accounts or diverting advances to personal use.
6. Failing to make bank deposits daily, or depositing only part of the money.
7. Altering dates on deposit slips to cover stealing.
8. Making round sum deposits- attempting to catch up by end of month.
9. Carrying fictitious extra help on payrolls, or increasing rates or hours.
10. Carrying employees on payroll beyond actual severance dates.
11. Falsifying additions on payroll; withholding unclaimed wages.
12. Destroying, altering or voiding cash sales tickets and pocketing the cash.
13. Increasing amounts of petty-cash vouchers and/or totals in accounting for disbursements.
14. Supporting false paid-out items with personal expenditure receipts.
15. Using copies of previously used original vouchers, or using a properly approved voucher of the prior year by changing dates.
16. Paying false invoices, either self-prepared or obtained through collusion with suppliers.
17. Increasing amounts of suppliers' invoices through collusion.
18. Charging personal purchases to company through misuse of purchase orders.
19. Shipping stolen merchandise to an employee or relative's home.
20. Falsifying inventories to cover thefts or delinquencies.
21. Seizing checks payable to suppliers.
22. Altering cancelled bank checks to agree with fictitious entries.
23. Inserting fictitious ledger sheets.
24. Causing erroneous footings of cash receipts and disbursement books.
25. Deliberately confusing postings to control and detail accounts.
26. Selling waste and scrap materials and pocketing proceeds.
27. "Selling" door keys or the combinations to safes or vaults.
28. Creating credit balances on ledgers and converting to cash.
29. Falsifying bill of lading and splitting with carrier.

- 30. Obtaining blank checks (unprotected) and forging the signature.
- 31. Granting business to favored suppliers, for “kickbacks”.

Who Commits Fraud?

- Those in a position of trust
- Those in a position of authority or control
- Friends
- Long-time employees
- First-time offenders
- Employees under personal stress
- ANYONE!

What Can You Do?

- Be aware of how fraud is committed
- Improve controls with:
 - Pre-numbered receipts
 - Receipts secured
 - Receipt log
 - Number tracking
 - Ticket reconciliation form
 - Ticket log
 - Tickets secured
- Most ASB frauds deal with theft of cash, not expenditures
- Recent findings
 - Receipts missing
 - Receipts entered out of order
 - Delayed deposits
 - Revenue potentials off
 - Receipts did not reconcile to deposit

Areas in Which Embezzlement is Likely

- Vending machines
- Coaches
- Advisors
- Uncontrolled clubs
- Ticket controls
- Fund-raising activities
- Unaccountable transfers

Skimming and Cash Larceny Schemes

Skimming is the theft of cash before it is recorded in an organization's books. It is an off-book scheme that is particularly hard to detect by normal accounting procedures, because the scheme leaves no direct audit trail. Skimming is among the most pervasive forms of occupational fraud.



Skimming at the Point of Sale

The danger of skimming is particularly great at the point of sale when an employee first receives cash from a customer. In the retail industry, for example, employees who work at a cash register often pocket sales without recording them. Many times, the organization's best chance to detect a skimming scheme is to catch the fraudster in the act. A forum of fraud examiners named some ways an organization could detect employees stealing cash at the point of sale:

- Install video cameras to monitor cash collection points.
- Place registers in clusters to increase visibility.
- Learn to spot "markers" of cash stolen.
- Implement employee reward programs for turning in thieves.
- Keep coats, purses, bags and other personal belongings away from the cash.
- Create customer awareness for requesting receipts and checking amounts.
- Make employee uniforms pocket less.
- Check sequential receipts daily to see if any are missing.
- Reconcile inventory on a regular basis, looking for high levels of shrinkage.
- Look for excessive number of "no sales" or other transactions that open the register.
- Watch for a drop in gross profit margin.
- Use secret shoppers to observe clerks and their procedures.
- Rotate job schedules and look for variances between employees.

Skimming in the Mail Room

The second most common place for skimming is in the mailroom or where mail is received. Employees who open mail often steal incoming checks and never log payments. If the stolen check was sent along with a product order, the perpetrator often will steal the product and send it to the customer. This will keep the customer from complaining. Several ways to detect this:

- Install video surveillance and have a management presence.
- Employ two people to open the mail.
- Require employees to immediately stamp "for deposit only" on all incoming checks.
- Rotate opening mail duties.
- Mail test checks to see how they process through the system.
- Instruct the company's bank to never cash checks.
- Publicize the customer complaint system and monitor complaints for products not received.

- Send random inquiries to customers to evaluate service, receipt of goods, type of payment.
- Monitor inventory for shrinkage.
- Look for lifestyle changes in employees who open the mail.
- Log all incoming revenue and compare to deposit ticket.
- Store all purses, bags, etc outside of the mailroom.
- Monitor trash in the mail opening area.
- Check the area banks for accounts with names similar to the District's name where stolen checks could be cashed.

Skimming Receivables

Employees sometimes skim from receivable payments by understating the amount owed on the books, then stealing the excess. For instance, if a customer owes \$5,000, the perpetrator might post the receivable as \$3,000 and skim the excess \$2,000. The fraudster either enters the wrong amount owed, or adjusts the account that already has been posted. When one employee is in charge of collecting and posting receivable payments, as well as authorizing adjustments to those accounts, you might:

- Send customer satisfaction surveys or account balance letters.
- Compare customer's copy of receipt to store's copy.
- Rotate job responsibilities without prior notice.
- Monitor and follow up on customer complaints.
- Look for life style changes in related personnel.
- Enforce mandatory vacations and rotate assignments.
- Audit receivables randomly.
- Analyze trends for excessive discounts.
- Check supporting documentation for all adjustments to accounts receivable.
- Install hidden flags on accounting software to highlight changes and overrides.
- Spot check credit sales to receivable accounts.

Lapping

Another way to conceal the skimming of receivables is by lapping incoming payments. For example, an employee steals customer A's payment, and then applies customer B's payment to A's account, and so on. Methods to detect this are:

- Watch for employees who work excessively on weekends or after business hours.
- Enforce mandatory vacations.
- Rotate job assignments.

- Perform surprise audits.
- Verify account activity when amounts of payment and invoice don't match.
- Spot check deposits to ensure name on check matches account.
- Match daily deposits to accounts receivable postings regularly.
- Investigate delays in posting.
- Separate duties of recording deposits and preparing statements.
- Check for indicators of lifestyle change or problems of employees.

Writing Off Delinquent Accounts

If payments of receivables are stolen and never posted, the targeted accounts will become past due. To cover this, fraudsters will charge the accounts as losses to uncollectible accounts. Another scheme is to carry losses in large receivable accounts. Some things to consider:

- Review all write offs for a selected period of time and look for patterns.
- Require supervisory approval on all write offs.
- Verify the existence of companies the district does business with by checking addresses.
- Verify aging reports for accounts with little or no activity.

Cash Larceny from the Deposit

A common target of those who steal cash is the district deposit. This scheme is especially difficult to detect when a single person controls the preparation of the deposit slip, the deposit transaction, and the reconciliation of the district's accounts. Here's how you can steal the money:

- Separate the duties of calculating receipts, preparing the deposit, and taking it to the bank.
- Implement video surveillance.
- Carefully audit bank receipts.
- Utilize a lock box for receiving payments by mail.
- Maintain daily control over the bank account balances.
- Verify the deposit when you suspect wrong doing.
- Implement dual control over posting and delivering the deposits to the bank.
- Investigate lifestyle changes.
- Look for signs of alterations to deposit slips or receipts.
- Compare copies of deposit slips from bank to company records.
- Review journal entries to the cash account.

Payable Schemes

Invoicing schemes or false purchases are among the most common forms of asset misappropriation. These crimes attack the purchasing cycle. An organization pays for goods or services that either do not exist or are not needed by the organization. An employee runs fraudulent invoices through his employer's payables system, causing the district to issue a check to the perpetrator, an accomplice, or a shell company.

Fraudulent Invoices

In most billing schemes and employee introduces a fraudulent invoice into the payables system. The false invoice is to pay the employees false business. You may detect this by:

- Verify the existence of any company with a post office box or residential address.
- Scrutinize invoices that do not appear to have been prepared professionally.
- Look for lack of detail on the face of the invoice (phone, FAX, EIN, etc.)
- Do invoice numbers make sense?
- Check area codes on phone numbers to see if they match address.
- Check business against approved vendor list.
- Look for purchases that the district normally would not purchase.
- Look to see if the invoice is folded. An unfolded invoice is suspicious.
- Compare invoice address to employee addresses.
- Check to see if other vendors are used that supply the same product.

Shell Companies

A shell company is a fictitious business created for the purpose of committing fraud. These companies are often little more than a fabricated name, a post office box, and a bank account. The perpetrator sets up a bank account in the name of the fictitious company and bills his employer on behalf of the shell company. Some considerations for you are:

- Check public records for articles of incorporation.
- Use databases such as InfoAmerica or Lexis/Nexis to determine ownership.
- Use Dunn and Bradstreet.
- Subpoena related bank records.
- Trace the business's tax ID number.
- Compare the business address to employee addresses.

- Compare phone numbers and reverse phone directory.
- Visit the mailing address.
- Conduct surveillance on PO boxes.
- Review cancelled checks for employee endorsements, dates and accounts.
- Review bank surveillance film to see who is depositing.
- Hire a professional investigator.

Falsified Support Documents

This may involve forging the authorization of a supervisor, or producing bogus purchase orders, purchases requisitions, and receiving reports. Examples:

- Have supervisors review the authorizations they signed.
- Require multiple level of approval.
- Compare signatures during periodic review of paid invoices with supporting requisitions.
- Separate the purchasing and payment functions.
- Review sign off procedures for consistency.
- Contact vendors on sample basis to verify purchases
- Compare current support documents to prior support documents.
- Look for non-required goods and services.
- Look for invoices payable to individuals.
- Perform cyclical counts of inventory.
- Look for purchase orders, requisitions, and invoices with sequential numbers.
- Look for erasures, white-out, or other alterations to support documents.
- Educate employees.

Know Your Charities- Don't Get Swindled

- Do not give cash to strangers.
- Take the time to learn about the charitable organization you support or considering supporting.
- Tell the solicitor whether in person or over the telephone that you would like to do some research on the charity/organization.
- Make all donations by check to the organization or use employee-withholding programs through your work.
- DO YOUR HOMEWORK, research the organizations, and do follow-ups with local city agencies that provide ordinances for these organizations. Don't expect that every organization has all the proper paperwork they are supposed to have.
- Read and understand everything before you sign.

Actual Cases of Misuse of Student Funds

Incident.

Missing Controls

Student body funds were spent on ADA computer system without student approval.

1. Student signature of approval was not needed.
2. Student minutes were not kept.
3. Regulations were not known that this was prohibited.

Student body loses \$3,000 because of missing candy sale money. District's General Fund has to absorb loss.

1. Receipt books were not kept.
2. Timely deposit of funds not made.
3. Cash was kept in unlocked drawer.
4. Revenue potentials were not prepared.

Teacher used funds for personal purchase of video machines.

1. No student approvals.
2. No invoices.
3. No equipment records.

Coach loses job because of missing funds from vending machine.

1. No record of purchases or sales.
2. No review of financial statements.
3. No segregation of duties procedure.

Chapter Eleven- Blue Bear: Financial Processes, Procedures, and Reports

SchoolBooks™ *Void a check- never written*

How To...

How to void a check that was never used Maybe you spilled coffee on it or maybe it got mashed or ripped somehow. Go into Manual/Void Check Entry. Enter the number of the check. Enter the date you are voiding the check. Enter the amount as zero. SchoolBooks asks ***“Do you want to VOID this check?”*** Click **“Yes”**.

Void a check - entered previously

How to void a check that was written and entered into SchoolBooks previously, but now needs to be voided. Maybe it was lost in the mail. Go into Manual/Void Check Entry. Enter the number of the check. SchoolBooks discovers that you wrote this check already, so asks ***“Check has been recorded. Do you want to REVERSE it?”***

Click **“Yes”** if you want to reverse the check. The system knows which account numbers were affected when you wrote the check in the first place, and creates an entry to back them out. Answer **“No”** if you entered the wrong check number by mistake. Enter the date you are voiding the check; don’t enter the original date of the check - enter the date you are voiding it - it’s probably today.

What about the invoice(s) that were paid on that check? Do they automatically become “Open Invoices” again? No - if you still owe those invoices and want to pay them, you’ll need to re-enter them in Invoice Entry or Manual/Void Check Entry. You will have to enter them using a different invoice number than you used the first time; try “1234R” for “re-entered”.

Void a check - entered as outstanding

If you want to void a check that was originally entered as an “outstanding check”, follow these procedures. You can’t just reverse this in Manual/Void Check Entry because SchoolBooks doesn’t know anything about this check - it doesn’t know which account to back it out of.

Go into Adjustment Entry. Enter the check amount as a positive number (by voiding this check, you are increasing your cash balance). Enter the fund account to be increased; enter the cash account (usually your checking account) to be increased. Enter “E” for expense - it was originally an expense. Enter the Purpose - “Void ck#45787 dated 05/01/98”. Enter the person who authorized the void.

Enter interest on savings accounts

Go into Adjustment Entry. Enter the date the interest was posted to your account. Enter the interest amount as a positive number (you are increasing your cash balance). Enter the account number of your Interest Income account. Enter the account number of the Cash Account that earned the money. (Watch out here- sometimes you earn money on a SAVINGS account, but the money is deposited into your CHECKING account.) Enter “I” because interest income should go in the Income column. Enter the Purpose “Interest on savings through 11/30/98”. Enter the authorized by person.

Move money between accounts

Go into Transfer Entry. Enter the date of the transfer. Enter the amount of the transfer. Enter the account number the money is coming from. Enter the account number the money is going to. Enter the purpose of the transfer. Enter the person who authorized this transfer.

NOTE: YOU MAY NOT TRANSFER FUNDS BETWEEN CASH ACCOUNTS. If you want to move money between cash accounts, see the detailed instructions called “How to move money between cash accounts” later in this section.

Enter bank charges

Go into Adjustment Entry. Enter the date of the charge. Enter the amount of the charge as a negative number (you are decreasing your cash balance). Enter the account number for bank charges. Enter the account number for your checking account. Enter the purpose for the adjustment (“Bank chg - 3/31/99 stmt”). Enter the person who authorized this charge (you).

Correct checks written for the wrong amount

We will assume you wrote check #1234 for the amount \$23.50 and mistakenly entered it into SchoolBooks for \$23.00; you need to make the check amount \$.50 MORE than the computer thinks it is.



Go into Adjustment Entry. Enter the date of the adjustment. Enter the amount of the adjustment as a negative number - as in, minus \$.50. Remember that you are increasing the amount of the check, so you are decreasing your cash balance. Enter the account number for this expense. Enter the account number for your checking account. Enter the purpose (“Correct amt of Ck#1234”). Enter the person who authorized this adjustment.

Enter an NSF check

Go into Adjustment Entry. Enter the date the check bounced or the date the bank reported it to you, NOT the original date the check was deposited. Enter the amount of the check as a negative number (you are decreasing your cash balance). Enter the account where the money went originally. Enter the account number for your checking account. Enter the purpose of the transfer. Enter the person who authorized this transfer.

Move money between cash accounts

When to use this:

When moving money from CD's to checking account.

When moving money from savings to checking account.

Example:

Mary wants to move \$10000.00 from her CD to her checking account.

Mary's account numbers are as follows:

Acct #	Acct Description	Acct type
1022-00-00	Cash - checking	C
1020-00-00	Cash - CD	C
1900-00-00	Temporary clearing account	O

Steps to follow:

1. Make sure you have a temporary clearing account set up in Account Maintenance. You can use any account number. School-Books uses this account as a temporary spot to “hold” the transaction. Mary uses account #1900 for her “Temp Clearing” account.
2. Go to Adjustment Entry. Mary will enter 2 adjustments. The first (NEW0007) takes the money out of the “CD-Bank of Good Times” account and places it in “Temp Clearing”. The second (NEW0008) takes the money out of “Temp Clearing” and places it in “Cash-Checking.”

Set up a petty cash fund

Let's assume you want to use the following accounts and you want to set up a petty cash fund of \$100.00.

Acct #	Type	Description
1000-00-00	C	Petty Cash Account
1022-00-00	C	Cash - Checking Account
1900-00-00	0	Temp Clearing Account

1. Write a check for \$100 and charge to account #1900-00-00. This will show up in the Expense column for both Accounts #1022-00-00 and #1900-00-00.
2. Then move money from "Temp Clearing" to Petty Cash by making a positive adjustment (petty cash is being INCREASED).

Tracks™
How To...***Fix it when you sold the right thing to the wrong student***

Bring the wrong student back up on the Work Screen by typing "LC" for Last Customer. Return the item: Scan the Item, press "R" for Return, and complete the sale. Now sell the item to the right student.

Fix it when you sold the wrong thing to the right student

Bring the student back up on the Work Screen by typing "LC" for Last Customer. Return the item and sell the right one. Scan the wrong item bar code, press "R" for Return, scan the right item bar code. If the items were for the same dollar amount, this new receipt will total zero, but Tracks will back out the wrong item and sell the right item.

Fix it when you sold something for the wrong price

Did they give you too much money or not enough? Suppose you sold a yearbook for \$40 and it should have been for \$35. You owe the student a refund of \$5. You should return the yearbook at the incorrect price and sell it at the correct price. The total on your screen will be <\$5>.

If you're going to give back the cash, print the receipt (which will show a negative \$5), and hand him a refund. If you're going to write a refund check, sell him a REFCHK Item for \$5, making the receipt come out to a net of zero.

Fix it when you sold something on account that the student no longer wants

Bring up the student on the Work Screen. Scan the Item and press “R” to return the item. In the F9 payment window, press [6] Charge to Account. The total due for this transaction is a negative amount. At the bottom of the F9 window, press [P] for Payments. On the payments screen, highlight the item being returned and the associated credit. The net total payment will be zero.

Return an item when you refund cash to the Student

Take a moment to think: How does this return/refund affect the cash in my drawer? If you print a negative receipt, it means you took cash out of your drawer and it will reduce the cash in your drawer at the end of the day.

Bring the student up on the Work Screen. Scan the Item. Press “R” to return the item. The system will display a total due showing a negative amount. Pay the student out of the cash drawer.

Return an item when you’re going to issue a refund check

Think: How does this return/refund affect the cash in my drawer? If you don’t give them cash back now, you need to produce a return receipt that does not affect the cash in your drawer, that is, a receipt that totals zero.

Bring the student up on the Work Screen. Scan the Item. Press “R” to return the item. The system will display a total due showing a negative amount. Now scan the Item for REFCHK (Refund Check). REFCHK should be set to prompt you for price. Enter the amount of the refund due the student. The system will display a total due of zero. Print the receipt as usual. Now you can print an Item/Customer Report for REFCHK showing all the refund checks you need to cut.

Change a prom date

When Bill purchased his prom bid, he told you his date was Susie. They broke up and now his date is Mary. You can print a Grouping Report showing everyone who is coming to the prom, but you don’t want to have both Susie and Mary’s name on the list. You can select the option to “Omit refunded items from list” so that Susie won’t print and Mary will print.

In order to omit refunded items, the original item description and the returned item description must be identical. If you entered PROMGUEST description as Susie Smith when you sold the Item in the first place, you must refund it to Susie Smith, not Sue Smith. If you used the Item PROMGUEST, you must refund using the same Item, not a new Item called PROMGUESTWRONG.

Accept fundraising money from a Club Advisor

Bring the club or trust account Customer up on the Work Screen. Scan the FUNDR Item (or whatever generic Item you use for FundRaising). Enter the details about this money in the Item description, for example, “CAR WASH, 5/1/96, LUCKYS”. This money will go to the club account because the G/L code on the Customer will override any G/L account on the Item.

Assign students to a bus for the trip to Disneyland

Set up an Item for DISNEY and a separate Item for each bus (BUS1, BUS2, BUS3). When you sell the student a ticket to Disneyland, also scan a bus Item. Set up the bus Items as Products and enter the total seats on each bus in the Quantity on Hand field. Each time you sell a bus seat, Tracks will deduct one from the Quantity on Hand and you will be warned when you have assigned all the seats on each bus. You will be able to print out a roster of everyone who should be on each bus by using a Grouping Report.

Accept money for a donation from the community

If you do not want to set up a separate customer record for each individual who contributes, you can set up one customer called “Misc Adult” and make sales to that person. Enter the person’s name in the Item description so you will be able to print a report showing who gave you what.

Sell yearbooks to staff members

If you want to track which members of the staff have purchased yearbooks, you must set them up as customers. You’ll note that Blue Bear generally sets up your clubs and trust accounts as customers with “ZZ” preceding the customer number and name so that non-students will not be sorted in with “real” students. You may want to have staff members begin with “XX” or something that will keep them grouped together and yet have them be accessible.

Set up sport eligibility items

Set up your Items in Add/Edit Inventory first. If you plan to track clearance for football, soccer, and swimming, you'll want to set up separate Items for each one (FTBL, SOCCER, SWIM). If you just track Fall clearance, simply set up FALLCLEAR. Then you need your subsidiary Items too! They might be PHYSICAL, GRADECHECK, PARENTCONS, INSUR, etc.

Go to Add/Edit Master Item and set up FTBL with all its subsidiary Items.

Sell the FTBL Item to everyone who is going out for football.

As they bring in items, sell them the appropriate Items.

To see who has brought in what or who still owes what, print the Sales Requirement Report, selecting either purchased or missing items.

Sell things to a student who doesn't have a number yet and you have to do it now!

1. You've looked him up on the Work Screen and he doesn't exist in the system, so you need to ADD him as a temporary customer. Let's assume he's Joe Smith.
2. With the Work Screen empty, type "AC" for Add a New Customer or press F11 to access the Options Menu and click on "AC" there. Tracks will display the Customer Maintenance screen.
3. Enter a temporary number for Jose Smith (like T101) — you might want to keep a handwritten list next to your computer so you can see who has been assigned which temporary numbers.
4. Now just enter the first and last name of the student and click "Accept." No need to get carried away with entering a bunch of information here — it just holds up the line and makes people crankier! How could that be?
5. Tracks displays Joe Smith #T101 on the Work Screen and you can sell stuff to him. He takes his receipt and goes away happy!
6. Time passes. (Tick, Tick, Tick.)
7. Someone assigns this student a permanent number and they tell you about it. Hooray!
8. Go into Customer Maintenance and add a new customer for Joe Smith with his real customer number and all the appropriate information. Save it by clicking Accept.

9. Now go. Into Customer Maintenance and pull up the temporary customer for Joe Smith (T101) and click the Delete button.
10. Tracks will ask you “Are you sure you want to delete this customer?” Say “Yes”.
11. Tracks will ask you “Do you want to move this customer’s existing transactions to another customer?” Sure you do. Say “YES” and Tracks will display the Customer lookup window. Now choose the right Joe Smith.
12. Tracks will transfer the sales history from the old temporary Joe Smith to the new real Joe Smith.

Prevent a student from buying anything at all

Lock the customer record by placing a “Y” in the Lock field of the Customer record. You can edit the Customer record by choosing Edit Customer on the Customer Menu or pressing F8 when you already have the student up on the Work Screen.

Prevent a student from paying with a check

The gentle way is to put a note on the customer record saying “Cash Only.” The better way is to disallow checks for this customer. In both cases, you will need to Edit the Customer record. Either type a message in the Notes field and/or put an “N” in the Checks field on the bottom right side of the screen. You can edit the Customer record by choosing Edit Customer on the Customer Menu or pressing F8 when you already have the student up on the Work Screen.

Lookup customer purchase history

Bring up the customer on the Work Screen. Type “CH” for Customer History. You can display, print, or copy this data to a file. You can also click on the History tab in Customer Maintenance to see the same information.

Charge something on account

Choose #6, Charge to Account, in the Payment Transaction window (after you have pressed F9 to complete the sale on the Work Screen).

Take a payment on account

Bring up the customer on the Work Screen. Type “P” for Payment. Select the items to be paid. Press F9 when done. Indicate the type of payment and print the receipt.

Apply a credit against a balance due

Bring up the customer on the Work Screen. Type “P” for Payment. Select both the credit amount and the items to be credited against; they should offset each other, leaving a balance due of zero. Press F9 to complete the transaction and print a receipt. Note: even though you are not selling anything new, you still need to process a transaction.

Set up Items for your prom or other dances

Go to Add/Edit Inventory on the Inventory Menu and add the Items. Be sure to enter the same Grouping code for all Items which pertain to the same function. Then you will be able to print a Grouping Report showing everyone who is going to the dance with his or her date’s name.

Set up the Item for parking permit

To use the parking permit/vehicle tracking option, you must set up an Item with an inventory type of “V” for Vehicle. When you sell this Item on the Work Screen, Tracks will display a form to be filled out with information about the vehicle.

Sell more than one item at a time

To sell 3 candy bars at once, type “3X” and then scan the bar code. Tracks will enter the line with a quantity of 3.

Limit the quantity of an item I sell to a student

To limit each student to only one dance ticket, enter a “1” in the Quantity Limit field in Add/Edit Inventory for this Item. If the student attempts to buy more than the number allotted, the system will warn you “Customer quantity limit exceeded. Continue sale?” You may choose to override this warning and sell the item anyway, or you can cancel the sale by pressing F4.

Track the money received from clubs for fundraisers

Each club should be entered in your computer as customers; these may be setup as “ZZ” accounts. When a student brings in money from a fund-raiser (i.e., candy sale), scan (or use F8) the customer. Next, scan the bar code for fundraiser (FUNDRA). Tracks knows the G/L account to post by looking at the GIL code on the customer (the club). A receipt is produced for the club advisor showing the amount of money being turned in.

Find out which student paid with a check that has been returned

From your main menu choose “Customers.” Choose the option called “Look up checks”. Enter the check number, press enter, and you’re set. In the rare case you have two checks with the same number, written on the same date, for the same amount, you can look on the student record to look up the address or the parent’s name.

Know who ordered Senior jackets in which sizes and colors, if Seniors pay for the jackets before we order them

The computer beeps at me and tells me I don’t have any to sell. How can I sell something I don’t have in stock? You have two choices:

You can set the jackets up as a Service Inventory items set up as a service do not have a quantity in stock. So, the computer won’t beep at you.

Set the jackets up as a Matrix item, create a matrix for the different sizes and enter the quantities as “0”. Each time you sell a jacket, Tracks will beep and tell you that you are “out of stock”. Tell the system that you want to sell the jacket anyway. When you are through with the sale, you can run a report that will tell you how many jackets of each size and color to order. You can place your order from this report.

Receipt community donations or advertisements in the yearbook

Donations should be set up as an inventory item with their own bar codes. After you scan the bar code, use F6 to edit the amount and F8 to add the name of the donor.

Advertisements should have their own Items (one for each size ad). Sell them as you would any inventory item and use F8 to add the name of the purchaser.

**SchoolBooks™
Account
Maintenance**

What does it do?: Account Maintenance is where you enter your Chart of Accounts. You must enter all accounts you will use here before you can use the accounts elsewhere in the SchoolBooks program. You will use this screen to enter, edit and delete account numbers. You may add a new account number or edit an existing account number at any time, but the system will not allow you to delete an account number that has current year activity.



Using the screen: Enter account numbers as follows:

Account number: Enter the account number for this account; account numbers may be up to 25 numbers. The account mask you have entered in School Data Maintenance will be displayed. Just enter the account number; SchoolBooks will add the appropriate punctuation.

Account description: Enter the description for this account. This description will print on all reports and be displayed when this account number is used in data entry.

Account type: Enter the account type for this account. SchoolBooks uses Account Type to determine how to handle this account on financial statements. Your checking accounts, savings accounts and TCD's should be set up as "C" Cash accounts. You must have ONE and only one "D" Due to Student Body account (SchoolBooks closes income and expense accounts to this "D" account during Year-End Processing).

Code	Account Type	Example
C	Cash Account	Checking or savings acct, petty cash
D	Due to Student Body	General student body fund account
E	Expense Account	Student store purchases, dance expenses
F	Fixed Asset	Equipment
I	Income Account	Yearbook income, dance income
L	Liability	Refunds due students, Sales tax
O	Other Asset	Prepaid expenses
S	Student Body Account	Class accounts i.e. Class of 2001
T	Trust Account	Club accounts, Athletic accounts

Advisor: Enter the name of the advisor (if any) or the person primarily responsible for this account. This name will print on Account Analysis Reports and Encumbrance Reports.

User defined field: You can define a label for the user defined field in School Data Maintenance, like “STUDENT LEADER” to indicate the President of a club, for example. Enter appropriate information (like the student leader’s name) here. This name will print on the Encumbrance Reports.

Income budget amount: Enter the annual amount budgeted for this account. There is no provision for monthly budgets.

Expense budget amount: Enter the annual amount budgeted for this account. There is no provision for monthly budgets.

Import Deposits: The default form of import is in Detail. You can select Summary by pressing “S” when you are prompted. The Summary import is very brief and should be used when dealing with (e.g.) Year-Book sales - all the YearBooks are the same so no detailed description is needed. The Detail import/posting will show a breakdown of all items whether the same or not. An example of this is for one of the Clubs, where there are many different transactions.

CASH ACCOUNT: Once you have entered all your accounts, you should go to the Maintenance Menu, Bank Account Maintenance and enter the account number of your checking account. This tells School-Books where to put your bank deposits and checks.

Chart of Accounts

You can print a Chart of Accounts that will list all the accounts you have entered into Account Maintenance. Go to Reports, Account Analysis, and choose Chart of Accounts.

SchoolBooks™ Bank Account Maintenance

What does it do?: Bank Account Maintenance is where you assign Bank Codes to your cash accounts so SchoolBooks has an easy way of asking you which bank you are depositing money into or which bank you are writing checks from. You must enter Bank Codes for all your cash accounts before you can use them elsewhere in the SchoolBooks program. You will use this screen to enter, edit and delete Bank Account Codes. You may add a new Bank Accounts Code or edit an existing one at any time, but the system will not allow you to delete a Bank Account Code that has current year activity.

Using the screen:

Bank	Account #	Description
A	1000-00-00	Wells Fargo - Checking
B	1001-00-00	B of A Savings Account

Buttons: OK, New, Del, Cancel, ?

To enter a new Bank Account, click New. To edit an existing Bank Account, double click on the Bank Code and SchoolBooks will display the bank information so you can edit it.

Account number: Enter the account number for this account; account numbers may be up to 25 numbers. The account mask you have entered in School Data will be displayed. Just enter the account number and SchoolBooks will display the Account description.

Bank Code: A

Account #: 10000000

G/L Desc:

Bank Acct: 02458639

Bank Desc: Wells Fargo - Checking

Buttons: OK, Cancel, ?

Bank Account: Enter the actual bank account number (MICR number) for this account. This is for your reference only; this number is not used by SchoolBooks. This is not a required field.

Bank Description: Enter a description for this bank account if you want something different than you have entered in Account Maintenance. This is not a required field.

SchoolBooks™

Transfer Processing

Transfer Entry

What does it do?: Use Transfer Entry to move amounts of money from one trust account to another. Do not use transfers to move amounts into and out of cash accounts. Transfers do NOT affect the Bank Reconciliation file. Transfers should be between two NON-CASH accounts. For example, use transfer to move \$100 from Latin Touch to German Club to reflect a reimbursement for decorations.

Using the screen:

Transfer number: Click “#” or press “N” for the next new transfer number. SchoolBooks will provide the next transfer number. Or click the down arrow or press <F2> to look up existing transfers which have not yet been updated.

Date: Enter the date of the transfer. •

Amount: Enter the amount to be transferred.

From Account #: Enter the account number of the account to be transferred from or click the down arrow or press <F2> to select from a list of accounts. The system will display the account description.

To Account #: Enter the account number of the account to be transferred to or click the down arrow or press <F2> to select from a list of accounts. The system will display the account description.

Purpose: Enter the purpose of this transfer. Why are you transferring this amount? The reason you enter here will show as a detail item in your general ledger. This is a required field.

Authorized by: Enter the name of the person or organization who approved this transfer. This is a required field.

To **EXIT** the Transfer Entry screen, click on the Close Screen “X” in the upper right corner of the window.

Transfer Journal and Update

What does it do?: The Transfer Journal prints a list of all transfers in the entry file so you can check your work before you update your permanent files. If you have entered transfers for several different months all at the same time, the system will separate the transfers by month, assign a separate batch number for each month, and print a separate journal for each month. It does this so you can file all your October reports together, all your November reports together, etc.

How to access it: There are three ways to access the Transfer Journal:

1. When you close the Transfer Entry window, the system asks if you want to print the Transfer Journal. The Journal will print to your default printer.
2. From the Reports Menu, choose Transfer Journal if you want to preview the journal to the screen or send the Transfer Journal to a different printer. You may also select a date range in this option, but the system will not prompt you for an update from here.
3. From the Reports Menu, choose Journal and Update to simply print and then update the Journal.

How to print it: When you close the Transfer Entry window, the system asks

Do you want to print the Transfer Journal? Default is “Yes”.

Click “**Yes**” or press <**Enter**> to print the Transfer Journal.

Click “**No**” to return to the menu without printing.

The system then asks

Did the Transfer Journal print OK and is the data correct? Default is “No”.

Click “**Yes**” if the data on the report is correct.

Click “**No**” if you need to make changes before updating.

Warning: Always check to see the Journal is correct before you update.

Do you want to update the Transfer Journal? Default is “N”.

Click “**Yes**” to update the Transfer Journal to your general ledger.

Click “**No**” to return to the menu without updating.

Transfer Report

What does it do?: The Transfer Report prints the detail for all the transfers in a selected date range.

Enter the beginning date and the ending date.

SchoolBooks™

Adjustments Processing

Adjustment Entry

What does it do?: Use Adjustment Entry to increase or decrease the balance in a cash accounts. Examples of cash accounts are a checking account, savings account, money market account or a CD. You will use Adjustments to correct checks that were entered for an incorrect amount, to adjust the amount of a deposit after the bank reports a correction to you, to post interest income earned on money market accounts, or to post bank charges and check printing fees. You will use Adjustments to “adjust” your cash account balances. Adjustments should affect both a cash account and another account, for example, check printing fees would affect both your checking account and office expense accounts.

Using the screen:

Adjustment #: Click “#” or press “N” for the next new adjustment number. SchoolBooks will provide the next adjustment number. Or click the down arrow or press <F2> to look up existing adjustments that have not yet been updated.

Date: Enter the date of the adjustment.

Amount: Enter the amount of the adjustment. If the adjustment is going to INCREASE the balance in your cash account, the amount should be positive. If the adjustment is going to DECREASE the balance in your cash account, the amount should be negative. See the chart below for examples.

Fund Account #: Enter the account number of the affected account.

There is no need for a Bank Code prompt here because SchoolBooks gets the Bank Code from the cash account number entered.

Cash account #: Enter the number of the cash account to be increased or decreased.

I/E: Enter “I” if this item concerns money coming into the account or enter “E” if this item concerns money going out of the account. For example, if this adjustment is to increase the amount of a deposit, then it concerns money coming into the account, so it would logically belong in the Income column. If this adjustment is to record an NSF fee charged by the bank, then it concerns money going out of the account, so it would logically belong in the Expense column.

Purpose: Enter the purpose or description for this adjustment. Why are you making this adjustment? The reason you enter here will show as a detail item in your general ledger. This is a required field.

Authorized by: Enter the name of the person or organization who authorized this adjustment. This is a required field.

Adjustments Chart: How to enter common adjustments

Enter as Positive Amount (INCREASES BALANCE)

Income Type: Interest income
Deposit adjustments that increase cash in bank
Expense Type: Previous bank charge which have been reversed

Enter as Negative Amount (DECREASES BALANCE)

Income Type: NSF checks (they went in as income type; they come out as income type)
Deposit adjustments that reduce cash in bank
Expense Type: Bank charges
NSF charges
Check printing charges

Adjustment Journal and Update

What does it do?: The Adjustment Journal prints a list of all adjustments in the entry file so you can check your work before you update your permanent files. If you have entered adjustments for several different months all at the same time, the system will separate the adjustments by month, assign a separate batch number for each month, and print a separate journal for each month.

How to access it: There are three ways to access the Adjustment Journal:

1. When you close the Adjustment Entry window, the system asks if you want to print the Adjustment Journal. The Journal will print to your default printer.
2. From the Reports Menu, choose Adjustment Journal if you want to preview the journal to the screen or send the Adjustment Journal to a different printer. You may also select a date range in this option, but the system will not prompt you for an update from here.
3. From the Reports Menu, choose Journal and Update to simply print and then update the Journal.

Warning: Always check to see the Journal is correct before you update.



Did the Adjustment Journal print OK and is the data correct? Default is “No”.

Click “Yes” if the data on the report is correct.
Click “No” if you need to make changes before updating.

Do you want to update the Adjustment Journal? Default is “N”.

Click “Yes” to update the Transfer Journal.
Click “No” to return to the menu without updating.

Adjustment Report

What does it do?: The Adjustment Report prints a list of all adjustments between two dates for selected Bank Codes.

Enter the beginning date and the ending date of the date range.

Enter the Bank Code you want or select “ALL” to print adjustments for all Bank Codes.

You may print or preview this report to the screen.

SchoolBooks™ Month End Processing Tasks

Every month you should balance your cash accounts to the bank statements using SchoolBooks’ Bank Reconciliation feature. We recommend you print the Encumbrance Report through the month-end date and distribute information to each club advisor so they can verify the status of their club accounts (this is a great way to communicate with staff about their account balances PLUS they can help you catch mistakes — deposits posted to the wrong account, etc.) You don’t have to print all the available SchoolBooks reports every month, but you may want to decide (with the consultation of your Principal and District office) which reports are of most value to your school and then print those same reports each month.

Our recommendations for minimum month-end- do each using the month-end date:

1. Use Bank Reconciliation to balance your bank statements.
2. Print an Account Analysis Report (Detail) for each cash account and attach to bank statement and Bank Reconciliation Report.
3. Print an Account Analysis Report (Summary) for all accounts.
4. Print an Encumbrance Report and distribute to club advisors.
5. Print a Trial Balance and Balance Sheet.
6. Do a Month-End Close.

Bank Reconciliation

What does it do?: SchoolBooks Bank Reconciliation allows you to balance your bank statement to your books. The system displays current balances for cleared checks and deposits on the screen as you clear the items shown on your bank statement. For more information about how to reconcile your bank statement, see Appendix O.

Our Multiple School Bank reconciliation feature allows you to reconcile one checking account used for several schools. See Appendix H for information about how to set up and use this feature.

The Bank Reconciliation wizard will walk you through the reconciliation process. Even if you have never balanced a bank statement before, you will find that you can balance quickly and easily.

How to access it: Go to the Period End Menu and select Bank Reconciliation. Note: You must have the Bank Deposit window active in order to activate the Bank Reconciliation menu option.

Using the screen:

Bank Reconciliation - Bank Selection

This 'Bank Reconciliation Wizard' will guide you through the necessary steps to ensure that the bank reconciliation process completes in the least amount of time, with the least chance for error.

NOTE: you may exit and re-start this process at any time, without losing the work that you have done so far... should the need arise to do so.

To begin, please select the bank code for the current bank statement, and press 'Next'

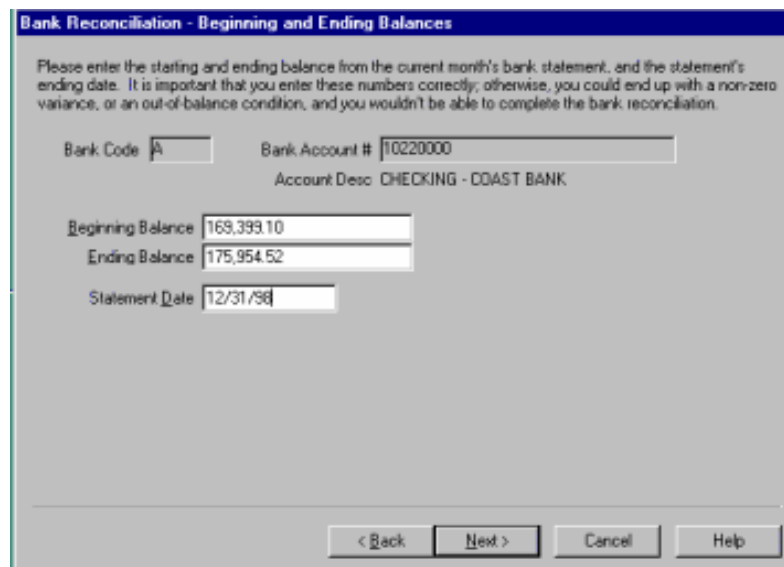
Bank Code:

Bank Account #:

Account Desc: CHECKING - COAST BANK

< Back Next > Cancel Help

Begin by entering the Bank Code. SchoolBooks displays the Bank Account number and account description. Press <Enter> or click on Next to move to the next screen.



Bank Reconciliation - Beginning and Ending Balances

Please enter the starting and ending balance from the current month's bank statement, and the statement's ending date. It is important that you enter these numbers correctly; otherwise, you could end up with a non-zero variance, or an out-of-balance condition, and you wouldn't be able to complete the bank reconciliation.

Bank Code: Bank Account #:

Account Desc: CHECKING - COAST BANK

Beginning Balance:

Ending Balance:

Statement Date:

< Back Next > Cancel Help

Follow the instructions on the screen. Enter the beginning balance and ending balance on your current bank statement along with the statement date.

Bank Reconciliation - Entering 'Cleared' Items from the Bank Statement

Please enter 'cleared' items from the bank statement, and press 'Next' to complete the process.

BANK CODE: A	OPENING BALANCE: 169,399.10	ENDING BALANCE: 175,954.52
CLOSING STATEMENT DATE: 12/31/98	DEPOSITS IN TRANSIT: 34,291.33	
OPENING BANK BALANCE: 169,399.10	OUTSTANDING CHECKS: 5,801.73	
CLEARED DEPOSITS: 2,512.25	OUTSTANDING ADJUSTMENTS: (545.00)	
CLEARED CHECKS/CHARGES: 5,915.31	CALCULATED BOOK BALANCE: 193,940.64	
CLEARED ADJUSTMENTS: 0.00	ACTUAL BOOK BALANCE: 193,940.64	
CALCULATED BANK BALANCE: 165,996.04	VARIANCE: 0.00	

Date	Type	Ref No.	Description	Amount	Cleared
09/01/98	C	1052	May Poppins	50.00	
09/16/98	C	1078	Acme Vending Machine Repai	150.00	
09/21/98	C	1097	The Florist's Surprise	642.00	C
09/30/98	C	1135	When in Rome	2.54	
10/02/98	C	1154	Betty Phillips	400.00	C
10/04/98	C	1164	Vivian Haystack	452.26	C
10/15/98	C	1187	The Mad Hatter	14.56	C
10/16/98	C	1194	Home Depot	152.24	C
10/20/98	C	1205	The Magic Way of Zen	1,254.25	C
10/30/98	D	105	Misc Deposit	2,512.25	C
10/31/98	C	1230	Acme Supply and Design	3,000.00	C

< Back Next > Cancel Help

Using the screen: SchoolBooks then displays all transactions for the selected Bank Code up to and including the date on your bank statement. Now you will mark as “cleared” every item that appears on your bank statement.

To Clear an Item: With your mouse pointer on an item, double click to clear specific deposits, checks and adjustments. As you clear items, SchoolBooks adjusts the appropriate totals at the top of the screen. Continue clearing items until the calculated Bank Balance on the screen equals the ending Balance shown on your statement.

You are NOT in balance if:

1. Opening Balance does NOT equal Opening Bank Balance
2. Ending Balance does NOT equal Calculated Bank Balance
3. Variance does NOT equal zero.

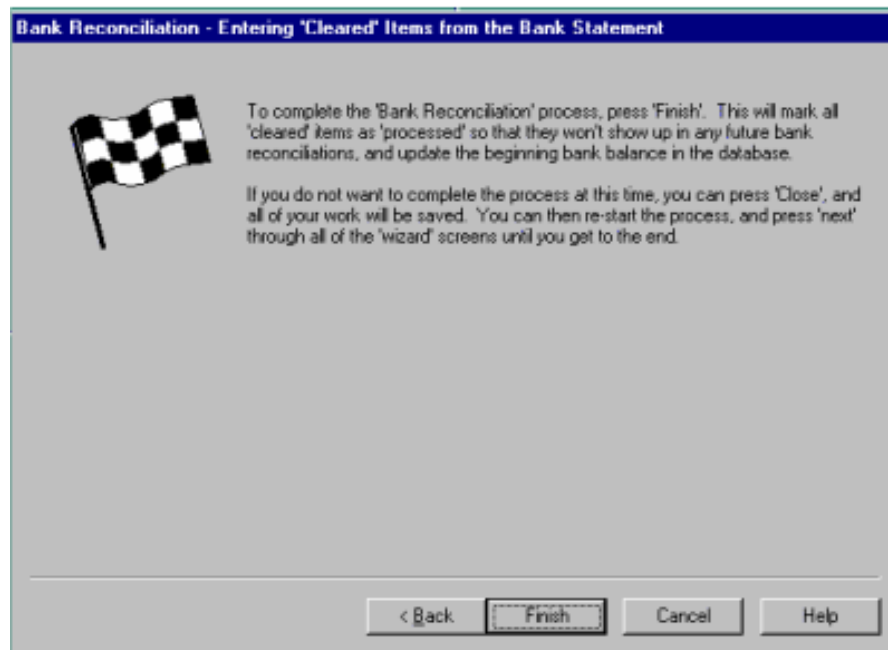
If you are NOT in balance, you will NOT be prompted to remove cleared records. You will also see a message on the screen that tells you that you are NOT in balance.

You can print a Bank Reconciliation Report at anytime, even before you are completely in balance. It is often easier to check you work by looking at a report than scrolling around on the screen. If you print a Bank Reconciliation Report and you are in balance with no variance, SchoolBooks will ask if you want to remove cleared records.

When you are ready to print out a Bank Reconciliation Report (whether you are in balance and finished or whether you are out of balance and need a printed copy to work from), click on Next and SchoolBooks will ask

Do you want to print the Bank Reconciliation Report?

After SchoolBooks prints the Bank Reconciliation Report, if the report is in balance, the system will display this screen.



Month End Processing

If you want to remove “cleared” items, click on “Finish”. Otherwise, you can click on “Cancel” and go back to make additional changes.

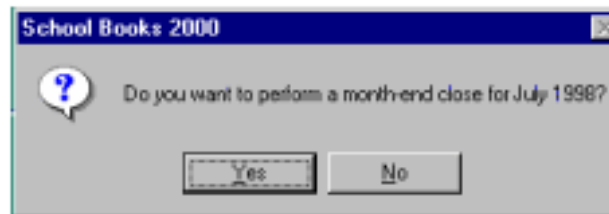
What does it do?: This program ends all processing and transaction data entry for a specific month. When you run month-processing, SchoolBooks does the following:

1. Removes School Controller closeout data in the SBEXPORT file which has been imported.
2. Removes purchase order records which have been completely received from the open purchase order file.
3. Removes temporary payees with no open records from all files except history files.

4. Afterwards, SchoolBooks will not allow you to enter transactions in any of the Entry screens with a date prior to the month-end date you have selected. This protects you from making entries in months that have already been closed.

How to access it: Go to the Period End Menu and select Month End.

Using the screen: Enter the period end date and the report will print.



Month End Date: Click "Yes" to perform month-end processing for the selected month. Note that SchoolBooks keeps track of the month to be closed. Click "No" to return to the menu.

SchoolBooks™ 1099 Processing

What does it do?: SchoolBooks 1099 Processing allows you to process 1099 information for your vendors at the end of the year. You can choose to either print 1099's yourself or print 1099 information to a file which can then be uploaded to the District office for consolidation with other schools in the District. The system keeps track of the amount paid to your vendors during the year, but also allows you to make adjustments to that amount. You may want to edit the amount shown if you paid vendors BEFORE going on the SchoolBooks software or to correct amounts paid to specific vendors. Normally, you will only do this process once a year - in January.

The system sorts 1099 information by Tax ID number, NOT by Vendor Code. It does this so that if several schools in the District pay the same Vendor (say a sports official), you don't have to worry about assigning a consistent vendor code across schools. Because SchoolBooks tracks 1099 by Tax ID #, all information for that Vendor will end up in one place - regardless of the Vendor Code assigned by each school.

SchoolBooks creates a file that contains 1099 information along with a code for your school (set up in School Data Maintenance). This is the file you will give to the District if your District prints consolidated 1099's.

The program that generates 1099's is called SB1099 and is installed as a separate stand-alone program. SB 1099 has been designed as a sepa-

rate application so it can be loaded on computers that do not have SchoolBooks installed. This means that a school or district that does not have SchoolBooks can use SB 1099 to gather 1099 data from a SchoolBooks school and enter data from anon-SchoolBooks user for consolidated 1099 processing. SB 1099 has its own user guide and instruction manual.

SchoolBooks™ Year End Processing

At the end of each fiscal year you must first make sure all your months are closed. Then, after you have printed all your reports for the year, you can close the year.

Our recommendations for minimum year-end:

1. Use Bank Reconciliation to balance your bank statements at June 30th.
2. Print an Account Analysis Report (Detail) for each cash account and attach to bank statement and Bank Reconciliation Report.
3. Print an Account Analysis Report (Summary) for all accounts from July 1 through June 30th. You might also print a Detail version, but it would probably be VERY long.
4. Print an Encumbrance Report from June 1st to June 30th and distribute to club advisors.
5. Print a Trial Balance and Balance Sheet at June 30th.
6. Do a Month-End Close for June 30th.
7. Do a Year-End Close

What does it do?: This process closes out your books at the end of the year using the option you have selected on the School Data screen. There are two options for closing your books.

There must be a “D” account to close the year.

1. **IMPORT OPTION:** The first option clears your files and allows you to import new opening balances from the District. This same process can also be used to import opening balances from the District when a school is just starting to use SchoolBooks. Only schools that get their opening balances from the District should use this option.
2. **STANDARD OPTION:** The second option allows you to close out Income and Expense Account balances to your Due to Student Body Account. Schools that are handle their own books should use this option.

Option #1: Import Opening Balances from District

1. SchoolBooks creates an import file for import of beginning account balances from District to school sites.
 - a. The file is a text file called YR....END.TXT, found in the “school” directory
 - b. The file is comma-delimited.
 - c. The file layout is:

FUNDNO	Up to 25 characters, in quotes
DATE	Format Year, Month, Day (19941231)
AMOUNT	Numeric 10, minus sign in front if required, no commas within number
- File should look like this example:
“12345678”,19940701,-100.00
“12345679”,19940701,2500.00
“12346000”,19940701,-2400.00
2. Year End Process Menu selection does the following:
 - a. Makes copy of FUNDHIST file to FHPRIOR
 - b. Clears all data from FUNDHIST
 - c. Writes new data from YR_END.TXT to FUNDHIST as opening balances.

Using the screen: SchoolBooks prompts,

Do you want to do year end processing?

Click “**Yes**” to continue with year end processing.
Click “**No**” to return to the menu.

Do you want to clear the history file?

Click “**Yes**” to clear your data history files and start from scratch.
Click “**No**” if you want to preserve the data in your history files~

Do you want to import opening balances?

Click “**Yes**” to import opening balances. See the Appendix for more information about importing opening balances.
Click “**No**” to return to the menu.

Option #2: Close P&L to Due to Student Body Account

1. SchoolBooks calculates the net profit or loss from the Income and Expense accounts, zeroes out those accounts, and posts that net amount to the Due to Student Body account.
2. All detailed transactions for the current year are cleared. SchoolBooks changes all existing balances into Opening Balances for the next year.
3. SchoolBooks changes the beginning and ending fiscal dates in School Data to the next year.
4. SchoolBooks makes a copy of all your transaction history and saves a copy in the SCHLBKS directory. The name of this file is in the format "FH95PLAY" where "FH" stands for Fund History, "95" stands for the year 1995, and "PLAY" stands for the first four characters of the database directory for this school.

Using the screen: SchoolBooks prompts,

Are you sure you want to continue with Year End Processing?

Click "**Yes**" to continue with Year End Processing.

Click "**No**" to return to the menu.

This procedure will close out your income and expense account balances to the Due to Student Body Account. It will erase all detail for the current year and present you with new beginning balances for the coming year. Make sure you have printed all the reports you want for the past year. Do you still want to proceed with Year End Processing?

Click "**Yes**" to continue with Year End Processing.

Click "**No**" to return to the menu.

SchoolBooks™ Bank Reconciliation Procedures

1. If you have set up several Bank Accounts in Bank Account Maintenance, you must first select the correct Bank Code for the Reconciliation that you are about to make. If you have a single bank account, SchoolBooks will default to the "A" Bank Code.
2. Pick up your bank statement. Enter the Opening and Ending Balances from your bank statement. Enter the bank statement Closing Statement Date.
3. **Deposits:** Mark your deposits as "Cleared".
 - a. For each deposit shown on your bank statement, find the deposit on the Bank Rec. screen and double click to clear the item. SchoolBooks will put a "C" for Cleared next to that deposit and show the amount in the Cleared Deposit field at the top of the screen.

- b. When you have marked all the deposits as Cleared, the total on the top of the Bank Rec. screen should equal the total deposits shown on your bank statement. Note: some banks include miscellaneous credits WITH the deposits, so you may have to add or subtract them.
3. **Checks:** Mark the checks that have cleared the bank as “Cleared”.
 - a. For each check shown on the bank statement, find the check on the Bank Rec. screen and double click to clear . SchoolBooks will put a “C” for Cleared next to that check and show the amount in the Cleared Checks field.
 - b. When you have marked all checks as Cleared, the total on the top of the Bank Rec. screen should equal the total checks shown on your bank statement. Note: some banks include miscellaneous charges WITH the check total, so you may have to add or subtract them.
 - c. Void checks: 1) Original voids are marked as Cleared already. 2) Checks you have voided during the month have been automatically cleared by SchoolBooks on the void side, but you must find the original check entry and mark that as Cleared also.
4. **Interest and Bank Charges:** Enter bank charges and interest earned through Adjustment Entry. Remember, you must enter your adjustments, then print an Adjustment Journal and Update before these Adjustments will show up on the Bank Rec. screen.
 - a. Enter bank charges, NSF fees and check printing charges as NEGATIVE amounts (they reduce the amount of cash you have). The correct Type is EXPENSE because we want them to show in the Expense column on the Account Analysis Report.
 - b. Enter interest income as a POSITIVE amount (because it increases the amount of cash you have) and the correct Type is INCOME because we want it to show in the Income column.
 - c. If you have not entered your NSF checks and NSF fees in School Controller, enter them in SchoolBooks as NEGATIVE amounts to INCOME (because they originally went into income).
 - d. d. Clear Adjustments on the Bank Rec. screen the same way you cleared checks and deposits.
5. **Balancing:** You will know that you have balanced your bank statement successfully when the Bank Statement closing balance on the screen equals the closing balance shown on your Bank Statement. Don’t worry if the bank has included items you classify as “adjustments” in with their checks; if the ending balances are the same, you are in balance! Your Bank Rec. screen should also show a zero variance with your actual book balance. If a variance is dis-

played, please call Blue Bear at once. BUT WAIT! Don't call us if you have a variance, but ARE NOT IN BALANCE WITH THE BANK! Get in balance with the bank first, then deal with the variance. Most of the time a variance is caused because you are not yet in balance with the bank. Balance your bank statement first! Then deal with any variance.

6. **Bank Reconciliation Report:** You can print a Bank Reconciliation Report at any time to get a printout of your status. This is especially helpful when you are not quite in balance and need to work from a paper rather than the screen to figure out where the problem is. When you are finally in balance, you should print a final copy of the Bank Rec. Report and attach it to your actual bank statement. It is also a good idea to print a copy of an Account Analysis Detail Report for the Cash account and attach it too. Now you have your bank statement, bank rec. and the detail in your general ledger account all in one place.

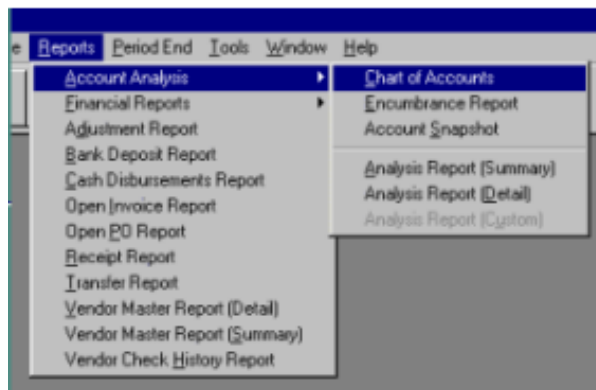
When to call us for help: If you balance with the bank and have a variance, call Blue Bear. If you have a variance, but are not in balance with the bank yet, don't call yet - don't worry about the variance. Get the ending Bank Statement balances correct and the variance may disappear.

7. **Remove cleared records:** Once you have printed your final Bank Reconciliation Report for this month, SchoolBooks will ask if you want to remove all cleared records from the file. Note: SchoolBooks will not prompt you to remove cleared items until the ending bank balance you entered equals the calculated ending balance AND your variance is zero. When you answer "Yes", all cleared transactions are removed. Now you are ready for next month!

Warning: You should only attempt to balance one month at a time. Never go on to the next month when a prior month is not in balance and you have not completed balancing successfully. You will create more problems by trying to do two months at once.

SchoolBooks™**Account
Analysis
Reports**

Account Analysis Reports provide detailed information about your accounts and the balances in them.

***Account Master List***

What does it do?: This report shows a complete listing of your Chart of Accounts. It can be printed to the screen or to a printer. This report shows account number, account name, advisor, a user-defined field (we've chosen "Student Leader"), and income and expense annual budget amounts for each account.

If you want to print a list of all your accounts, click on Print or Preview.

Account Mask: if you only want to see selected accounts, enter the mask for the accounts you want to print. The Account Master List prints ALL your account numbers unless you choose to print only the accounts with a specified mask.

Encumbrance Report

What does it do?: The Encumbrance Report shows all the current detailed posting for selected accounts plus the encumbrances (open invoices and open purchase orders) against this account. You can choose to print the Encumbrance Report with page breaks between each account so you can hand a single page to each club advisor. You can choose to include budget amounts and a variance too. If you only want an abbreviated version of this report (without the detail transaction batch numbers and reference numbers), use the Account Snapshot Report which displays one account only on the screen. You can also choose to print budget amounts on this report.

Using the screen:

Starting Account #: Enter the account number of the selected account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to begin with the first account.

Ending Account #: Enter the account number of the selected account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to end with the last account.

Account mask: Enter the masking characters for the accounts you want to select for this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”.

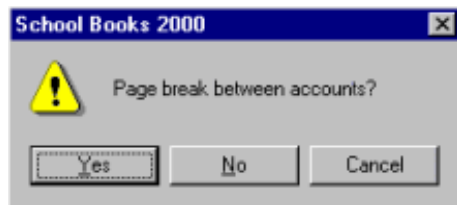
Summarize level: Enter the account mask for summarizing this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”. See Appendix K for more details about how to use this feature.

Only print accounts with activity in date range: Click the check box to only include accounts with current activity. Leave the box blank to select all accounts in the account range.

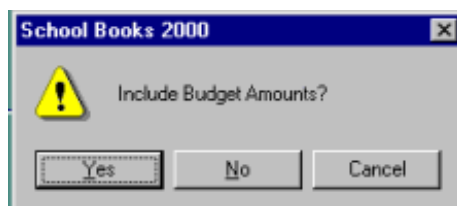
Start date: Enter the first date for the report.

End date: Enter the last date for the report.

Select Print, Preview or Cancel.



Page break between accounts: Click “Yes” if you want a page break between -accounts. Click “No” if you want to print a continuous report. Click “Cancel” to cancel the report.



Include Budget Amounts?: Click “Yes” if you want to include budget amounts for the selected accounts, if you select “Yes”, the system will display income and expense budget amounts for each selected accounts and print the variance between budget and actual. Click “No” if you do not want to display budget figures. Click “Cancel” to cancel the report.

Account Analysis Reports

What do they do?: The Account Analysis Reports provide a list of all general ledger detail either in detail or summary form. They may be selected for a single account, a range of accounts or for all accounts. They may be selected for a single date or a range of dates. Although intended for a printer, they also may be printed to the screen. These are wide reports; if printed to an 80 column printer, they print in compressed print. If printed to the screen, you can use the scroll bars or the sizing button to see all fields.

Account Analysis Report- Detail Report

What does it do?: SchoolBooks prints a report showing the detail for every transaction in the selected accounts in the selected date range.

Using the screen:

Starting account: Enter the account number of the account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to begin with the first account.

Ending account: Enter the account number of the account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to end with the last account.

Account mask: Enter the masking characters for the accounts you want to select for this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”. See Appendix I for more details about how to use this feature.

Summarize level: Enter the account mask for summarizing this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”. See Appendix I for more details about how to use this feature.

Only print accounts with activity in date range: Click the check box to only include accounts with current activity. Leave the box blank to select all accounts in the account range.

Start date: Enter the first date for the report.

End date: Enter the last date for the report.

Select Print, Preview or Cancel.

Account Analysis Report- Summary Report

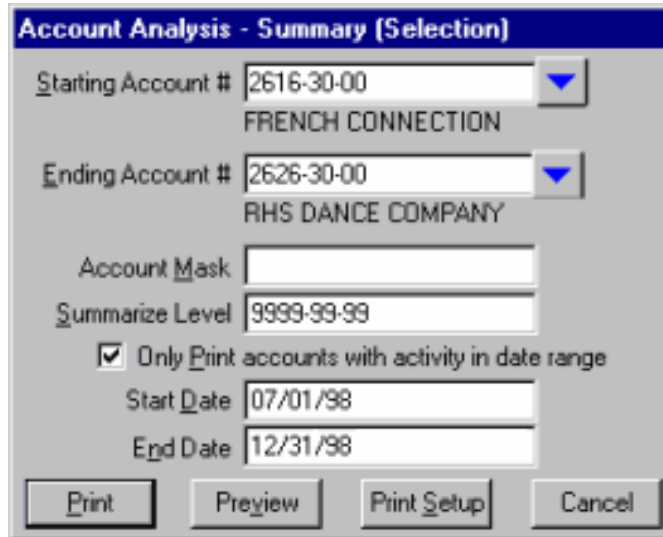
What does it do?: SchoolBooks prints a report showing summary posting totals for the selected accounts in the selected date range.

Using the screen:

Starting account: Enter the account number of the account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to begin with the first account.

Ending account: Enter the account number of the account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to end with the last account.

Only print accounts with activity in date range: Click the check box to only include accounts with current activity. Leave the box blank to select all accounts in the account range.



Start date: Enter the first date for the report.

End date: Enter the last date for the report.

Select Print, Preview or Cancel.

Account Snapshot Report

What does it do?: The Account Snapshot Report is a quick, abbreviated version of the Account Encumbrance Report that **ONLY PRINTS TO THE SCREEN** and **ONLY FOR ONE ACCOUNT AT A TIME**. You can use the Account Snapshot Report when the Baseball Coach calls and wants to know how much is in his account - **FAST!** This report shows all the current detail posting for selected account plus the encumbrances (open invoices and open purchase orders) against this account.

Account #: Enter the account number of the account or click on the drop down arrow or press <F2> to lookup an account. The system will display the account description. Leave this field blank to begin with the first account.

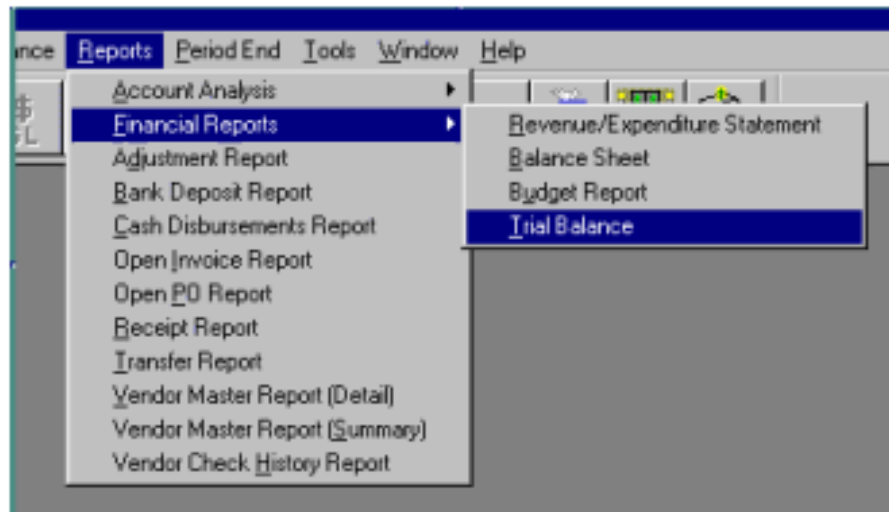
The image shows a software dialog box titled "Account Snapshot Report (Selection)". It contains three input fields: "Account #" with the value "4320-50-00" and a dropdown arrow, "Start Date" with the value "07/01/98", and "End Date" with the value "12/31/98". Below the "Account #" field, the text "PE CLOTHES" is displayed. At the bottom right of the dialog box are two buttons: "Preview" and "Cancel".

Start date: Enter the first date for the report.

End date: Enter the last date for the report.

SchoolBooks™ Financial Reports

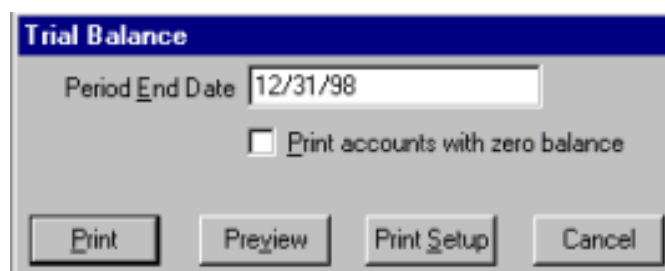
Financial Reports are usually printed at month-end and at the end of the year. They print income and expense totals, as well as beginning and ending balances for your accounts. Copies of these reports should be printed monthly and filed together with the other reports for the month.



Trial Balance

What does it do?: This report prints a list of all accounts showing debit and credit balances. Note: This is the only place in SchoolBooks where you will see the terms “debit” and “credit”.

Using the screen:



Period End Date: Enter the period end date for this Trial Balance report. SchoolBooks will print a single balance that includes all transactions up to and including this date on the report for each account in your Chart of Accounts.

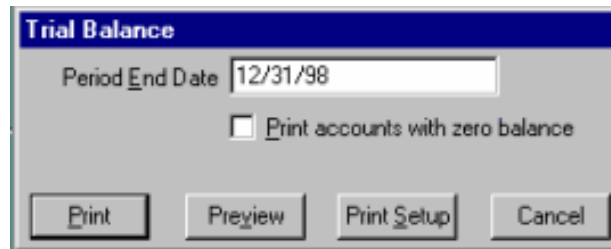
Print accounts with zero balances: Check this box to print accounts that have zero balances. Leave the box blank to suppress printing of accounts with zero balances.

Select Print, Preview or Cancel.

Balance Sheet

What does it do?: You can print a balance sheet showing your assets, liabilities including trust accounts and student body accounts, amount due to student body and cash availability for any selected date. You can choose to print summary totals by account type only or a complete listing for all accounts.

Using the screen: Enter the period end date and the report will print.



Period End Date: Enter the period end date for this Balance Sheet report. The system will print balances that include all transactions up to and including this date on the report.

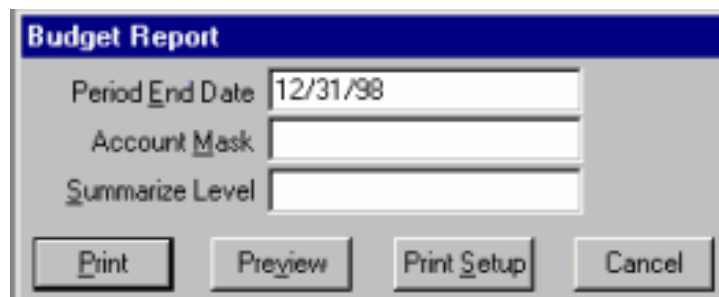
Print accounts with zero balances: Check this box to print accounts that have zero balances. Leave the box blank to suppress printing of accounts with zero balances.

Include Detail Lines: Check this box to include individual line items for each trust account and student body account. Leave the box blank to print only the total of all trust and student body accounts.

Budget Report

What does it do?: This report prints a list of all income and expense accounts, showing budget amount, actual amount and variance as of a selected date. The system uses the budget amounts entered into Account Maintenance and calculates whether you are doing Better or Worse than budgeted. Note: Only accounts defined as Income or Expense Accounts print on this report. If you want to see budgets on Trust type accounts, print an Encumbrance Report.

Using the screen:



Period End Date: Enter the period end date for this Budget Report. The system will print include all transactions up to and including this date on the report.

Account mask: Enter the masking characters for the accounts you want to select for this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”. See Appendix I for more details about how to use this feature.

Summarize level: Enter the account mask for summarizing this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”.

Statement of Revenues and Expenses

What does it do?: This report shows your revenues and expenditures together with net profit or loss through the selected date.

Using the screen: Enter the period end date and the report will print.

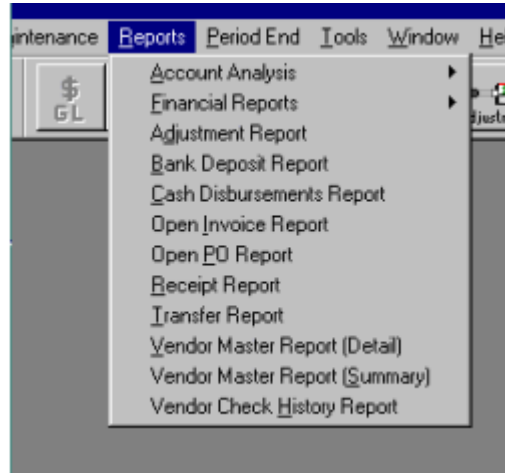
Period End Date: Enter the period end date for this Statement of Revenue report. The system will print balances for accounts that include all transactions up to and including this date on the report.

Account mask: Enter the masking characters for the accounts you want to select for this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”.

Summarize level: Enter the account mask for summarizing this report. If you have a short account number, you probably will not use this field. Just press Enter to accept the default of “everything”.

SchoolBooks™ Transaction Reports

Transaction Reports give you a way to print transaction detail from all parts of the SchoolBooks system. More detailed information about each of these reports can be found in the chapters of this User's Guide that addresses each of the areas covered.



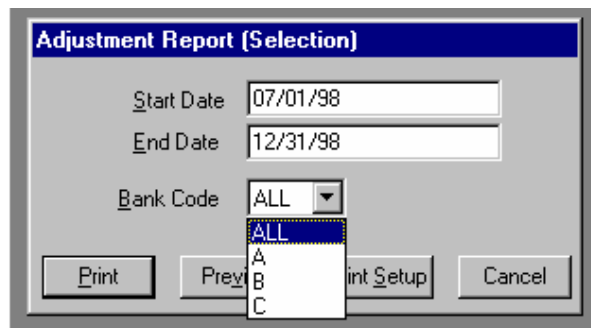
Adjustment Report

What does it do?: The Adjustment Report prints a list of all adjustments between two dates for selected Bank Codes.

Enter the beginning date and the ending date of the date range.

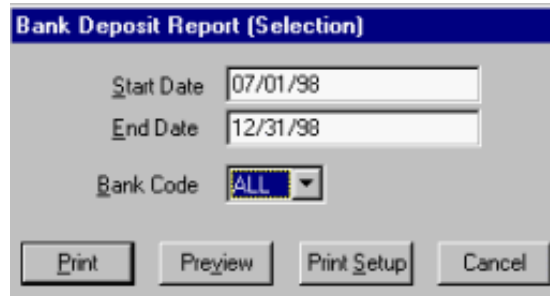
Enter the Bank Code you want or select “ALL” to print adjustments for all Bank Codes.

You may print or preview this report to the screen.



Bank Deposit Report

What does it do?: This report prints a list of all bank deposits between two selected dates. You can print the report for one bank account or ALL bank accounts.



Bank Deposit Report (Selection)

Start Date: 07/01/98

End Date: 12/31/98

Bank Code: ALL

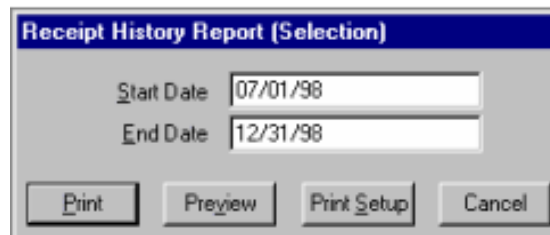
Buttons: Print, Preview, Print Setup, Cancel

How to access it: Go to the Reports Menu and select Bank Deposit Report.

Receipt History Report

What does it do?: The Receipt History Report shows you receipt history detail for all receipts within a selected date range.

How to access it: Go to the Reports Menu and select Receipt History Report.



Receipt History Report (Selection)

Start Date: 07/01/98

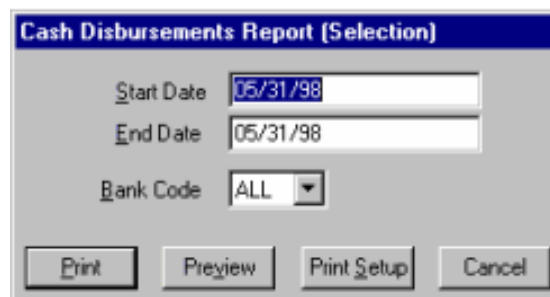
End Date: 12/31/98

Buttons: Print, Preview, Print Setup, Cancel

Enter the starting date and the ending date of the date range.

Cash Disbursements Report

What does it do?: This report prints a list of disbursements within a specified date range. The report prints in check number order and shows check number, date, vendor and amount of each disbursement.



Cash Disbursements Report (Selection)

Start Date: 05/31/98

End Date: 05/31/98

Bank Code: ALL

Buttons: Print, Preview, Print Setup, Cancel

Start Date: Enter the starting date for this report

End Date: Enter the ending date for this report.

Bank Code: Enter the Bank Code for this report. You can choose to print the report for one bank account only or for ALL accounts.

Open Invoice Report

What does it do?: The Invoice Report prints a list of all open invoices sorted by Vendor Code. In addition to invoice information, the Report also shows the invoice status (“H”= On Hold/Do Not Pay, “X”=Invoice Out of Balance).

How to access it: Access the Invoice Report from the Reports Menu.

You may print or preview the report.

Open Purchase Order Report

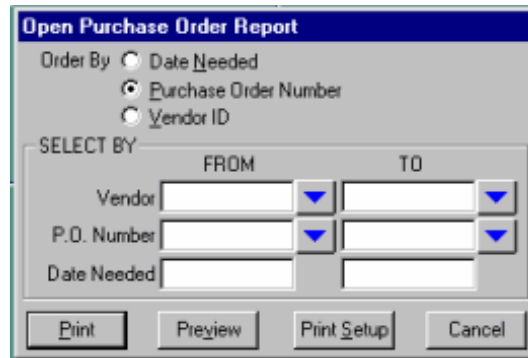
What does it do?: Prints a report showing all open purchase orders. The report may be sorted by Vendor Code, Purchase Order # or Date Needed. You may select on any range of Dates, Vendors or Purchase Order #'s.

How to access it: Select Open P0 Report from the Reports Menu.

Using the screen:

Order By: Choose the sort order for this report by clicking on Date Needed, Vendor Code or Purchase Order #.

Select range of data to print: Enter the beginning Vendor Code and ending Vendor Code. Enter the beginning and ending Purchase Order Numbers. Enter the beginning date needed and ending date needed. If you leave all these fields blank, SchoolBooks will print ALL open purchase orders in the system.



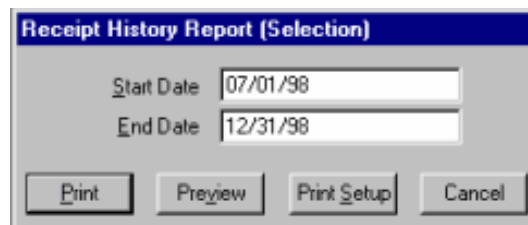
The 'Open Purchase Order Report' dialog box features a title bar with the same text. Below the title bar, there are three radio buttons under the label 'Order By': 'Date Needed', 'Purchase Order Number' (which is selected), and 'Vendor ID'. Below these is a section labeled 'SELECT BY' with a table structure. The table has two columns: 'FROM' and 'TO'. The rows are 'Vendor', 'P.O. Number', and 'Date Needed'. Each row has a text input field in the 'FROM' column and a dropdown arrow in the 'TO' column. At the bottom of the dialog are four buttons: 'Print', 'Preview', 'Print Setup', and 'Cancel'.

You may Print or Preview the Report.

Receipt History Report

What does it do?: The Receipt History Report shows you receipt history detail for all receipts within a selected date range.

How to access it: Go to the Reports Menu and select Receipt History Report.



The 'Receipt History Report (Selection)' dialog box has a title bar with the same text. It contains two text input fields: 'Start Date' with the value '07/01/98' and 'End Date' with the value '12/31/98'. At the bottom are four buttons: 'Print', 'Preview', 'Print Setup', and 'Cancel'.

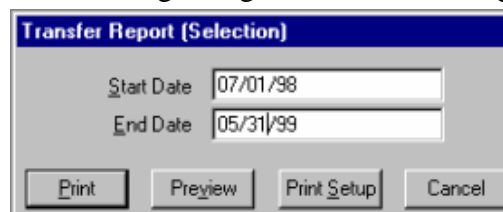
Enter the starting date and the ending date of the date range.

You may Print or Preview the Report.

Transfer Report

What does it do?: The Transfer Report prints the detail for all the transfers in a selected date range.

Enter the beginning date and the ending date.



The 'Transfer Report (Selection)' dialog box has a title bar with the same text. It contains two text input fields: 'Start Date' with the value '07/01/98' and 'End Date' with the value '05/31/99'. At the bottom are four buttons: 'Print', 'Preview', 'Print Setup', and 'Cancel'.

You may Print or Preview the Report.

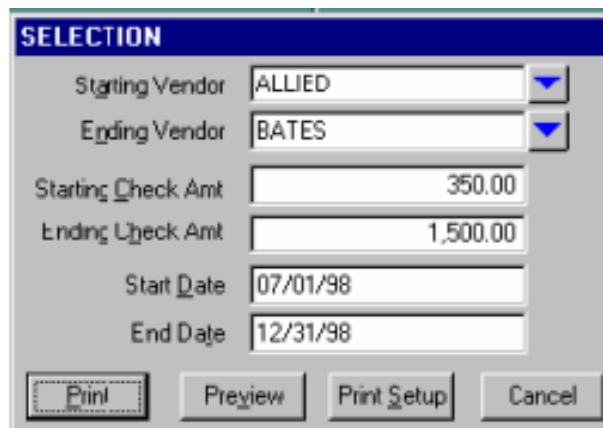
Vendor Master Report

What does it do?: This report prints a list of all vendors and vendor information entered in Vendor Maintenance. The report prints in Vendor Code order. The Vendor Master List has a Detail version which prints all Vendor information including addresses and phone numbers. The Summary version prints only Vendor Codes and Vendor Names for a shorter, more usable list.

How to access it: On the Reports Menu, select Vendor Master Report (Detail) or Vendor Master Report (Summary).

Vendor Check History Report

What does it do?: This report prints a list of checks issued for a selected range of vendors, for a selected range of amounts within a specified date range. The report prints in Vendor Code order and shows check number, check date, PO #, invoice number, purpose, amount of the disbursement and account distribution.

The image shows a 'SELECTION' dialog box for the Vendor Check History Report. It contains several input fields: 'Starting Vendor' with a dropdown menu showing 'ALLIED', 'Ending Vendor' with a dropdown menu showing 'BATES', 'Starting Check Amt' with a text box containing '350.00', 'Ending Check Amt' with a text box containing '1,500.00', 'Start Date' with a text box containing '07/01/98', and 'End Date' with a text box containing '12/31/98'. At the bottom, there are four buttons: 'Print', 'Preview', 'Print Setup', and 'Cancel'.

How to access it: On the Reports Menu, select Vendor Check History Report.

Vendor Range: Enter starting Vendor Code and ending Vendor Code. **Amount Range:** Enter starting check amount and ending check amount. The example shows a selection of all checks between \$350.00 and \$1500.00. **Date Range:** Enter the starting date and the ending date for this report.

SchoolBooks™ *Receipt Entry***Receipt
Processing**

What does it do?: SchoolBooks allows you to enter information about money you collect and then print receipts on a standard 80 column printer. You can also enter information from receipts that have been handwritten or typed by other people. Note: If you use Blue Bear School

Controller for student fee collections and receipting, you could also print receipts through SchoolBooks, but receipt history cannot be combined with history in School Controller. We recommend that if you have School Controller, you do all your receipting there — for the sake of consistency.

How to access it: There are two ways to access Receipting:
Click the Receipt button on the Button Bar.
Select Receipt Entry from the Entry Menu.

Using the Receipt Entry Header screen:

Receipt #: Click “#” or press “N” for “Next New” to begin a new receipt to be printed. SchoolBooks will assign a temporary number (like “NEW00002”) to the receipt. When you print the receipt, the system will assign a “real” receipt number. If you are entering receipts out of a receipt book (receipts that have already been given out), enter the receipt number here.

Date: Press <Enter> or <Tab> to default to today’s date. Or if you are entering receipts issued last week, enter the actual date the receipt was written.

Amount: You will not enter an amount here. SchoolBooks will calculate the total amount of the receipt by adding up the detail lines you enter on the next screen.

Customer Name: Enter the name of the student, advisor, parent, or organization from whom you are receiving money.

Check No.: Enter the check number for this receipt or enter the word “CASH” or any other identifier you choose. This is an alphanumeric field~

Print Receipt: Check this box if you want to print a receipt; leave the box blank if you are entering receipts from a receipt book. SchoolBooks defaults this box to Print if you clicked on “#” above, or leaves the box blank if you entered an actual receipt number.

Using the Receipt Entry Detail screen:

Purpose: Enter the purpose or description of this item. This purpose will display as a detail item in your general ledger.

Amount: Enter the amount of this line item.

G/L Account: Enter the G/L Account # for this item or click the drop down arrow (or Press F2) to lookup an account.

Comment lines: You may enter comment lines on receipts. These comments will not update to the general ledger, but strictly print on the receipt itself. To enter a Comment line for this receipt, click on the "C" button next to the line number. SchoolBooks will give you a comment line to enter your text.

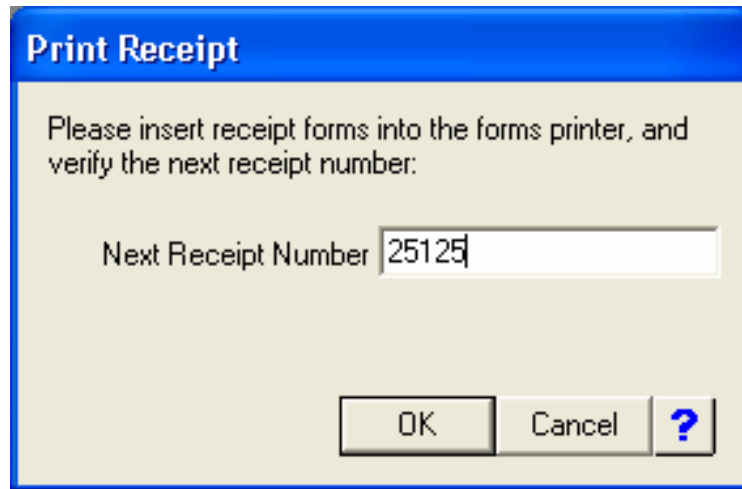
Editing the detail screen:

To add another line — Click on “{New Record}” and SchoolBooks will display a new blank line for you to type in another entry.

OK — Accept this entry and (if the Print Receipt box is checked), print a receipt.

Cancel — Cancel this receipt — do not save it.

Delete — Select the line item to be deleted and click the Delete button.

Printing a receipt:

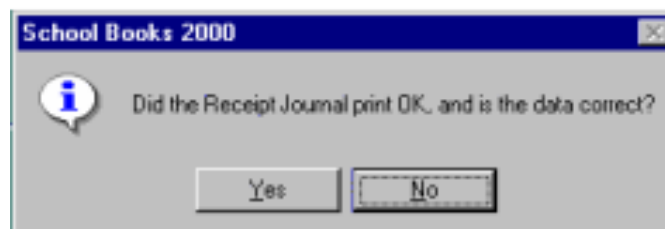
SchoolBooks prompts you to put your receipt forms into the printer and verify the next receipt number. Make sure your forms are loaded correctly (not backwards or upside down), and click OK. The system assigns the receipt number to this entry and prints a receipt.

Daily Receipt Journal and Update

What does it do?: This journal displays the detail for all receipts that have been entered or printed, but have not yet been transferred to Bank Deposit Entry. The journal is sorted by receipt number and shows all the information from each receipt including date, purpose, check #, received from, and all the line detail information. When you update the Daily Report Journal, the system automatically combines all your receipts into a bank deposit. You should only update this journal when you are ready to make a bank deposit.

How to access it: There are three ways to access the Daily Receipt Journal:

1. From the Reports Menu, choose Receipt Journal if you want to preview the journal to the screen or send the Receipt Journal to a different printer. You may also select a date range in this option, but the system will not prompt you for an update from here.



- From the Reports Menu, choose Journal and Update to simply print and then update the Journal.

Using the Receipt Journal and Update — Line Item Detail screen:

S Acct #	RC #	Name	Purpose	Amount
S 2200-50-00	126	Mary Smith	more things	100.00
S 2204-50-10	127	Mary Smith	reverse prior	(100.00)
D 4140-00-30	00010325	Tom Jones	Prom donations	100.00
S 4311-00-40	00010326	Sally Struthers	Yearbook sales	500.00
D 4140-00-30	00010326	Sally Struthers	Prom donations	400.00
S 2930-40-00	00010326	Sally Struthers	Donation from George H.	100.00
S 2926-40-00	00010327	Tracy Comstock	Donation from Mr. Phillip	50.00

Verify the item(s) above, select summary/detail, and press F10 to complete the update

Bank: A Total: 1,150.00 Summary/Detail OK Cancel

What does it do?: This process allows you to automatically transfer receipt information into Bank Deposit Entry. SchoolBooks displays receipt detail and allows you to decide whether to post your general ledger in detail or in summary for each item. You only have this one chance to automatically import into bank deposit entry. If you change your mind about the detail/summary postings after the fact, you can simply go into Bank Deposit Entry and change the line items there before they are updated.

SchoolBooks displays each individual line transaction for all the receipts you have printed or entered. The system assumes that you will post most transactions in summary; for example, if you sold 50 yearbooks for \$30.00 each, you will probably want to just post \$1500.00 to Yearbook Sales rather than 50 individual line item postings. So you only have to mark transactions you want to post in detail to the general ledger in SchoolBooks. All other transactions will be summarized. You can specify in Account Maintenance for each account, whether you prefer a normal setting of Summary or Detail for this account.

You would want sales of individual yearbooks to students to remain as “S”. You would want receipts for fund-raisers like candy sales and car washes to be posted in detail, so they should be changed to “D”.

Summary/Detail Description: “S” means post in summary, “D” means post in detail. SchoolBooks defaults to “S”. If you mark a receipt item with a “D”, SchoolBooks will pull the actual receipt # into

the Check # field in Bank Deposit Entry and show the Name of the person who gave you the money. If you leave a receipt item marked with an “S”, SchoolBooks will display “MISC.” in the Check # field in Bank Deposit Entry. The system will check in Account Maintenance to see the default posting for this account.

Account #: The G/L Account # for this line item. Note that line items on this detail screen are sorted in Receipt # order.

Receipt #: The Receipt Number.

Name: The name of the person/organization who bought the item or to whom the amount is to be credited.

Purpose: The purpose you entered for the line item on the receipt.

Amount: The amount of the item sale.

Post Detail/Summary: To toggle an item from Summary to Detail or from Detail to Summary, simply highlight the item and double click on it. Or highlight the item and click the Summary/Detail button on the lower left side of the screen.

OK: Click “OK” when you are ready to import to Bank Deposit Entry. Do not import until you have marked all the lines you want to post in detail.

Cancel: To return to the menu.

Receipt History Report

What does it do?: The Receipt History Report shows you receipt history detail for all receipts within a selected date range.

How to access it: Go to the Reports Menu and select Receipt History Report.

Enter the starting date and the ending date of the date range.

SchoolBooks™ Vendor Maintenance

What does it do?: SchoolBooks allows you to set up permanent Vendor records and temporary Payee records to automate your payable process. Vendors and Payees are people and companies you write purchase orders and checks to. SchoolBooks maintains check history detail for Vendors and you can print 1099's for Vendors at the end of the year. Payees are people who are only temporary - no 1099's, no detailed check history -and are purged during the month-end process.

Vendor Code: To enter a new Vendor, enter a Vendor Code of up to 10 characters. To enter a new Payee, click on the “#” key and SchoolBooks will assign the next Payee number. To lookup an existing Vendor, click the down arrow to search or press <F2>.

Address: Enter the address for this vendor.

City: Enter the city for this vendor.

State: Enter the 2 character abbreviation for the vendor’s state.

Zip: Enter the zip code for this vendor.

Telephone/ Fax: Enter the vendor’s telephone and fax numbers.

Contact: Enter the name of the contact for this vendor.

Tax ID: Enter the vendor’s tax ID number.

Payments Year To Date: The system updates this field automatically whenever a check is updated.

Terms: Enter the payment terms for this vendor.

Ship Via: Enter the shipping information for this vendor.

1099: Check the 1099 box if you want to print a 1099 for this vendor, if you check the box, the system will require that you enter an address and tax ID # for this vendor. Do not check the box if you do not want to print a 1099 for this vendor, if you know this vendor will require a 1099, but don't have the address right now, leave the box blank; you can come back later and add the address and tax ID number.

Vendor Master Lists

You can print a Vendor Master List that will list all the Vendors you have entered into Vendor Maintenance. Go to Reports, and choose either Vendor Master List (Detail) or Vendor Master List (Summary).

SchoolBooks™

Purchase Order Processing

Purchase Order Entry

What does it do?: Use Purchase Order Entry to enter existing purchase orders or to enter information for the printing of new purchase orders. You can either enter information about purchase orders that you have typed or printed yourself using another system, or you can let SchoolBooks print your purchase orders for you.

Using the Purchase Order Header screen: Enter existing (already printed) purchase orders and information for purchase orders you want SchoolBooks to print. This section will cover how to enter an existing manual purchase order.

Play School - Purchase Order Entry

P.O. # 45777 Date Entered 12/01/98 Amount

1 P.O. Header 2 Line Item Detail

Vendor Code ALLAMER Auth By MARY SMITH

Name ALL AMERICAN TROPHY PO Req. # 45777

Addr1 DEPT 77231 Date Needed

Addr2 P O BOX 77000 Cancel Date

City DETROIT Separate Check ☐

State MI Zip 48277-0231 Print P.O. ☐

Terms NET 30 DAYS

Ship Via UPS GROUND

Navigation buttons: [Back] [Forward] [Print] [Help]

Buttons: OK [checkmark] Cancel Del [X] ?

How to enter information for a new purchase order:

Purchase Order #: Enter the purchase order number. SchoolBooks asks

Is this a new purchase order?

Click “**Yes**” if this is a new purchase order. “New” in this case means the computer doesn’t know about it yet.

Click “**No**” if the purchase order number you entered is incorrect. The cursor will return to the purchase order # field.

Date: Enter the date of this purchase order.

Amount: You cannot enter the amount of the purchase order here because the field is not active. SchoolBooks will “build” the total amount of the purchase order from the detail line information you enter on the Detail screen.

Vendor Code: Enter the Vendor Code for the selected Vendor (click drop down or press <P2> to select from a list or to enter a temporary Payee). The system will display the Vendor information from the Vendor file. If this purchase order was issued to a temporary Payee, enter the address information about this Payee. SchoolBooks will use this address information later during check printing.

Authorized By: You can enter the name of the person authorizing the purchase order.

PO Requisition #: Enter a PO Requisition number if you have one.

Date Required: Enter the date you need these items. This may be printed on the PO.

Cancel Date: Enter the date after which the Vendor should consider this PO null and void.

Separate Check: Check this box if you want a separate check for this PO regardless of whether there are other invoices for this Vendor at time of payment.

Print PO: Check this box if you want to print this PO. This box will be blank by default for Purchase Orders where you enter the PO number. SchoolBooks assumes the PO has already been typed or handwritten somewhere else.

Using the Purchase Order Detail Entry screen:

Purpose: Enter the purpose or description for this expense. The purpose entered for each line item will be updated to the general ledger when a check for this item is ultimately paid. Note: if you enter several line items on a Purchase Order (each with its own purpose), these items will be pulled into Invoice Entry when you receive an invoice for the things you ordered. When you print a check, the purpose of the TOP LINE ITEM prints on the check stub as a description for the invoice.

Authorized by: Enter the name of the individual/group who authorized this expenditure.

Item #: Enter the item number for this detail line. This may be the vendor's part number or a style number. For example, if the vendor's style number for trophies is #12-747, you could enter that number here. This is an optional field.

Quantity: Enter the quantity ordered. SchoolBooks defaults to a quantity of "1".

Line	St Item	Qty	Purpose	Account #	Total
1	12-747	10	Trophies for Bas2202-50-10		35.00
2	13-789	50	Ribbons for Swir2211-50-10		87.50
3	Please rush this order - Deliver to George Hanson's office.				

This is a required field and must be at least "1". You may not leave this field blank because SchoolBooks calculates the extended amount for each line and multiplying by zero is just NOT DONE in mathematical circles. If you are purchasing 10 trophies at \$3.50 each, you would enter "10" in this field.

Price Each: Enter the item or unit cost for this item. If you are purchasing 10 trophies at \$3.50 each, you would enter \$3.50 in this field.

Amount: SchoolBooks will calculate and display the extended amount for this detail line. In our trophies example, the amount displayed would be \$35.00. You may not edit this field. The system calculates this for you automatically as a reality check on your paperwork.

Sales tax box and rate: The sales tax box tells SchoolBooks how to handle the sales tax on this detail line. You can enter a default sales tax rate from the Tools Menu, under Options, Global, School Data.

Click the Sales Tax box to automatically calculate the sales tax amount using the sales tax percentage found in School Data. Either accept the rate displayed or enter a new rate. SchoolBooks calculates the sales tax.

Do not click the Sales Tax box if you want to override the amount of tax calculated. Use this feature when you want to enter a specific sales tax amount or don't want sales tax at all.

Sales tax rate: Enter the sales tax rate. If your sales tax rate is 7.75%, enter "7.75". If you have set up a default sales tax rate in School Data, the system will display that rate. The system uses this rate to calculate sales tax due.

Sales tax: SchoolBooks calculates sales tax for this line item. This sales tax amount will be charged to the account number specified for this detail line.

Account #: Enter the account number for this expenditure or lookup the account number and select from a lookup list. The system will display the account description.

Freight: Enter the amount of freight which pertains to this detail line. This amount will be charged to the account number specified for this detail line.

When you have completed this detail line, the system automatically moves to the Item # field in the next detail line. You may either:
Enter another detail line or
Press <Enter> or click the **Accept** button to end entry at this point.

Entering a Comment line:

Click "C" for Comment line: Enter a comment line - you have 30 characters. Use comment lines to print text on your purchase orders. Comments like "Betty, I really appreciate your rushing this order! Thanks a million" give your purchase orders a "personal" touch.

How to enter information for a new purchase order (not yet printed):

Purchase Order #: Click “#” or press “N” or the next temporary PO #. The system will assign a temporary number which will be used until the real purchase order is printed and a real purchase order number is assigned. The Print PO? Box will be checked by default when you enter this type of record.

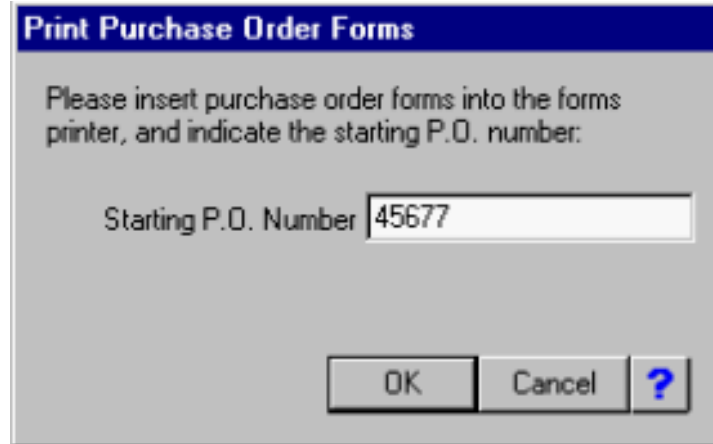
How to edit an existing Purchase order:

Purchase Order #: Click the drop down arrow or press <F2> to view open purchase orders and to select a purchase order to edit.

Print Purchase Order

What does it do?: Prints your new purchase orders on purchase order forms, assigning purchase order numbers as it prints them.

How to access it: Select Print Open Purchase Orders from the Tools Menu.

Using the screen:

Load the forms into the printer. Enter the number of the first purchase order. Click on OK to start printing.

Did the purchase orders print correctly?

Click “Yes” if the purchase orders printed correctly.

Click “No” if the purchase orders did not print correctly.

SchoolBooks automatically voids purchase orders that have been eaten by the printer or otherwise ruined.

Enter the number of the Last PO that printed correctly.

Enter the number of the last PO that printed correctly.

Enter the number of the last PO to be voided.

Enter the number of the last PO that was ruined in the printer. SchoolBooks handles the voiding of POs damaged during printing the same way it handles the voiding of checks damaged during printing. See Appendix B for more detailed information.

Open Purchase Order Report

What does it do?: Prints a report showing all open purchase orders. The report may be sorted by Vendor Code, Purchase Order # or Date Needed. You may select on any range of Dates, Vendors or Purchase Order #s.

How to access it: Select Open PO Report from the Reports Menu.

Using the screen:

Order By: Choose the sort order for this report by clicking on Date Needed, Vendor Code or Purchase Order #.

Select range of data to print: Enter the beginning Vendor Code and ending Vendor Code. Enter the beginning and ending Purchase Order Numbers. Enter the beginning date needed and ending date needed.

The screenshot shows a dialog box titled "Open Purchase Order Report". It has a "Order By" section with three radio buttons: "Date Needed", "Purchase Order Number" (which is selected), and "Vendor ID". Below this is a "SELECT BY" section with a table-like structure. The table has three rows: "Vendor", "P.O. Number", and "Date Needed". Each row has a "FROM" column and a "TO" column, both with text input fields and dropdown arrows. At the bottom of the dialog are four buttons: "Print", "Preview", "Print Setup", and "Cancel".

	FROM	TO
Vendor	<input type="text"/>	<input type="text"/>
P.O. Number	<input type="text"/>	<input type="text"/>
Date Needed	<input type="text"/>	<input type="text"/>

You may Print or Preview the Report.

SchoolBooks™

Invoice Processing

Invoice Entry

What does it do?: Enter all invoices, check requests, and other bills you want to pay with a SchoolBooks check into Invoice Entry. You may either automatically load information from an existing purchase order or enter invoices that have no purchase order.

You can either enter invoices (1) in small groups as you receive them or (2) wait until you want to print checks and then enter a whole group at once. We recommend the first option. When you enter invoices on a regular basis, they will show as invoice encumbrances against the appropriate general ledger accounts. When you print an encumbrance report for the coach, that invoice will show up — reducing the available balance in the account!

Using the Invoice Header screen: Use the Invoice header screen to enter new invoices or look up invoices already in the system. To enter a new invoice, enter a Vendor Code and continue. If you want to access an existing invoice already in the system, click on the Invoice drop down arrow.

Vendor Code: Enter the vendor code for this invoice or click on the drop down arrow or press <F2> to lookup the desired vendor or to add a temporary Payee.

Invoice number: Enter up to ~ characters (alphanumeric) as an invoice number for this entry. Invoice number is a required field. If the

item you are entering doesn't have an invoice number, make one up. For example, a payment to an official doesn't have an invoice #, so use the game date ("BB-Feb 2") or her/his initials ("EL-01").

Date: Enter the date of this invoice.

Amount: Enter the amount of this invoice.

PO#: Enter the PO # for this invoice or lookup purchase orders for this Vendor. This is not a required field because often you make payments for which there is no purchase order.

Separate Check: Click this box if you want to print a separate check for this invoice. That is, even if there are other invoices for this Vendor in the system, SchoolBooks will still print a separate check for this invoice. If left blank, SchoolBooks will include this invoice on the same check with other invoices for this Vendor.

Using the Invoke Detail screen: The amount of the invoice you entered on the header screen is displayed at the top of the detail screen. As you add detail lines, the system displays the amount remaining to be disbursed.

Purpose: Enter the purpose/description for this item. This description will print as a detail item in your general ledger.

Quantity: Enter the number of items you received. The system defaults to "1".

Price: Enter the unit price for each item. Or for quantity "1" invoices, enter the total amount.

Authorized by: Enter the name of the person or organization who authorized this expenditure.

Sales tax box and rate: The sales tax box tells SchoolBooks how to handle the sales tax on this detail line. You can enter a default sales tax rate from the Tools Menu, under Options, Global, School Data.

Click the Sales Tax box to automatically calculate the sales tax amount using the sales tax percentage found in School Data. Either accept the rate displayed or enter a new rate. SchoolBooks calculates the sales tax.

Do not click the Sales Tax box if you want to override the amount of tax calculated. Use this feature when you want to enter a specific sales tax amount or don't want sales tax at all.

Sales tax rate: Enter the sales tax rate. If your sales tax rate is 7.75%, enter "7.75" if you have set up a default sales tax rate in School Data, the system will display that rate. The system uses this rate to calculate sales tax due.

Sales tax: SchoolBooks calculates sales tax for this line item. This sales tax amount will be charged to the account number specified for this detail line.

Account #: Enter the account number for this expenditure or lookup the account number and select from a lookup list. The system will display the account description.

Freight: Enter the amount of freight which pertains to this detail line. This amount will be charged to the account number specified for this detail line.

When you have completed this detail line, the system automatically moves to the Item # field in the next detail line. You may either Enter another detail line or Press <Enter> or click the **Accept** button to end entry at this point.

If you attempt to leave the screen when the detail line total does not equal the amount of the Invoice on the Header screen, the system will warn you.

Entry is out of balance. Save anyway?

Click "**Yes**" to save and exit this entry. You will need to go back later to correct the entry and make it balance. The system will not print a check for an out of balance invoice.

Click “No” to do further editing of the detail lines.

Receiving items from existing purchase orders: if you entered a PO# on the Invoice Header Screen, SchoolBooks prompts you to select which PO line items to copy to the current invoice.

StLine	Rcv Date	Item	Qty	Price	Amount	Account #
<input checked="" type="checkbox"/> R 1	12/15/98	12-747	10	3.50	35.00	2202-50-10
<input type="checkbox"/> R 2	12/15/98	13-789	50	1.75	87.50	2211-50-10
<input type="checkbox"/> C		Please rush this order - Deliver to George Hanson's office.				

OK Select ALL Clear All Cancel ?

Click the items that are included on this invoice or click Select ALL to select all the items on this purchase order. Note: Comment lines will not be loaded on the invoice even if you select them here. Click OK when your selection is complete. SchoolBooks will load all the detail lines from the purchase order into the Invoice Entry Detail screen where you may edit each line item to correct quantity, price or other information as necessary.

Open Invoice Report

What does it do?: The Invoice Report prints a list of all open invoices sorted by Vendor Code. In addition to invoice information, the Report also shows the invoice status (“H”= On Hold/Do Not Pay, “X”=Invoice Out of Balance).

How to access it: Access the Invoice Report from the Reports Menu. You may print or preview the report.

SchoolBooks™

Manual/Void Check Processing

Manual/Void Check Entry

What does it do?: Enter manual and void checks into SchoolBooks through this screen. If you have entered more than one cash account in Bank Account Maintenance, you will be prompted as to which account you want to use. Manual checks are checks you have written on the typewriter or handwritten — they were not printed through SchoolBooks, so the system knows nothing about them. Manual Check Entry is how we enter those checks into the system.



We also use Manual/Void Check Entry to enter void checks into the system. There are two kinds of Void checks that are entered through this screen.

1. The first kind of Void check has never been written at all - maybe you spilled coffee on it so it can't be used. SchoolBooks will mark the check as Void when you enter it with a zero amount.
2. The second kind of Void check is one that you wrote last month and has been lost in the mail. When you enter that check number here, the system knows that the check had been entered before and asks if you want to void it. SchoolBooks then creates a reversing entry that voids the check.

Using the Manual/Void Check Header screen:

Bank Code: Enter the Bank Code for this check.

Check #: Enter the Check number or use a lookup (click the down arrow or press <F2>) to select a Manual/Void check that has not yet been updated.

Date: Enter the date of this check.

Amount: Enter the total amount of this check.

Vendor Code: Enter the vendor code for this invoice or select the vendor from the lookup window. Click on the down arrow or press <F2> to lookup the desired vendor or to add a new vendor or temporary Payee. SchoolBooks will display the Vendor information.

Using the Manual/Void Check Header screen:

Bank Code: Enter the Bank Code for this check.

Check #: Enter the Check number or use a lookup (click the down arrow or press <F2>) to select Manual/Void check that has not yet been updated.

Date: Enter the date of this check.

Amount: Enter the total amount of this check.

Vendor Code: Enter the vendor code for this invoice or select the vendor from the lookup window. Click on the down arrow or press <F2> to lookup the desired vendor or to add a new vendor or temporary Payee. SchoolBooks will display the Vendor information.

Using the Manual/Void Check Detail screen:

SchoolBooks displays the Header information including the Bank Code, check number, date paid, Vendor Code, check amount and the balance to be distributed for this check. You will enter a line item for every item paid on this check. You enter the information and the system displays a one line summary of each line on the lower part of the screen.

Line Invoice	Purpose	Account #	Total
1 7877	Awards for Baseball Dinner	2202-50-10	53.88
2 7879	Awards for Swim Team	2211-50-10	102.36
(New Record)			

Invoice number: Enter up to 8 characters (alphanumeric) as an invoice number for this line entry or click on the down arrow to view invoices for this Vendor. The system allows you to pay either invoices you have already entered, or new ones you enter at this time.

Invoice Number is a required field. SchoolBooks requires invoice numbers so it can guard against duplication in order to stop you from paying an invoice twice by mistake.

If the item you are entering doesn't have an actual invoice number, make one up. For example, if you want to pay an official \$20 for a baseball game, you can use the date of the baseball game "04/01/95", or "APR1 ", or "BBO4O1" - any of these will do. The best bet is to attempt to be consistent in the way you assign invoice numbers.

PO#: Enter the PO # for this invoice if you wish. This is not a required field because often you make payments for which there is no purchase order.

Purpose: Enter the purpose/description for this item. This is the description which will eventually go to your general ledger - be descriptive. Hopefully, you will only enter this once for each transaction; as it should flow from Purchase Order to Invoice to Check automatically. Of course, you can change it along the way if you need to.

Amount: Enter the amount of this detail line. Invoice date: Enter the date for this invoice.

Authorized by: Enter the name of the person or organization who authorized this expenditure.

Sales tax code: If you want the system to calculate sales tax on this item, click the Sales Tax box. If you have entered a default sales tax rate in School Data Properties, the system displays that rate; if not, you can enter a rate. If you do not want to calculate sales tax, leave the Sales Tax box empty. If you want to enter the sales tax amount yourself (and not have the system calculate it), leave the Sales Tax box empty and enter the sales tax amount. Do this if the tax is off by a couple pennies and you want to enter the exact amount of tax shown on the invoice.

Sales tax rate: Enter the sales tax rate applicable. If the rate is 7.75%, enter "7.75". SchoolBooks displays the default amount entered in School Data Properties found on the Tools Menu, under Options, Global, School Data Properties tab.

Account number: Enter the account number or lookup the account number using a lookup (click on the down arrow or press <F2>). The system will display the account description.

Freight/shipping: Enter the amount due for shipping (if any) for this line item.

If you attempt to leave the screen when the detail line total does not equal the amount of the Manual Check on the Header screen, the system will warn you:

WARNING: Invoke total does not match check total Save anyway?

Click “Yes” to save and exit this entry. You will need to go back later to correct the entry and make it balance. The system will not update an out of balance entry.

Click “No” to do further editing of the detail lines.

Manual Void Check Journal and Update

What does it do?: This journal prints a list of all Manual and Void Checks in the entry file. If all checks and the report are in balance - that is, if the detail lines equal the header lines - the system will prompt -

Did the Manual/Void Check Journal print OK and is the data correct? Default is “No”.

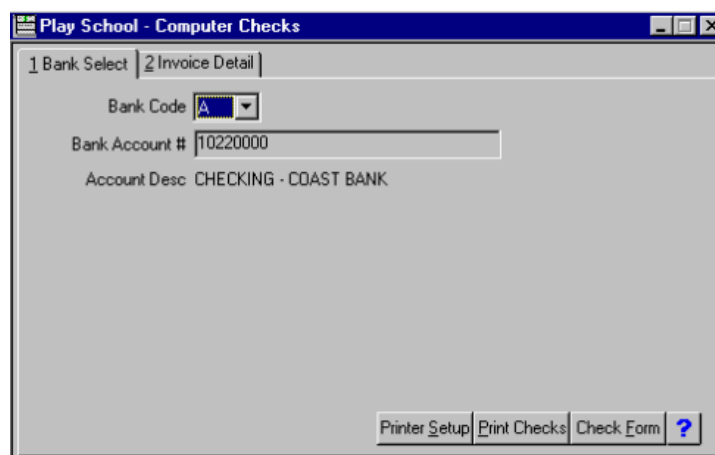
Click “Yes” if the data on the report is correct.

Click “No” if you need to make changes before updating.

Do you want to update the Manual/Void Check Journal now? Default is “No”.

SchoolBooks™ Computer Check Processing

You can print computer checks to pay your bills using SchoolBooks. The system allows you to print a single check for a single invoice only or to print many checks at the same time. The most efficient way to use SchoolBooks for bill paying is to enter invoices into Invoice Entry as you receive them, then run checks to pay all those invoices all at once.



How to access it: There are two ways to access Computer Check Printing:

1. Click the Checks button on the Button Bar.
2. Select Computer Checks from the Entry Menu.

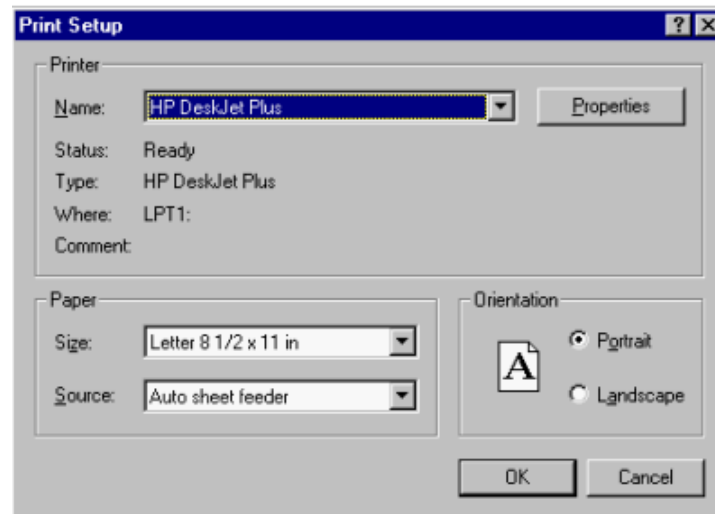
Using the screen:

Bank Select

What does it do?: This screen is where you enter the information for the checks you want to print.

Bank Code: Select the Bank Code you want to use for this batch of checks. SchoolBooks displays the account description.

Printer Setup: Choose the printer for printing this group of checks. The system defaults to your default Windows printer.



Print Form: Click the Print Form button to view or edit the way your checks are formatted. For a complete description of how to format your checks, refer to the FORMS section of this User's Guide.

Print Checks: Click the Print Checks button when you are ready to begin printing checks. The system will prompt you to enter the starting check number. NOTE: Check the invoices to be paid BEFORE starting the check printing process by clicking on Invoice Detail tab.

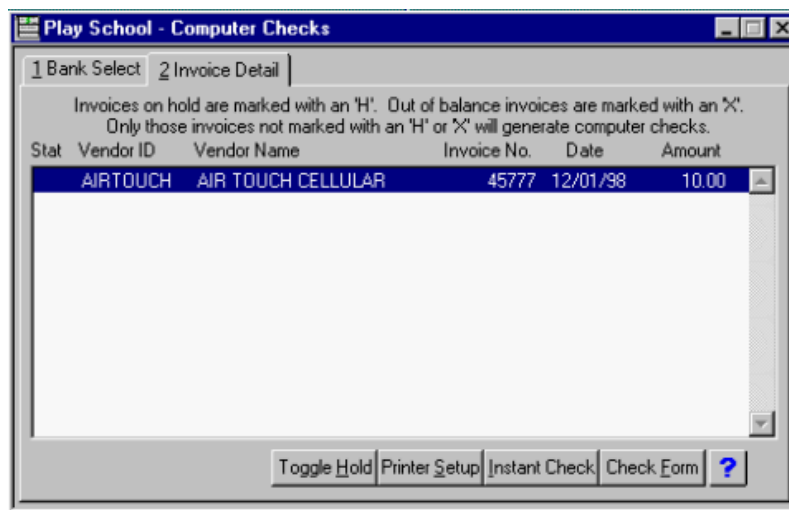
Invoice Detail

What does it do?: SchoolBooks displays all open (unpaid) invoices and shows their status ("H"=Hold, "X"=Not in Balance). This process

allows you to mark invoices you want to “Hold” (not pay) and to print “Instant Checks”.

1. You can “Hold” an invoice if you are having a dispute over payment and want to keep the invoice in your system, but NOT PAY IT YET. Click on the Toggle Hold button or double click on the invoice.
2. Instant Checks are individual checks for specific invoices that you print one at a time - not as part of a batch. If the Vendor delivers goods and needs a check right now, you can enter the invoice (in Invoice Entry) and print just that one check.
3. You cannot print a check for an invoice that is out of balance as indicated by a status flag of “X”. Return to Invoice Entry and correct the entry so it is in balance.

Using the screen:



Toggle Hold: Click the Toggle Hold button to either put a Hold on an invoice or to cancel a Hold. When you print computer checks, the system will not print items that are on Hold.

Printer Setup: Use Printer Setup to view or change your printer selection.

Check Form: Click the Check Form button to access your Check Form. For more information about check forms, refer to the FORMS section of this User’s Guide.

Instant Check: Click Instant Check to Print an Instant Check. School-Books will print a check for the invoice selected. Note: Even if you have two open invoices for the same Vendor, the system will only print an Instant Check for ONE INVOICE AT A TIME!

Printing Checks: Whether you select Instant Check or return to the Bank Select tab and click on Print Checks, the upcoming section about check printing applies to both.

Computer Check Edit Report

What does it do?: This report prints a list of every check which will be generated when you tell SchoolBooks to print Computer Checks. Print this report BEFORE you start to print checks to make sure you'll be printing checks for only those invoices you REALLY want to pay. This is a good report to print and have someone SIGN IT, authorizing payment of these items.

How to access it: With the Computer Checks window active, select Computer Check Edit Report from the Reports Menu. You may print or preview this report.

Computer Check Printing

What does it do?: Prints computer checks, assigning check numbers as it prints them. Please see Appendix B for detailed information about voiding checks damaged during the check printing process

Load the checks into the printer. Enter the number of the first check.

Enter the number of the first check to be printed. SchoolBooks will begin printing checks in sequence, assigning check number. SchoolBooks gives you the opportunity to void checks that may have been "eaten" by the printer.

Warning: Make sure the checks are facing the right way in the printer and that the next check number is REALLY the next one to go into the printer! Some printers feed from the top, some from the bottom.

SchoolBooks will print checks for all the selected invoices and then asks:

Did all of the checks print okay?

Click "**Yes**" if the checks printed correctly.

Click "**No**" if the checks did not print correctly. (At this point, do not scream, tear your hair out, or rend your garments- it will be okay- we can deal with it!) Checks may not have printed correctly for several reasons, among them:

- You forgot to put the checks in the printer.

- You put the checks in the printer upside down.
- You entered the wrong starting check number.

See Appendix B for more detailed information about voiding checks.
READ IT BEFORE YOU ANSWER THE NEXT COUPLE QUESTIONS!

Enter the number of the last check that printed correctly:

Enter the number of the last check that printed correctly.

Enter the number of the last check to be voided:

Enter the number of the last check that was ruined in the printer.

Computer Check Journal and Update

What does it do?: This journal prints a detailed list of all the Computer Checks you just printed and updates the information to the general ledger, vendor files, and bank reconciliation files.

How to access it: There are three ways to access the Computer Check Journal:

1. When you close the Computer Check window, the system asks if you want to print the Computer Check Journal. The Journal will print to your default printer.
2. From the Reports Menu, choose Computer Check Journal if you want to preview the journal to the screen or send the Computer Check Journal to a different printer. You may also select a date range in this option, but the system will not prompt you for an update from here.
3. From the Reports Menu, choose Journal and Update to simply print and then update the Journal.

Did the Computer Check Journal print OK and is the data correct? Default is “No”.

Click “Yes” if the data on the report is correct.

Click “No” if you need to make changes before updating.

Do you want to update the Computer Check Journal? Default is “No”.

Click “Yes” to update the Computer Check Journal.

Click “No” to return to the menu without updating.



Remember: Even though you have printed checks, the entries will NOT show up in your general ledger until you have printed the Computer Check Journal and updated it.

SchoolBooks™ Check and Disbursement Reports

Vendor Master Report

What does it do?: This report prints a list of all vendors and vendor information entered in Vendor Maintenance. The report prints in Vendor Code order. The Vendor Master List has a Detail version which prints all Vendor information including addresses and phone numbers. The Summary version prints only Vendor Codes and Vendor Names for a shorter, more usable list.

How to access it: On the Reports Menu, select Vendor Master Report (Detail) or Vendor Master Report (Summary).

Vendor Check History Report

What does it do?: This report prints a list of checks issued for a selected range of vendors, for a selected range of amounts within a specified date range. The report prints in Vendor Code order and shows check number, check date, PG #, invoice number, purpose, amount of the disbursement and account distribution.

How to access it: On the Reports Menu, select Vendor Check History Report.

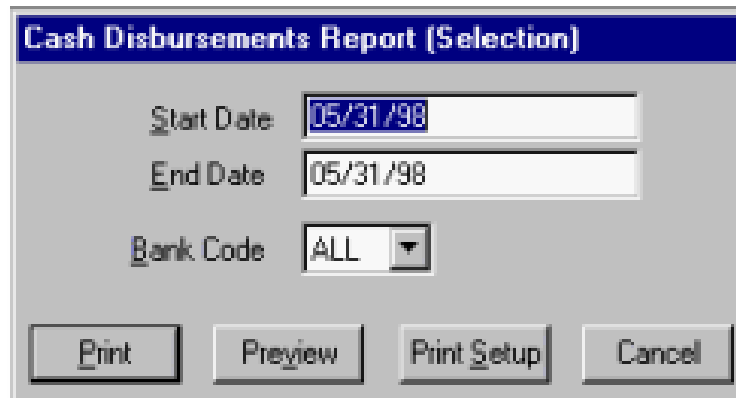
Vendor Range: Enter starting Vendor Code and ending Vendor Code.

Amount Range: Enter starting check amount and ending check amount. The example shows a selection of all checks between \$350.00 and \$1500.00.

Date Range: Enter the starting date and the ending date for this report.

Cash Disbursements Report

What does it do?: This report prints a list of disbursements within a specified date range. The report prints in check number order and shows check number, date, vendor and amount of each disbursement. See the Appendix for more information about how Void Checks are displayed on this report.

A screenshot of a software dialog box titled "Cash Disbursements Report (Selection)". The dialog box has a blue header bar with the title in white text. Below the header, there are three input fields: "Start Date" with the value "05/31/98", "End Date" with the value "05/31/98", and "Bank Code" with a dropdown menu showing "ALL". At the bottom of the dialog box, there are four buttons: "Print", "Preview", "Print Setup", and "Cancel".

Start Date: Enter the starting date for this report.

End Date: Enter the ending date for this report.

Bank Code: Enter the Bank Code for this report. You can choose to print the report for one bank account only or for ALL accounts.

Tracks™ Customers: Add/Edit/ Delete

Customer Maintenance

What does it do?: These screens allow you to enter information about your customers. Because you will maintain customer records (for students definitely, and perhaps for clubs and faculty), you will be able to print customer reports, mailing labels and track money owed. Customer Maintenance information is located on four tabs:

- **MAIN TAB:** Contains most of the Customer name and address information.
- **PARENTS TAB:** Used for parent name, and contact information.
- **HISTORY TAB:** Displays transaction information from the history file, showing receipt numbers, items purchased with quantities and amounts, and payment information.
- **ADDITIONAL TAB:** Shows User-Defined field information, if applicable on your system.

Using the MAIN TAB screen

Customer #: Enter the Customer number for this student or club. See “Things to Think About” for thoughts about numbering. Important: No punctuation marks and/or spaces in the customer number. Scanners sometimes have trouble reading spaces and punctuation.

Other ID#: If you require a different way to locate this customer, enter a number in this field. You can use this field if the Customer # is the student’s district ID number, but the bar code is the library num-

ber. In this case, you would enter the Student's District # in the Customer # field and the library barcode # in this Other ID# field. Note: You must have checked "Use Other ID" on the Scanning Tab in Customize to even see this field.

First name: Enter the first name of the customer. If this customer is a club, leave this field blank.

Last name: Enter the last name of the customer. If this customer is a club, enter the complete name of the club here preceded by a "ZZ_". For example, French Club would be entered as "ZZ_French Club".

Middle initial: Enter a middle initial, if applicable.

Required Fields: *From this point forward on the Customer Maintenance screen, every field except "Type" is optional.*

Address, City, State, and Zip Code: Enter the customer's address. This address will be used for form letters and mailing labels.

Telephone: Enter the telephone number for this customer.

Birthday: Enter a date. You can enter June 6, 1956 as "060656" with no punctuation. Tracks will display the date in the format you specified in Customize on the Work Screen Tab under Date Display.

Ethnicity: Enter the ethnicity code (if any) for this student.

Year/Class: Enter either the year of graduation (2002) or the grade (10) of this student. Tracks always stores graduating year in four characters- as 2002. You can choose whether you want to see grades or classes displayed for your students. If you choose grade (in Customize options), Tracks will display the grade. If you choose year, Tracks will display the graduating year. You can type in either the grade or the year and Tracks will display it according to your preference.

Gender: Enter the gender of this student.

Type: Select the type of customer from the drop-down list. Choices include the following: Student, Faculty, Staff, Adult, Club, Other.

Notes: This is a free form field that can contain up to 25 characters. This field appears under the Customer information on the Work Screen and will flash if the "Notes Flash" option in Customize is "Y". Use this field to enter reminders to yourself about this customer, such as "CASH ONLY - NO CHECKS".

Email: Enter the email address for this customer.

Emergency Contact: This is the person that should be contacted in case of an emergency.

Emergency Phone: This is the telephone of the emergency contact, often a parent's work phone.

No Checks: If you will NOT accept a check from this customer, check this box. If checks are OK, leave the box cleared. If this field is checked, Tracks will not allow the user to accept a check from this customer.

Lock: A Customer's record may be locked by checking this box. If a record is locked, you cannot sell anything to this Customer. You might use this feature if an U) card has been lost or stolen or if the student has been expelled and is no longer eligible to purchase anything. What if the student leaves school and you lock the record, then the student returns? Simply uncheck the "Lock" option.

Credit Card: Enter the credit card number for the Customer. Credit Card Expiration Date: Enter credit card expiration date, if applicable.

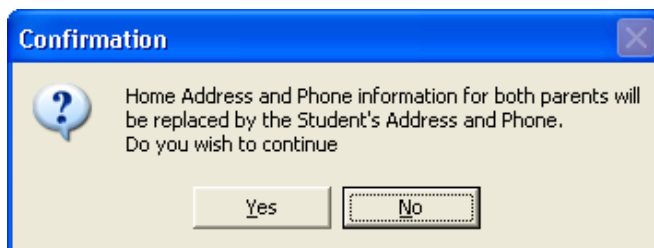
G/L Code: Enter the G/L Code to be posted for every sale to this customer. This would ONLY be used for Clubs (like French Club) which are set up as Customers. If a GIL Code is entered in this field, the system will post all amounts sold to this customer to THIS G/L Code - overriding the Item G/L Code found in Item Maintenance. Repeating: The GIL Code on the Customer will ALWAYS TAKE PRECEDENCE over the GIL Code on the Item.

Price level: Each customer may be assigned a price level - usually starting with "Blank" or A or B. These levels correspond to the prices entered for the Items entered in Item Maintenance. If you want to assign different pricing for each customer, type the price level here. If a level is not entered, price level A will be charged. For example, you might want to assign a level B to all students who purchased a student body card and give them preferential pricing for items sold. The system will automatically change a student to price level B if the student purchases the Item designated in Customize on the Work Screen tab.

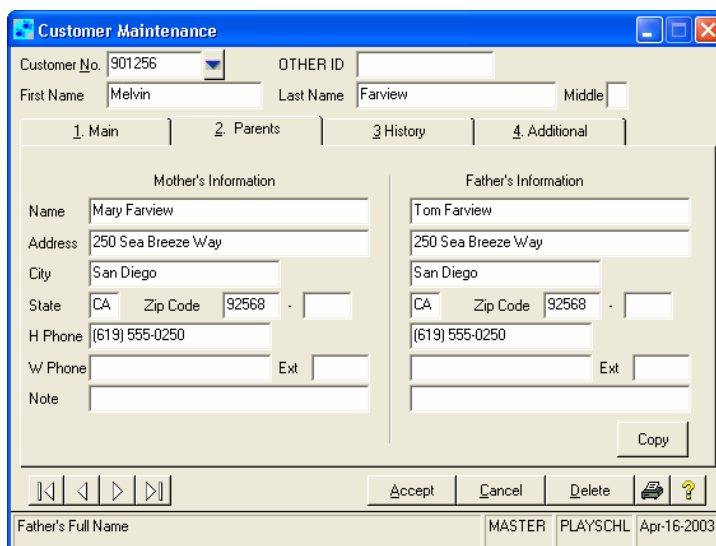
Credit Line: Enter a credit line limit for this customer, if applicable. If you only allow students to "charge" up to a certain amount, enter that amount here. Usually this is left blank, as if they owe money for a fine or a bounced check, they owe money! There is no limit!

Using the PARENTS TAB screen

This screen is optional. You can copy the address and telephone information from the MAIN TAB to this screen by clicking on the COPY button located on the bottom right of the screen. Tracks will display the following message:



If you answer Yes, Tracks will load the information from the student. Then you can simply enter the names and other information for the parents. If the parents have different addresses, simply edit the address to make any necessary corrections.

A screenshot of the "Customer Maintenance" window. It has a blue title bar and a menu bar with "File", "Edit", "Format", "Tools", "Window", and "Help". The main area has tabs for "1. Main", "2. Parents", "3. History", and "4. Additional". The "2. Parents" tab is active, showing "Mother's Information" and "Father's Information" sections. The "Mother's Information" section includes fields for Name (Mary Farview), Address (250 Sea Breeze Way), City (San Diego), State (CA), Zip Code (92568), H Phone ((619) 555-0250), W Phone, Ext, and Note. The "Father's Information" section includes fields for Name (Tom Farview), Address (250 Sea Breeze Way), City (San Diego), State (CA), Zip Code (92568), H Phone ((619) 555-0250), W Phone, Ext, and Note. A "Copy" button is at the bottom right of the form. At the bottom of the window are navigation buttons (back, forward, etc.), "Accept", "Cancel", "Delete", and a printer icon. A status bar at the very bottom shows "Father's Full Name", "MASTER", "PLAYSCHL", and "Apr-16-2003".***Using the HISTORY TAB screen***

This screen is for display only. You can view transactions for this Customer or print Customer History by clicking on the printer button.

Using the Print Button in Customer Maintenance

If you click on the Print button at the bottom of the Customer Maintenance screen, Tracks will print the information for the Customer selected on the screen.

Customer Maintenance

Customer No. 901253 OTHER ID

First Name Bella Last Name Banu Middle

1. Main 2. Parents 3. History 4. Additional

Receipt#: 0000139 May-25-2001
 PARK PARKING PERMIT 1 5.00 5.00

 5.00

 Cash 5.00

Redisplay Transaction Sort Descending ☒ Ascending ☐

Accept Cancel Delete

MASTER PLAYSCHL Apr-16-2003

Using the ADDITIONAL TAB screen

If you have set up UDF's and/or Sales Control Codes on the Customize — UDF's Tab, you can enter the information for each Customer here on the Additional Tab.

Customer Maintenance

Customer No. 901256 OTHER ID

First Name Melvin Last Name Farview Middle

1. Main 2. Parents 3. History 4. Additional

Homeroom SMITH
 Sports TRACK
 Track A

Accept Cancel Delete

MASTER PLAYSCHL Apr-16-2003

Finding a Customer on the Work Screen

Because most of the time you want to track sales by customer, the customer record must be identified and brought to the Work Screen before a sale is completed. If the customer has not been added to the system, the record may be added at the time of the transaction.

Customers in Tracks are displayed sorted in Last Name order by default. You can find a Customer on the Work Screen by scanning the Customer's bar code, typing in the Customer number, or using the Customer Look Up feature or by hitting F8 on the keyboard.

Find customer record - by scanning or typing

To find a customer record, scan or type the customer number at the command line. The system scans the Customer file searching the Customer number field for the number entered. If the system is unable to find the number, it then searches the Other ID field for the same number. When the number is found, Tracks displays the customer record. If you want to search the Other ID field FIRST, check the box for Use Other ID in Customize on the Scanning Tab.

Find customer record - by Lookup

Click on the F8 button or press F8 on the keyboard. Then start typing in the first few letters of the Customer's Last Name. When the correct name is highlighted, press Enter. If you press F8 while a Customer record is already on the Work Screen, Tracks will display the entire Customer Maintenance screen for this Customer.

Add a new customer on the Work Screen

You may add a new customer on the Work Screen by typing "AC" (Add Customer) at the Command Line or by pressing the F1 1 Options button, then choosing the "AC" button from the Options Button choices.

Delete Customer

Use this feature when you've sold items to a student under the wrong student ID. Using this feature, you can transfer all the purchase history to the correct student ID. You can also use this when you've assigned a temporary number to a new student (just because he had to buy the sticker right now- no, he couldn't wait to get an official number — and you wanted to move things along.)

How to Delete a Customer

1. Select the Customer you want to delete. Press the Delete button on the bottom right side of the screen.
2. The system will display a message "Are you sure you want to delete this customer?" The default is "No". If you want to delete, click "Yes".

3. The system will check to see if this Customer has any transactions in the history file. If the Customer has no transactions, Tracks will delete the customer. If the Customer does have transactions in the history file, Tracks will display the message “Do you want to move this Customer’s existing transactions to another Customer? Y/N” with the default at Yes.
4. If you answer No, Tracks will display the message “Tracks does not allow you to delete Customers with existing transactions during the current year as this could damage your audit trail. You may delete this Customer after all transactions from this year have been cleared at year end.” if you answer Yes, Tracks will display the Customer Lookup window and let you choose the Customer who’s going to get all that history. Pick the customer you want.
5. Tracks will then display information about the customer to be deleted and the new customer getting the transaction history and allow you to confirm the transfer once more. You can still cancel the whole thing by clicking on the Cancel button.
 - Yes- deletes the Customer.
 - No- returns you to the Customer lookup window to pick someone different to assign the transaction history to.
 - Cancel- forgets the whole thing.

Customer List

The Customer List feature allows you to print or preview all your Customers or only a selected group.

SORT: You can choose to sort the Customer List by Last Name, Zip Code, Customer Type, or Class.

SELECT: To select all Customers, leave all the check boxes checked. To select a range of Customers by Last Name or by Zip Code, enter the starting and ending values in the appropriate fields.

NOTES: Check the Notes box to include notes on your report.

REMEMBER SETTINGS: Check this box to have Tracks remember your settings for the next time you run this report.

Customer Mailing Labels

The Customer Mailing Labels function allows you to print mailing labels for all your Customers or only a selected group. Tracks is pre-configured to print labels on Avery 5160 Labels (30 up).

SORT: You can choose to sort the Customer Labels by Last Name, Zip Code, Customer Type, or Class.

SELECT: To select all Customers, leave all the check boxes checked. To select a range of Customers by Last Name or by Zip Code, enter the starting and ending values in the appropriate fields.

REMEMBER SETTINGS: Check this box to have Tracks remember your settings for the next time you run print labels.

Tracks™ Items Maintenance

Item Maintenance

What does it do?: Use Item Maintenance to enter all the items you will sell in Tracks. Most Items will be entered as “Service” type items.

Using the Main Tab

You will enter all the information about this item on the Main Tab. You can also edit existing records on this screen.

Item number: Enter a number for this item.

Description: Enter the description of Item which will be printed on receipts and reports. Enter a pipe in the description if you want to edit the description on the Work Screen.

Type: Enter the type using one of the following codes:

[P] Products	[S] Services
[M] Matrix item	[K] Kit code
[V] Vehicles	[F] FundRaiser

Last activity: The last date an item was sold or returned will appear in this field. Leave this field blank when adding an item. Tracks will update it automatically.

Customer Required?: If answered [Y] Yes, transactions will not be completed unless a customer (in most cases this will be a student) is entered in the upper left-hand corner of the Work Screen. You need this feature to make sure that when you sell a yearbook, you'll know WHOM you sold it to. If answered [N], the system will allow you to sell an Item with no customer name on the Work Screen; you'd answer "No" for Items like soda or potato chips in a Student Store.

Sundry: Check this box if this is a sundry item; leave blank if this is not a sundry item. Sundry items are things like candy bars or pencils or small miscellaneous items of low value and high volume sales. Use this field if you do not want to print a receipt every time someone buys a candy bar, but you want one receipt at the end of the day showing totals for ALL the sundry items sold. You can print the Sundry receipt from the Work Screen by typing SUNDRY at the command line. Even if you forget to print it, Tracks will automatically print the Sundry receipt before doing a Closeout.

Note: Tracks does not check for quantity on hand at time of sale for sundry items.

Taxable: Check this box if the item is taxable. If it is not taxable, leave the box clear.

Grade Limits: If this item is only to be sold to one grade or year, enter the grade or year; if anyone may purchase this Item, leave this field blank. For example, if only seniors may purchase a ticket to the dance, enter "12" or "2001" (or the appropriate graduating year), to limit sales in this way. To restrict sales to customers with either "12" or "2001" in the Grade/Year field, enter "12 space 01" in this field. If you attempt to sell this item to a student who is not in this class, Tracks will warn you. Enter "11 space 12" to restrict sales to only or 12th graders.

Department: The Department code may be any three characters or combination of letters and numbers. Examples of department designations might be "SB" (for Student Body) or "DIS" (for District) or "DAN" (for Dance).

Grouping: From time to time it may be convenient to group inventory items together for reporting purposes. Standard sorting protocols may not allow this type of reporting. Using the Grouping field allows the user to define which group an inventory item belongs to for specialized reporting. It is not necessary for every inventory item to have a specialized group. Example: Use Grouping “PRM” to group Items for the prom together on a report. For more examples of how to use the Grouping field, see Grouping Report.

Save History?: Check this box if you want to save transaction history for this Item past year-end. This will allow you to see the sales made last year for this Item. Note: Use judiciously. If you want to save many, many items in history, consider saving Prior History for the whole year.

Color: Color of inventory item. This is optional.

Size: Size of inventory item. This is optional.

Style: Style of inventory item. This is optional.

Prompt price: If this option checked, Tracks will prompt you to enter a price each time this item is added to a receipt. This is suitable for items that have frequent price changes or items that have a different dollar amount each time they are sold, like lost book charges for example. Normally, when the item appears on the Work Screen, the price entered in price level A for this item will be displayed. If the price is correct, you can press <Enter> to accept it. If the price to be charged is different, you can enter the new price.

Price: Enter the selling price for the item. Different prices for different customer price levels may be entered on the Levels Tab, however, if you only have only price for this Item, enter it here.

Cost: Enter the cost of the item. When entering new items, enter your current cost. This is strictly an optional field.

Last Cost: Unit cost from the last order. This field must contain the cost for it to appear on purchase orders.

Prompt Quantity: Check this box if you want Tracks to prompt you for the quantity each time you sell this Item. This would normally be used for fundraising items like candy when you’re selling more than one at a time to each Customer.

Quantity limit?: Enter the maximum number of this Item to be sold to any one Customer. For example, if students may only purchase one

dance ticket, enter “1”. Tracks will then warn you if a Customer who has already purchased 1 of this item tries to purchase another one. You may only use this feature if Customer Required is set to [Y] for this Item.

Reorder level: The quantity on hand that the item must reach before the item appears on the Reorder Report. This quantity will depend on the amount of time it takes to receive merchandise from a distributor. Example, you may want to keep 25 units of an item in stock at all times (set normal stock to 25). If the distributor you order this product from provides next day delivery, you may not need to reorder this item until your on hand quantity reaches 5 (set reorder level to 5). If, however, orders from this distributor take a week to arrive, you may want to place the order when your on hand quantity reaches 15 (set reorder level to 15). Depending on how the reorder report was requested during the Customize procedure, an item will appear on the reorder report when the on hand quantity is less than the reorder level. The program will suggest an order equal to the normal Stock Level - Current On Hand Quantity.

Normal Stock: Quantity of each item you would like to have on hand at all times.

Quantity on hand: Current on hand quantity for this item. Leave this field blank until all items have been added and counted and you are ready to use the computer for ringing sales. Then take inventory and enter the correct quantity on hand.

Prompt for GIL Code: Check this box if you want Tracks to prompt you for a GIL Code each time you sell this Item. You can use this to properly record sales of Items when the funds will go to several different accounts — depending upon who brings you the money.

GIL Code: Part of the daily close out function of the Tracks is a general ledger posting report. The information in this field tells Tracks which account to credit for the sale of this item. If this field is left blank, sales of this item will post to Sales for Items with no G/L Account (found in Customize/Closeout 1 Tab). You can go back at any time and enter a GIL Account Code for an Item. Press <F2> to lookup valid GIL Accounts.

Using the Levels Tab

Price Level Code: Enter the Price Level Code- like A or B. You can enter a separate line for regular or promotional prices for each Customer price level.

- Price level “blank” or A is usually used for students who have NOT purchased a student body card.
- Price level B is usually used for students who have purchased a student body card.
- Price level C and above can be used for anything you want- faculty, other adults, etc.

The screenshot shows the 'Item Maintenance' window. At the top, 'Item #' is 'YRBK' and 'Type' is 'Product'. The 'Description' is 'YEARBOOK'. Below this are tabs for '1. Main', '2. Levels', and '3. Additional'. The '2. Levels' tab is active, showing a table with columns: Level, Type, Price, Starting Date, and Ending Date. The table contains four rows: A Promotion (60.00, Mar-15-2001, Apr-15-2001), A Regular (50.00), B Promotion (55.00, Mar-15-2001, Apr-15-2001), and B Regular (45.00). The 'B Regular' row is highlighted. To the right of the table are 'OK' and 'Del' buttons. At the bottom of the window are navigation buttons (back, forward, etc.), 'Accept', 'Cancel', 'Delete', and a help icon. The status bar at the very bottom shows 'Item price level', 'MASTER', 'PLAYSCHL', and 'Apr-16-2003'.

Level	Type	Price	Starting Date	Ending Date
A	Promotion	60.00	Mar-15-2001	Apr-15-2001
A	Regular	50.00		
B	Promotion	55.00	Mar-15-2001	Apr-15-2001
B	Regular	45.00		

Choose the type of pricing- Regular or Promotional. If the item always has the same price, choose “R” for Regular Pricing. If you want to sell yearbooks for a special price from April 1 to May 31 only, enter “P” to enter a promotional price for yearbook for each price level you have. Enter the Price Level, then “P” and the promotional price to be charged. Enter the start and end dates for the promotional pricing and press OK to save. When you sell this item on the Work Screen between these dates, Tracks will charge the Customer the promotional price. You may enter up to six price levels per item.

Using the Additional Tab

If you have entered User-Defined Fields for Items, you can enter values for them here. If you have Sales Control Codes, you can choose how to handle them here. For more information about Sales Control Codes, see the section in Chapter 2 about the Customize/UDF tab.

More Information about Item Types***Adding a Service item (type code - S)***

Most of the Items you sell will be Service type items. That means you do not track quantity on hand information for this item. If you have an unlimited number of this Item to sell, it's a Service type item.

Adding a Product item (type code - P)

Some of the Items you sell will be Product type items. That means you DO track quantity on hand information for this item. If you have an only a certain number of this Item to sell, it's a Product type item. When you sell a Product type item on the Work Screen, Tracks subtracts the quantity sold from the current quantity on hand.

Adding Quantity on Hand Information

The on hand quantity field should be left blank until you are ready to use the system for ringing sales transactions. (Note: the system tracks on hand quantities for “Products” not “Services.”) Take a physical inventory count and enter on hand quantities by following the procedure for editing or receiving items.

Adding a Matrix item (type code - M)

After all basic item information has been entered, you will notice that three extra buttons have appears on the lower right part of the Main Tab. Now you have the opportunity to add information about Rows, Columns, and Quantities for this Item.

The idea with a matrix is that you track items like this:

	Red	White	Blue
Small			
Medium			
Large			

1. **Modify Rows.** Enter the row headings for this Item or click Grab to copy the Row setup from another Item.
2. **Modify Columns.** Enter the column headings for this Item or click Grab to copy the Column setup from another Item.
3. **Modify Matrix Quantities.** Tracks will display your matrix. Enter the quantities you have on hand in each cell. Tracks will automatically add them up and display the total quantity in the Quantity on Hand field on the Main Tab.

The screenshot shows the 'Item Maintenance' window with the 'Main' tab selected. The 'Item #' is 'TSHIRT' and the 'Type' is 'Matrix'. The 'Description' is 'T-SHIRT'. The 'Last Activity' field is empty. The '1. Main' tab is active, showing various fields for item configuration. On the left, there are checkboxes for 'Cust Req'd' (checked), 'Sundry' (unchecked), 'Taxable' (unchecked), and 'Save History' (unchecked). Below these are input fields for 'Grade Limits', 'Department', 'Grouping', 'Color', 'Size', and 'Style'. In the center, there are input fields for 'Price' (12.00), 'Cost' (0.00), 'Last Cost' (0.00), 'Quantity Limit' (0), 'Reorder Level' (0), 'Normal Stock' (0), and 'Qty On Hand' (1,499). On the right, there are checkboxes for 'Prompt Price' (unchecked) and 'Prompt G/L ?' (unchecked), a 'G/L Code' dropdown menu (showing '2280-00-000'), and a 'MARKETING CLUB' button. Below these are buttons for 'Modify Rows', 'Modify Columns', 'Modify Matrix Quantities', and 'Modify the Matrix Quan'. At the bottom, there are navigation buttons (back, forward, etc.) and 'Accept', 'Cancel', and 'Delete' buttons. The status bar at the bottom shows 'G/L Account Number', 'MASTER', 'PLAYSCHL', and 'Apr-16-2003'.

Adding a Kit item (type code - K)

The screenshot shows the 'Item Maintenance' window with the 'Main' tab selected. The 'Item #' is 'SBPKG' and the 'Type' is 'Kit'. The 'Description' is 'SB PACKAGE'. The 'Last Activity' field is empty. The '1. Main' tab is active, showing various fields for item configuration. On the left, there are checkboxes for 'Cust Req'd' (checked), 'Sundry' (unchecked), 'Taxable' (unchecked), and 'Save History' (unchecked). Below these are input fields for 'Grade Limits', 'Department', 'Grouping', 'Color', 'Size', and 'Style'. In the center, there are input fields for 'Price' (80.00), 'Cost' (0.00), 'Last Cost' (0.00), 'Quantity Limit' (0), 'Reorder Level' (0), 'Normal Stock' (0), and 'Qty On Hand' (0). On the right, there are checkboxes for 'Prompt Price' (unchecked) and 'Prompt G/L ?' (unchecked), a 'G/L Code' dropdown menu (showing a blank), and a 'Kit Components' button. At the bottom, there are navigation buttons (back, forward, etc.) and 'Accept', 'Cancel', and 'Delete' buttons. The status bar at the bottom shows 'G/L Account Number', 'MASTER', 'PLAYSCHL', and 'Apr-16-2003'.

After the basic Item information is entered, the Kit Component button will appear in the lower right corner of the Main Tab.

1. Enter the component Items and quantity of each item to be included in the kit. Tracks will keep track of the total of all the components vs. the total price of the kit.
2. You do not need to enter a GIL account for Kit Items. After you do a Closeout, Tracks will explode the Kits into their component parts and will post amounts to the GIL accounts of the component

parts. For example, if your Fall Booster Pack includes a yearbook, a student body card, and a parking permit, Tracks will allocate the correct amounts to the yearbook account, and the other component accounts- automatically. You won't have to figure out the breakdown. Isn't that great!

The screenshot shows a window titled "Kit Components". At the top, there are fields for "Kit Number" (SBPKG) and "SB PACKAGE", with a radio button for "A Regular". Below this is a table with columns "Component", "Description", "Quantity", and "Price". The table lists three items: LOCK (LOCKS, 1, 5.00), SECARD (SB CARD, 1, 30.00), and YRBK (YEARBOOK, 1, 45.00). The YRBK row is highlighted. Below the table, there is a "Delete Component" button. To the right, there are fields for "Price Total" (80.00) and "Price to Match" (80.00), with a "Proceed" button. At the bottom, there is a field for "Kit's component (it is a Item number)" and a status bar showing "MASTER", "PLAYSCHL", and "Apr-16-2003".

Item Number	Description	Quantity	Price
LOCK	LOCKS	1	5.00
SECARD	SB CARD	1	30.00
YRBK	YEARBOOK	1	45.00

Price Total: 80.00
Price to Match: 80.00

Kit's component (it is a Item number): MASTER PLAYSCHL Apr-16-2003

Adding a Vehicle item (type code - V)

To utilize the Vehicle Tracking program, you must set up an Item for your parking permit and identify it as a Vehicle type item. Then, when you sell this Item (like PKPERMIT), the system will display the special Vehicle Information entry window on the Work Screen.

Adding a FundRaiser item (type code - F)

To utilize the FundRaiser program, you must set up Items for the fundraising activities you want to track. Then, when you sell this Item (like CANDY), Tracks will automatically update the FundRaiser files for the appropriate fundraiser. You can tell Tracks to prompt for the FundRaiser Code if you sell this item for multiple fundraising activities.

Item Requirements Maintenance

The Sales Requirement Report allows you to track sports eligibility and other programs where the student is supposed to buy (or bring you) certain items. A student going out for FOOTBALL needs to bring you his physical, grade check, and parent consent letter (PHYSICAL, GRADECHK, PARENTLTR). You will set up Items for each of these and sell them to the student when he brings you the appropriate item. Then you can run a Sales Requirement Report,

showing either Items Purchased or Items Missing for each Master Item.

Before you can run the Sales Requirement Report, you must first set up your items and establish the relationship between the Master Item and the Subsidiary Items needed to qualify for the Master Item.

First, set up all the items (Master and Subsidiary) in Item Maintenance. They do not necessarily need to have dollar amounts associated with them.

Then, set up Master Items in Item Requirements Maintenance as follows:

	Subsidiary Items	Description
Item 1	PHYSICAL	PHYSICAL
Item 2	GRADECHK	GRADE CHECK
Item 3		
Item 4		
Item 5		
Item 6		
Item 7		
Item 8		
Item 9		
Item 10		

1. Master Item: Enter the Master Item which will be sold to all appropriate students. For example, you would sell the FOOTBALL Item to everyone going out for football.
2. Subsidiary Items: Enter up to ten Subsidiary Items for this Master Item. These are the items you want to track for all those people who have been sold the Master Item. For example, everyone going out for football needs to bring in a physical, grade check, letter from parents, etc. Set up all these items as Items and enter them here as subsidiary Items under FOOTBALL.
3. You may scroll through existing Master Item information by using the cursor keys.

Item Reports

Item List

The Item List feature allows you to print or preview Item information. The report displays Item number, description, department, normal stock level, quantity on hand, cost, price, and total cost as well as GIL Account Code.

SORT: You can choose to sort the Item List by Item Number, Description, or Department.

SELECT: To select all Items, leave all the check boxes checked. To select a range of Items, enter the starting and ending values in the appropriate fields.

DEPARTMENT: To select all Departments, leave all the check boxes checked. To select a range of Departments, enter the starting and ending values in the appropriate fields.

REMEMBER SETTINGS: Check this box to have Tracks remember your settings for the next time you run this report.

Selection	All	Starting	Ending
Item Number	<input type="checkbox"/>		
Department	<input checked="" type="checkbox"/>		

☐ Remember settings Print Preview Print Setup Cancel ?

Enter Ending Item for the List MASTER PLAYSCHL Apr-16-2003

Item Requirements List

The Item Requirement List feature allows you to print or preview Item Requirement information. The report displays Master Item number and Component Items for each Master Item.

SELECT: To select all Master Items, leave all the check boxes checked. To select a range of Master Items, enter the starting and ending values in the appropriate fields.

Tracks™ Making Sales: Using the Work Screen

Introduction

In this section, you will learn how to:

- Ring sales
- Process returns and refunds
- Process charges and payments on account
- Look up customer history
- Accept various kinds of payment including split tender

About the Work Screen

For most of the day, your screen will display the Tracks Work Screen. On the Work Screen you will find most of the features needed to conduct your day to day student body sales business.

The screenshot shows the 'Work Screen' interface. At the top is a blue title bar with the text 'Work Screen'. Below it is a row of function keys: F2 MENU, F3 ITEMS, F4 CLEAR, F5 DELETE, F6 EDIT, F7 TAX, F8 CUST, F11 OPT, and F12 FAST CASH. The main area is divided into several sections. On the left, there are input fields for Name, Address, City, State, Phone, Class, and Notes. On the right, there are input fields for ID, Other ID, and Balance. Below these is a 'Command Line' section with fields for Command Line, Description, Quantity, and Price, and an 'OK' button. Below that is a table with columns for Item Number, Description, Dept, Quantity, Price, and Ext Price. At the bottom left, there are more function keys: F9 PRINT, CH HIST, LC LAST, NOTE, R RET, and a red button with a question mark. To the right of these are fields for Sub-Total, Sales Tax, and Total, each with a value of 0.00. At the very bottom is a status bar with fields for Item #, Customer Number or Command, MASTER, PLAYSCHL, and Apr-16-2003.

The Work Screen is divided into five sections:

- Customer Information
- Inventory/sale information
- Function code buttons with descriptions
- Command line
- Payment information

Customer information

Customer name, address, and phone.

Name: Customer name and address. This may be a student, a club, a staff member, or someone to whom you make a miscellaneous sale.

Notes: Information entered in customer's record. This line will flash if the Flash flag in Customize is set to "Y".

ID: User Code of the clerk ringing the transaction.

Class: Displays Customer's grade level or class.

Balance: Balance due on Account. This is the balance due for items that have been charged to a customer's account.

Item/sales information

Item: Item Number or ITEM (“Stock Keeping Unit”). Stock number or item number of the things you sell.

Description: The description of the product or service. This description prints on the receipt. This information is set up in Item Maintenance.

Dept: Department or Group.

Qty: Quantity sold.

Price: Regular selling price (unit price).

Ext Price: Extended Price. Quantity sold times unit price equals the extended price.

Function keys description

You can access the functions specified on each Function key by either pressing the key on your keyboard or by clicking the button once with your mouse. The Function keys are designed to help you perform regular functions quickly.

“?” Help: Access Help screen.

F2 - Menu: Return to Main Menu.

F3- Item Lookup - Point and Select: Search through item records and select items to be sold.

F4 - Clear All: Clears all information on the Work Screen and cancels a transaction BEFORE a receipt is printed. A transaction may be cleared using F4 before a receipt is printed. After a receipt has been printed, you must do a return/refund to correct any errors.

F5 - Delete line entry: Deletes any sales line on the Work Screen. Highlight the line to be deleted either by clicking on the line or by using your arrow keys to select it. Press or click F5 and Tracks will delete the line.

F6 - Edit entry: Edits the description, quantity, or price of any item on the Work Screen. Highlight the line to be deleted either by clicking on the line or by using your arrow keys to select it. Tracks will display the selected line on the Command line and allow you to edit it.

If inventory item descriptions have been set up with the “I” (pipe) character, only that part of the description which follows the “I” (pipe symbol) will be edited. You might use this feature to enter the specific number on the student body card or prom date’s name. When you press F6, the system will move the cursor to the last item on the Work Screen that has a pipe. When you press F6, the cursor moves to the item which is LOWEST on the screen. If you want to edit the description of several line items, start with the lowest one first.

F7 - Tax: Change total tax amount. If the system is displaying the wrong sales tax, you can correct the sales tax amount by entering the correct amount here.

F8- Cust Lookup: Find a customer record. Tracks displays a list of customers. You may search by Last Name, Customer Number or Other ID. Press F8 the first time to lookup a customer; press F8 when the customer is on the screen to edit the customer record.

F9 - Print/done: Print customer receipt and/or end a transaction.

F12 - Fast Cash Sale: Press F12 to complete a transaction (instead of F9). This button is only active if there is no customer record on the Work Screen. You may not do Fast Cash Sale transactions when selling to a particular customer. The system assumes the transaction is paid in cash and will not prompt for payment type.

F9- Print: Press F9 to complete the transaction. Tracks will prompt you to enter payment type information and then print a receipt (if receipt printing is selected).

CH - Customer History: Click this button or type “CH” to display the sales history screen for the selected customer. You can also access Customer History from the Fl 1 Options Menu.

LC- Last Customer: Click this button or type “LC” to bring up the last customer you had on the Work Screen. This option is not active when you already have an existing customer on the Work Screen. You can also access Last Customer from the Fl 1 Options Menu.

R- Return: Click this button or type “R” to return the highlighted item on the Work Screen. Tracks will change the quantity to a negative number, thus creating a refund or backing out a prior transaction. You can also access Return from the Fl 1 Options Menu.

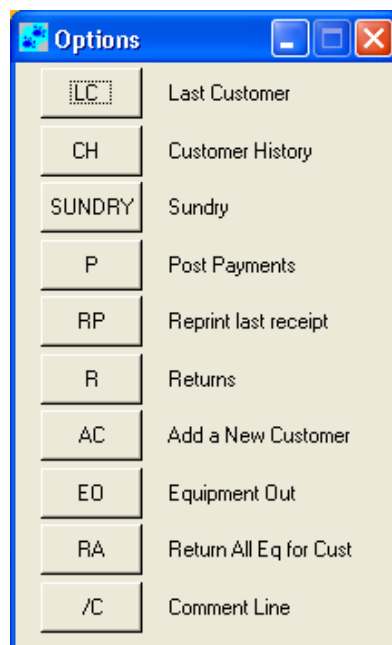
To select an option, click on the button or type the code at the Command line.

?- Help: Click this button to access the Help menu for the Work Screen.

Command line

The Command line located in the center of the Work Screen is where you enter customer and item information for a sales transaction. When you scan a bar code for either a customer or an item, the number appears briefly on this line and then the data is loaded onto the Work Screen.

F11 Other Options - Other Options Menu



To access the Other Options Menu, press or click the <F 10> key. To make a selection, click on the appropriate function or use the Hot Key function to simply type in the code. For example, you may either type “LC” for “Last Customer” or you can click on the “LC” button. All F11 functions may also be activated by typing a command at the Command line at any time.

Last Customer: Use this option to recall the last customer accessed on the Work Screen. Type [LC] Enter. You may not recall the Last Customer while an existing customer is on the Work Screen.

Customer History: Use this option to view prior purchases and payment history for the customer listed on the Work Screen. Type [CH] Enter. This screen may also be accessed from Customer Maintenance.

SUNDRY: Use this option to print your receipt for all the Sundry items you have sold today. Tracks will print a receipt summarizing all the little sundry items you sold today. For more information about Sundry items, see Item Maintenance, Sundry Items. You must print a sundry receipt before performing a Closeout. Type [SUNDRY] Enter.

Post Payments: Use this option to access the Charges on Account window. You can also use this feature to determine the exact items that constitute balance due amount when customer says “No way, I don’t owe any money!” You can also use this option when accepting a payment on account. Type [P] Enter.

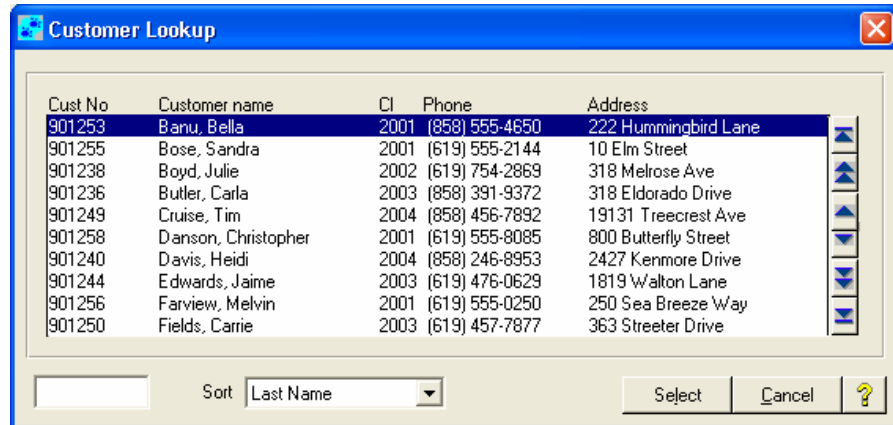
Reprint Last Receipt: Use this option to print another copy of the last receipt printed. Tracks automatically prints the word “Copy” on this and subsequent copies of this receipt- just so everyone knows it is NOT the original receipt. Type [RP] Enter.

Returns/Refunds: Use this option to return an item previously sold. Type [R] Enter. First get the item on the Work Screen, highlight the line, then press “R”. Tracks will change the quantity to a negative, indicating the item is being returned.

Add a New Customer: Use this option to add a new customer to Tracks. You can use this option to add a new customer even if no permanent student number has been assigned. For more information about temporary customer numbers, see Customer Maintenance and check the index under “Temporary Customers.” Type [AC] Enter.

Finding Customer records

Because Customers may be students, faculty, staff, clubs, or any other entity to whom you sell things, throughout the Tracks, we refer to “Customer” rather than “Student.” If you choose to track sales by customer, the customer record must be identified and brought to the Work Screen before a sale is rung. If the customer has not been added to the system, the record may be added at the time of the transaction by using the “AC” option mentioned above.

Find Customer record using the Lookup window

1. Press or click <F8>. The Customer Lookup window will appear. Customers are automatically displayed in Last Name order. You may change the sort order to either Customer ID # or Other ID #, but Tracks keeps the default at Last Name because usually when you are attempting to find a customer, you will be searching by Last Name.
2. To find a specific record, type the first few characters of the name or number and press Enter. Tracks will move to that section of the Customer list and highlight the customer record that most closely matches what you have entered. Or you may scroll up and down to find the customer.
3. When the correct name is highlighted, press Enter or double click to bring that customer record up on the Work Screen.

Find customer record - by Customer number

To find a customer record, scan or type the customer number at the command line. Tracks scans the Customer file searching the Customer number field for the number entered if the program is unable to find the number, it then searches the Other ID field for the same number. When the number is found, the customer record will appear on the Work Screen if you want to search the Other ID field FIRST, change the search order in Customize

Add a new customer

Press or click <AC> The Customer Maintenance screen will appear Follow the procedures for adding a new customer See "Add Customer Records" WARNING You must enter the Customer # (Student #) when entering a Customer. Make sure you use the correct Student ID#

when entering a Student into the system. All customer history and sales information in Tracks depends on the Customer Number. It is important that it is entered right the first time

How to Make a Sale

1. **If applicable, find a customer record.** Do this by scanning the customer bar code, or press <F8> to select the customer from the Customer Lookup window. You can also may sales without a customer on the screen.
2. **Enter items the customer wants to purchase.** You can scan the barcode of the item or type the Item number or press <F3> to select the item from the Item Lookup window.

The screenshot shows the 'Work Screen' interface. At the top, there are function keys: F2 MENU, F3 ITEMS, F4 CLEAR, F5 DELETE, F6 EDIT, F7 TAX, F8 CUST, F11 OPT, and F12 FAST CASH. Below these, customer information is entered: Name (Frederickson, James), Address (2344 Jay Street), City (San Diego), State (CA), Zip (92145 - 4577), Phone ((619) 789-4578), and Class (2001). To the right, ID (548777), Other ID (2383), and Balance are shown. A table lists items: 'BOOKFIVE' (1 quantity, 10.00 price, 10.00 ext price) and 'CANDY' (1 quantity, 5.00 price, 5.00 ext price). At the bottom right, the Sub-Total is 15.00, Sales Tax is 0.00, and Total is 15.00. The bottom status bar shows 'Detail information', 'MASTER', 'PLAYSCHL', and '07/17/00'.

3. **Enter the quantity.** Most users have Tracks set to default to a quantity of one. If you have set your options to “Prompt for Item Quantity” (in Customize, Work Screen), Tracks will prompt you to enter the quantity.
4. **When all items have been entered, press F9 to end the transaction.** The Work Screen Payments window will appear.
5. **Tracks displays the total amount due in the Amount field. If the payment is all one type (like “all cash” or “all check”), press Enter.** To enter split tender (for example, part cash and part check), enter the amount paid in cash, then “1” for the first payment method. Then enter the amount paid by check, then “5” for

the second payment method, then the check number and the name on the check.

6. **Select the payment method.** You can either type the number of the payment method or click on the drop down button to view your choices Tracks accepts several different types of payment which are explained in the next section
7. **Accept.** Tracks positions the cursor on the “Accept” button when the total amount of the receipt has been allocated.
 - **Accept.** Accepts everything as OK and prints the receipt.
 - **Cancel.** Returns you to the Work Screen and allows you to edit items.
8. **To correct an error in payment method or split tender, check on the item you want to change and enter the changes in amount or payment type.** To return to the Work Screen, click Cancel. When the transaction information is correct, press Accept Depending on how your system is configured, Tracks will print a receipt and open the cash drawer.

If the customer record is locked, you cannot sell anything to this customer. To unlock a record, go to Customer Maintenance and clear the “Lock” check box.

If a customer has a check in the “No Checks” field, “Check” cannot be selected as the method of payment. Tracks will protect you from accepting a check from this customer

Tendering Payment

You can take several types of payment in Tracks. After you have pressed <F9> to complete a sale, the system displays the Payments window, showing the total due. You can enter the amount paid and the payment method using the codes in the “How Paid” drop down field.

The screenshot shows a window titled "Total" with a blue border. Inside, there are three main input areas: "Amount" with a text box containing "6.25", "How Paid" with a dropdown menu showing "1=Cash" selected, and "Receipt Total" with a text box containing "6.25". Below the "How Paid" dropdown is a list of payment methods: 1=Cash, 2=Master/Visa, 3=American Express, 4=Discover, 5=Check, 6=Charge to account, and 7=Multiple Checks. At the bottom right, there are two buttons: "Accept" and "Cancel".

How Paid- Payment Methods

You can choose one payment method for each transaction or accept split tender for this transaction, separating the payment between several methods of payment. You may split the payment between up to three types of payment. For example, on the above transaction of \$20 00, you might accept \$500 cash, \$1000 check, and \$5 00 credit card. You may either type the number of the payment method or select from the drop down window.

1. Cash

Choose “1” for Cash. Cash is cash. No other entries expected.

2. Mastercard/Visa

Choose “2” for Mastercard/Visa. You will be prompted to enter the credit card number, expiration date and name on the card. Tracks checks to make sure the expiration date is greater than today

3. American Express

Choose “3” for MasterCard/Visa. You will be prompted to enter the credit card number, expiration date and name on the card.

4. Discover

Choose “4” for MasterCard/Visa. You will be prompted to enter the credit card number, expiration date and name on the card.

The screenshot shows a software window titled "Total" with a blue title bar and standard Windows window controls. The window contains a payment form with the following fields and values:

Amount	How Paid	Cred Card	Exp Date	Receipt Total
6.25	4=Discover	1234-5678-9101-1121	Dec-06-2003	6.25

Below the main form, there is a summary row with the value "6.25" in a text box. At the bottom right of the window, there are two buttons: "Accept" and "Cancel".

5. Check

Choose “5” for check. You will be prompted to enter the check number, and name on the card. The check number and name on the check are optional.

6. Charge to Account

Choose “6” to charge this sale on account. You will use this payment method to record fines owed by your customers. You will also use Charge to Account to record Accounts Receivable type items.

7. Multiple Checks

Choose “7” to enter multiple checks for this transaction. You may choose to enter check numbers as the names on the checks. You might choose this option when accepting many checks from an advisor or several checks on one transaction.

Edit/Void transactions

Void a sale/Cancel a sale

Press <F4> (Clear screen). Sales transactions may only be voided or canceled before you “Accept” the transaction on the Payments screen. Even after you’ve entered sale and payment information, but have not yet pressed “Accept”, you may select “Cancel” on the Payments screen. You will be returned to the Work Screen, where you can select <F4> to clear the screen and cancel the whole transaction.

You cannot void or cancel a sale that has already been completed. That would not be consistent with keeping a solid audit trail for every transaction. To back out or reverse a prior sale that has already been recorded, you must process a completely new transaction and “return” the items sold. Essentially, you just do the same transaction in reverse. This preserves the integrity of the audit trail and shows the “in” and the “out” as two discrete transactions. You can even put comments on the “return” transaction explaining what happened.

Change sales tax amount

Use this option if you want to adjust the amount of sales tax on this receipt. Sales tax is displayed in the bottom right of the Work Screen. If you are backing into a tax amount and need to adjust it by a few cents because of rounding, use this option to get it exact.

1. **Press <F7>.** The cursor is positioned on the Sales Tax amount.
2. **Enter the correct sales tax amount and press Enter.**

Edit Customer record

Press <F8> after the customer record has already been brought to the Work Screen. You can then make changes to the customer record. You may also edit the customer record through Customer Maintenance on the Customer Menu. For more information see “customer Maintenance.”

Other Miscellaneous Functions

Reprinting receipts

- To reprint the Last Receipt printed, type [RP} or select Reprint Last Receipt from the F1 1 Other Options button
- To reprint an Old Receipt, go to the Management Menu, Special Functions Menu, and select Reprint Old Receipt. You can browse to find the receipt you want and then print it.
- Note All reprinted receipts will print the word “Copy” on the receipt so you will know it is NOT an original

Open cash drawer (ring a ‘no sale’)

Type [C] Enter at the command line. This option will only work if you have checked the “Allow “C” to open Cash Drawer” option in Customize, Hardware

Ring a matrix item

When a matrix item is entered, the Matrix window will appear on the Work Screen Current on hand quantities for each cell will be displayed. You can select which item you wish to sell.

Price Levels

Customer price levels may be handled by implementing price levels for your customers and inventory items. Many schools give discounts to students who purchase a student body card or sticker. For example, a student who buys a student body card may get special pricing (price level B) to a dance while another student who has not purchased a student body card pays full price (price level A).

- **Customers and item records can include several different pricing levels.** Each customer is assigned a price level (for example, A - E) and each item in inventory may have different selling prices based on price level. Tracks will automatically charge the customer the selling price that corresponds to the price level you have assigned. For more information, see “Item Maintenance” and “Customer Maintenance”.
- Most schools offering these student body discounts want Tracks to automatically “know” when a student purchases a student body card and to “automatically” change that customer to a Price Level B customer. Tracks can automatically change a Student’s price level from A to B when a student body card is purchased. Tracks

can even give the right discount if the customer buys a student body card at the same time as the item to be discounted.

- **Set it up right.** Enter the Item number for your student body card or sticker in Customize, Work Screen in the field “Change Price Level on Sale of Item”. Tracks then knows that when a student Sam Jones buys this item (your SBCARD, for example) that the program should automatically change the Price Level on Sam Jones to a “B”. That way, Sam Jones will always get “B” level pricing on anything else he buys for the rest of the year.

Customer History

Tracks records sales and payment history for each customer. You can view and/or print transactions for the current day and the past.

View/print customer history

1. Find the customer record
2. Type CH at the Command Line or select Customer History from the Other Options Menu (F11 Button)

Selling multiple quantities

Tracks makes it easy to sell multiple quantities of an item. For example, to sell 2 candy bars, type “2X” (“2 times”) and scan the barcode. The system will display the ITEM with a quantity of 2.

Using an F12 Fast Sale

Press F12 instead of F9 to complete a sale when you need to sell very quickly. Use the F12 Fast Sale feature when the following things are true:

You do not need to track who is buying the item.

You need to process customers very quickly - like for snack item sales.

The customer is paying in cash.

Printing a Sundry Receipt

You can print a receipt showing the total of sundry items sold today by typing SUNDRY at the command line on the Work Screen. If you forget to print out the Sundry receipt before doing a closeout, Tracks will automatically force you to print one BEFORE beginning the closeout procedure. The Sundry receipt includes all the sundry items sold which have not previously been printed on a receipt, this is not a cumulative receipt. If you sold 24 candy bars to various customers

during the day, the Sundry receipt will list one line item with a quantity of 24. Likewise, the Sales by Receipt Report will list one line item for candy with a quantity of 24 rather than showing 24 individual receipt numbers and line items. Note: Tracks does not verify quantity on hand at the time of sale for sundry items.

Charge to Account Sales

The Charge to Account function allows you to charge items to students (book fines, lost equipment fees) and allows your students and customers to charge all or part of a receipt balance to a their account. You can set up a payment plan for Seniors so they can make payments during the year for Grad Night, Senior Pictures, etc Tracks will provide account statements, balance due reports, and follow up letters.

Charge to account

To charge the entire amount of the receipt on Account, press [Enter] to accept the total of the receipt in the amount tendered field and select #6- Charge to Account as the method of payment. Then choose [Accept].

The next time to bring that customer to the screen, Tracks will display the Balance Due on the right side of the Work Screen. To view detailed transactions that make up that balance due, type [P] for Payment at the Command line. Tracks will display the Charge to Account window shown below. You can then enter payments or merely explain to the customer exactly why it is that money is due!

To charge only part of the receipt on Account and accept payment on the rest, choose #6 Charge to Account, but choose [Payment] instead of [Accept]. Tracks will then display the Charge to Account window Click on the item to be paid or press Enter.

Tracks will prompt you to apply the amount of payment to specific items sold and then press [F9], after which you indicate whether payment is cash or check. In this instance, Tracks will actually produce two receipts: one showing the original sale charged to Account, and a second showing the payments applied to specific items.

Payments on account

Payments may be applied to individual receipts or to an account balance. You can accept a payment on account, that is, not apply the payment received to a particular item. In this instance, Tracks will show this item as a credit. Tracks is a cash based system.. No money is

posted to a GIL account until you apply payment to a specific item. You will eventually want to apply this credit to a specific item.

1. Find the customer record.
2. Type 'P' or select Post Payment from the Other Options Menu. The Charge to Account window will appear.
3. To apply the payment to a specific receipt, highlight the appropriate receipt number and press Enter. To find a specific record, type "L", then the receipt number and press Enter.
4. Type the amount of the payment for each item.
5. Press F9 to complete the transaction.
6. Enter type of payment then press Enter.
7. Click or press Accept to complete the transaction and print a receipt.

Returns and Exchanges

Tracks handles three types of returns:

- Return for cash refund
- Return for check refund — when you'll write a check to the customer at a later date
- Return for credit

Return an item (refund for cash/credit)

1. If applicable, select customer.
2. Enter the item(s) returned (scan the bar code label, type the item number or press F3 to lookup the items). The item number and description will appear.
3. Type [R] Enter or select Returns from the Other Options Menu. Tracks will change the quantity field to a negative number. If the quantity was "1", the changed quantity will be "-1".
4. When all items have been entered, press <F9> to end the transaction. The Payment information window will appear.
5. The payment method will be credit to account.

Remember when you are returning an item on the Work Screen: Always make the QUANTITY negative, NOT the UNIT PRICE.

Tracks™ End of Day Closeouts

Daily Sales Inquiry

What does it do?: Use this screen to see a running total of your sales for the day and the payments you have collected.

How to access it: In the Daily Menu and, select Daily Sales Inquiry.

The screenshot shows a window titled "Daily Sales Inquiry" with a blue title bar and standard Windows window controls. The window contains two main sections for data entry. The left section lists various payment methods and their amounts: Cash (0.00), Checks (0.00), Credit Cards (0.00), Subtotal (0.00), On Account (6.25), and Total (6.25). The right section lists Sales (6.25), Tax (0.00), and Total (6.25). At the bottom right of the window are "OK" and "?" buttons. A status bar at the very bottom of the window displays "MASTER", "PLAYSCHL", and "Apr-16-2003".

Cash	0.00	Sales	6.25
Checks	0.00	Tax	0.00
Credit Cards	0.00	Total	6.25
Subtotal	0.00		
On Account	6.25		
Total	6.25		

OK ?

MASTER PLAYSCHL Apr-16-2003

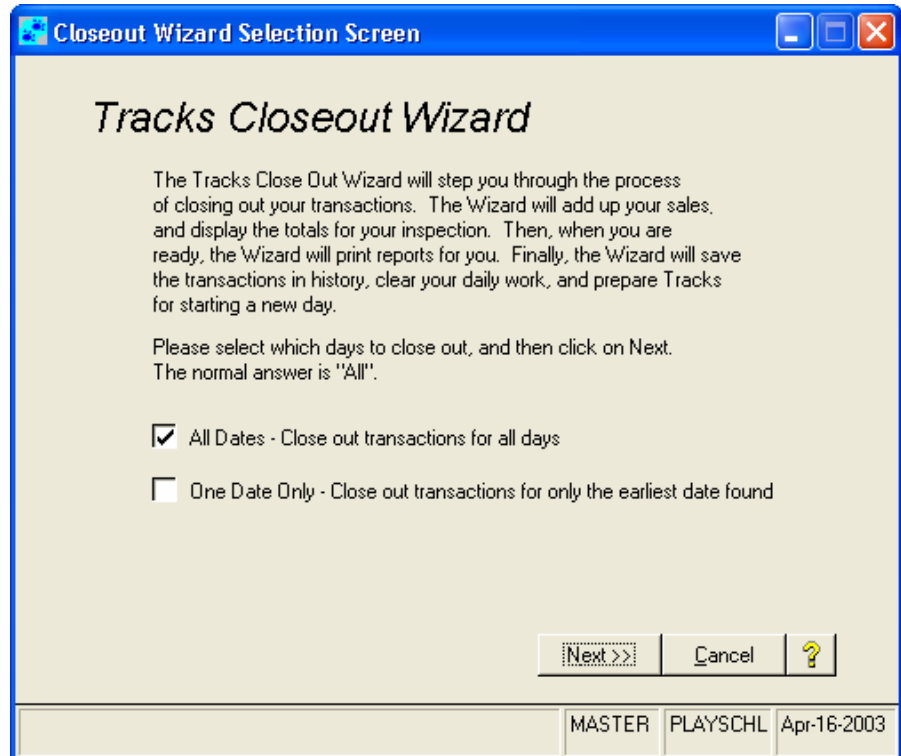
Closeout

What does it do?: The Closeout process adds up all the sales you've made and the money you have collected since the last time you did a Closeout. Tracks prints reports showing the total sales and payments for this Closeout. Every time you do a Closeout, Tracks assigns a unique Closeout number to the Closeout. Later on, you can access sales data by Closeout number or Closeout date. Sales history for each Customer is available before and after you perform the Closeout process. You can access Customer History detail transactions by typing "CH" on the Work Screen or by selecting the History tab on the Customer Maintenance screen.

How often should you do a Closeout?: Most Tracks users will want to do a Closeout every day and then prepare a bank deposit for all the money collected for that day. This makes it easy to tie the daily sales records directly to a specific bank deposit ticket.

When large sums of money are collected in very short periods of time, you may want to do several Closeouts in one day. Because you need to move fast, do the Closeout without actually counting the money. Put the money for each Closeout in an envelope with the reports for that Closeout and put it in the safe. Then go back to selling. Later you can count the money in each envelope, tying out to the Closeout reports in each envelope. We recommend that you make a separate bank deposit for each Closeout. The bank doesn't mind and it makes it easier to deal with somewhat smaller amounts of money.

How to access it: Go to the Daily Menu and select Closeout.

Closeout Wizard- Starting Screen

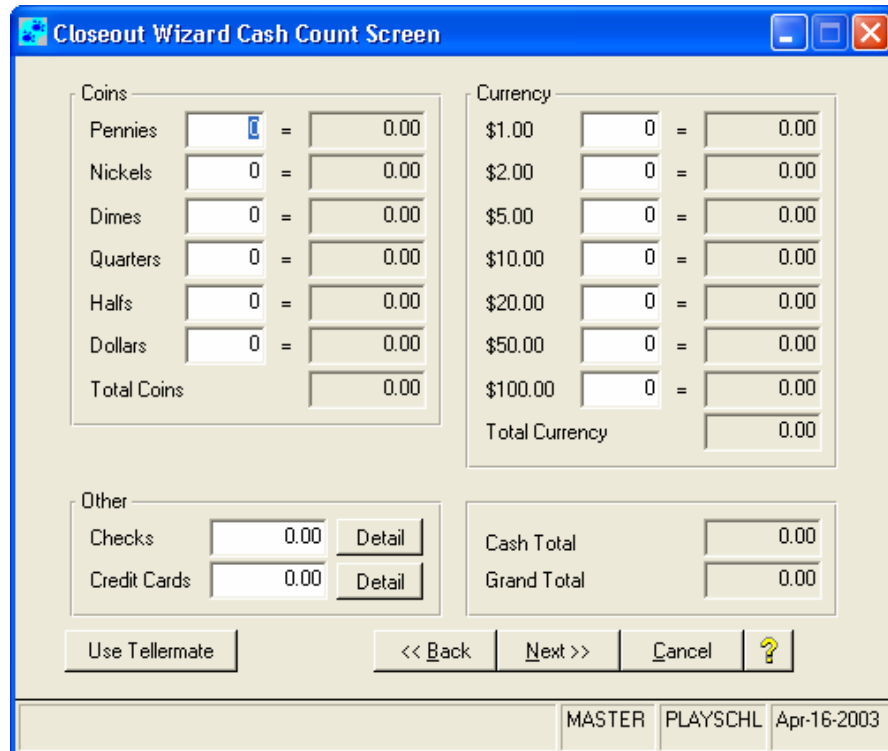
Date Selection: Chose to process a Closeout for all dates or One Date Only

Select **Next** to move to the next screen in the Closeout or **Cancel** to exit the Closeout process.

Closeout Wizard- Cash Count Screen

If you checked the Cash Count box in the Customize options, Tracks will display this Cash Count screen. You can enter the actual counts of coins and currency you have received.

Tracks automatically displays the totals of checks and credit cards received. You can click on the Checks Detail or Credit Card Detail button to see the detail items for these payment types.



The screenshot shows the 'Closeout Wizard Cash Count Screen' with the following data:

Coins			Currency		
Pennies	0	= 0.00	\$1.00	0	= 0.00
Nickels	0	= 0.00	\$2.00	0	= 0.00
Dimes	0	= 0.00	\$5.00	0	= 0.00
Quarters	0	= 0.00	\$10.00	0	= 0.00
Halfs	0	= 0.00	\$20.00	0	= 0.00
Dollars	0	= 0.00	\$50.00	0	= 0.00
			\$100.00	0	= 0.00
Total Coins		0.00	Total Currency		0.00

Other		Totals	
Checks	0.00	Cash Total	0.00
Credit Cards	0.00	Grand Total	0.00

Buttons: Use Tellermate, << Back, Next >>, Cancel, ?

Footer: MASTER, PLAYSCHL, Apr-16-2003

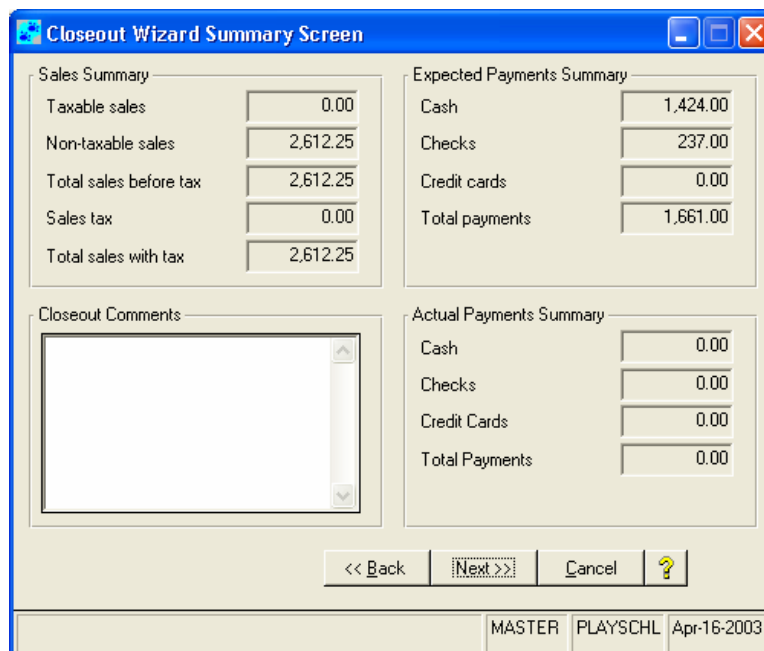
Select **Back** to go back one screen, **Next** to move to the next screen in the Closeout, or **Cancel** to exit the Closeout process.

Closeout Wizard Summary Screen

Tracks will now display this Summary screen. This screen is intended as a view only way for you to check your totals before you print reports. You may enter a Closeout Comment that will print on the reports.

Tracks automatically displays three different sets of totals:

- **Sales Summary:** This section displays total sales with sales tax.
- **Expected Payments Summary:** This section displays the amount of money Tracks thinks you should have collected based on what you entered on the Work Screen. The total may be different from the Total Sales amount because there may have been sales on account or payments accepted on account.
- **Actual Payments Summary:** This section displays the amount of actual money you collected based on what you reported on the Cash Count screen. In the best of all possible worlds, you would actually have the amount you should have, but sometimes, because the universe likes to toy with us, the amount will be slightly off and you may be slightly over or short.



Closeout Wizard Summary Screen

Sales Summary		Expected Payments Summary	
Taxable sales	0.00	Cash	1,424.00
Non-taxable sales	2,612.25	Checks	237.00
Total sales before tax	2,612.25	Credit cards	0.00
Sales tax	0.00	Total payments	1,661.00
Total sales with tax	2,612.25		

Actual Payments Summary	
Cash	0.00
Checks	0.00
Credit Cards	0.00
Total Payments	0.00

Closeout Comments:

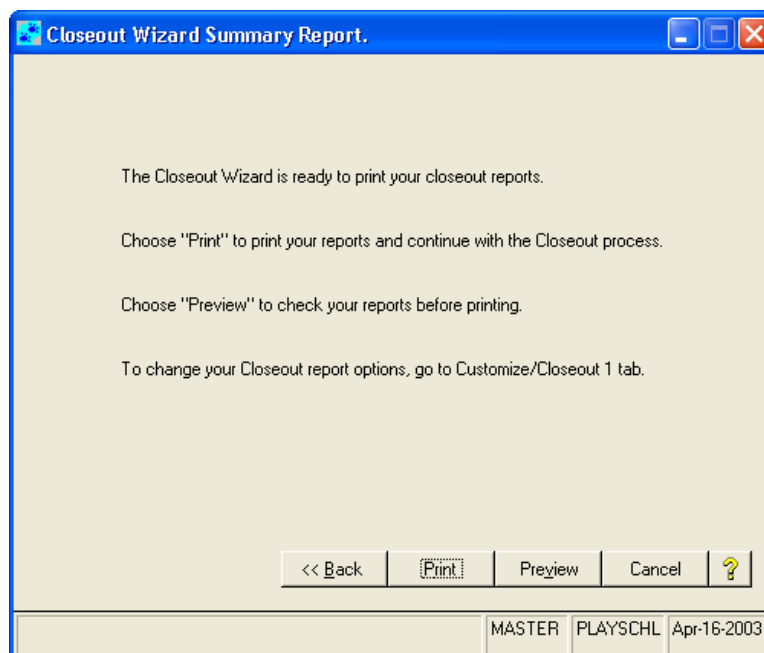
<< Back Next >> Cancel ?

MASTER PLAYSCHL Apr-16-2003

Select **Back** to go back one screen, **Next** to move to the next screen in the Closeout, or **Cancel** to exit the Closeout process.

Closeout Wizard — Summary Report and Update Screen

Tracks now displays the Summary Report and Update screen. This screen tells you what Tracks is going to do next..



Closeout Wizard Summary Report.

The Closeout Wizard is ready to print your closeout reports.

Choose "Print" to print your reports and continue with the Closeout process.

Choose "Preview" to check your reports before printing.

To change your Closeout report options, go to Customize/Closeout 1 tab.

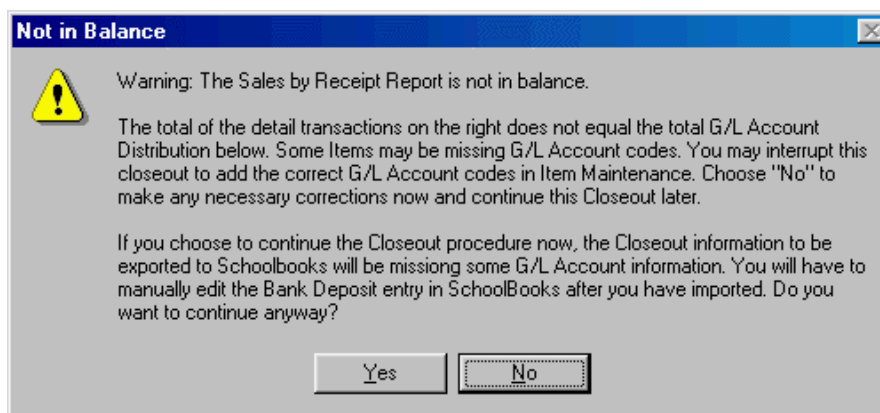
<< Back Print Preview Cancel ?

MASTER PLAYSCHL Apr-16-2003

Select **Back** to go back one screen, **Print** to print the Closeout reports, **Preview** to simply preview the Closeout reports, or **Cancel** to exit the Closeout process.

Tracks will print the Closeout Summary Report and the Sales by Receipt Report. You have a chance to review the reports before you complete and update the Closeout.

Ideally, the Total Amount for Posted Detail should equal the Total Amount for Deposit on the bottom of the Sales by Receipt Report. When these amounts are equal, it means you have GIL Accounts assigned for all your Items and Tracks knows where everything goes.



If these amounts are not equal, Tracks will display a warning screen that says “Not in Balance”. This screen is to warn you that you should check your Items for missing GIL Account numbers. You can still choose to go ahead and complete the Closeout.

- What are the consequences of going ahead when not in balance? If you plan to import Tracks data into SchoolBooks, you’ll find that you may have to enter some information manually over on the SchoolBooks side.
- Why? Because the information about G/L Accounts wasn’t correct on the Tracks side when the import data was created.
- What’s the moral of the story? Get the data correct **BEFORE** you update the Closeout.

Tracks will ask you if all the reports printed correctly. If you answer “Yes”, then Tracks will ask you if you want to Complete the Closeout. If you answer “Yes”, Tracks will update all transactions and (if selected) create the export for SchoolBooks.

Export to SchoolBooks

What does it do: This program can import daily sales transactions directly into SchoolBooks from Tracks without your having to re-enter it. You are not required to use this feature- if you want, you can enter all your deposits by hand into SchoolBooks Bank Deposit Entry. This program merely provides a shortcut. It creates an export file (SBEXPORT) containing detailed Tracks transactions, sorted by Closeout. SchoolBooks allows you to summarize these by G/L Account number and moves them to the Bank Deposit file (just as if you had typed them in yourself).

Tracks™ Sales Reports

Tracks provides you with a number of reports which display customer and sales information in various ways. The standard reports are intended to give you a wide variety of sort and selection options so you can get just the data you need. If you need a specialized report, you can use Crystal Report Writer, an add-on option to all Blue Bear software:

Sales by Item by Customer Report

The Sales by Item/Customer Report provides a sales breakdown of all the customers who have purchased a particular Item or range of Items for a selected time period. This report includes the Item number and description, together with the customer name (sorted alphabetically by last name), the receipt number, date, quantity and price.

Sales By Item/Customer Report

☐ Sort / Break Report on Grade or Year
 ☐ Use User Defined Fields

☒ Omit Refunded Items
 ☐ Double Space Report

☐ Create Extra Data Output File
 ☐ Include Additional Report Fields

☐ Select By Lock
 Sort By: Customer Name

User Defined Fields Ranges

Selection	All	Starting	Ending
Item Number	<input checked="" type="checkbox"/>		
Date	<input checked="" type="checkbox"/>	Jan-01-1990	Jan-01-2100

☐ Remember settings
 Print Preview Print Setup Cancel ?

Sort / Break Report on Grade or Year MASTER PLAYSCHL Apr-16-2003

1. **Sort/Break on grade or year?** Check this box to sort customers by grade/year. Leave the box clear if you want all the customers listed together in one big list.
2. **Omit refunded items from the list:** Check this box to omit transactions that have been refunded from this report. Leave the check box clear if you want to see all transactions on this report. For example, if you sold a yearbook to Linda Hall, then refunded it a week later, you might not want to see Linda Hall listed on the Yearbook Report. To leave her off the report, check this box; to include her, leave the box blank.
3. **Double space print out?** Check this box to double-space the report. Leave it blank to single space the report. Why might you want to double-space the report? Maybe you want to leave room for students to sign their names beside where they bought something — that’s always an idea.
4. **Create extra data output file:** Check this box if you want to create an extra data output file for this data. You would do this if you want to print barcodes or mailing labels for the customers on this report.
5. **Sort by:** You can sort this report by Customer Name, Customer Name and Number or Receipt Number.
6. **Include additional data fields:** Select from the following choices: None, Description from History, AR Information. “Description from History” will print the Item description for this particular transaction on this report; if you have edited the description (for example, you added something to the description field when you sold the item), that new description will print on the report. “AR Information” will print any amounts due for each individual Customer on the report. Use this option to get a report showing everyone who bought a yearbook and who still owes money.
7. **Item number range:** Enter the Item number or range of Item numbers for this report.
8. **Date range:** Enter the date or date range for this report.

Check the “Remember settings” check box to save these report selection settings for the next time you access this report.

Sales by Grouping Report

The Sales by Grouping Report provides a sales breakdown of all the customers who have purchased the particular Item in a selected Group for a selected time period. This report includes the customer name (sorted alphabetically by last name), the descriptions and Item num-



bers of Items in the selected Group and the quantities purchased. Use this report to generate a list of everyone coming to the prom plus their guest and phone number.

1. **Show/Print fields on report:** Choose which fields to include on the report. Your choices are Item Number, Phone number, Description, or All these fields.
2. **Item number for special selection:** If you want to print the Grouping Report showing only Customers who have purchased a specific Item, enter the Special Selection Item # here. The Special Selection Item does not have to be included in the selecting grouping.

Example: You've sold several different Items for Grad Night and you've also sold each student a bus number. By using the Special Selection Item (BUS 16), you can print a Grouping Report showing all students who purchased GRADN1TE and are on Bus #16.

1. **Sort and Break on grade or year?:** Check this box to sort the report with breaks for grade/year. Leave blank print all students in one big list.

2. **Omit refunded items from the list:** Check this box to omit transactions that have been refunded from this report. Leave the check box clear if you want to see all transactions on this report. For example, if you sold a yearbook to Linda Hall, then refunded it a week later, you might not want to see Linda Hall listed on the Yearbook Report. To leave her off the report, check this box; to include her, leave the box blank.

Note: Tracks will only suppress items with IDENTICAL DESCRIPTIONS. If the original prom date guest was Mary Smith, you must do a refund to Mary Smith, not Mary Smyth, in order to omit both items from the Grouping Report.

3. **Double space print out?** Check this box to double-space the report. Leave it blank to single space the report.
4. **Select Sales by Grouping from the Reports Menu.** The Sales by Grouping Report Menu will appear.
5. **Grouping code range:** Enter the Grouping code or range of Grouping codes for this report.
6. **Date range:** Enter the date or date range for this report.

Sales by Receipt Report

The Sales by Receipt Report provides sales detail of every transaction for a selected date or range of dates listed in receipt number order. This report includes customer number and name, each Item number and description the customer purchased, the price, extension and the receipt total for each sale. It also includes a summary by GL account for all selected transactions. There is an option to print by date or closeout. You may choose to print the Sales by Receipt Report automatically as part of the Daily Closeout by choosing that option under Customize- Closeout 2 Tab.

Sales by Receipt

Use: **All Receipts** Select By Lock: **All**

Terminal Based: ☐ Remember Settings: ☒

Select Closeout: ☐ Summarize By: **Grand Total**

Closeout #: ☒ Starting: **1** Ending: **99999**

Source of Date: **Receipts** Starting: **Jan-01-1990** Ending: **Jan-01-2100**

Departments: ☒ Starting: Ending:

Items: ☒ Starting: Ending:

Defaults Print Preview Print Setup Cancel ?

Receipt Selection MASTER PLAYSCHL Apr-16-2003

1. **Select data/Use:** Choose All Receipts, Only receipts that have been Closed Out, or Only receipts that have NOT been Closed Out.
2. **Terminal Based:** if you have a multi-user system, you can print this report for a single workstation or all workstations.
3. **Select Closeout Number:** You can select data for only specific closeouts or all closeouts in the date range. **Summarize By:** You can summarize by closeouts or by date of the receipt.
4. **Date Range:** Enter the date or the date range for the report.
5. **Department:** Enter the Department or the range of Departments for this report. If selected, Tracks will print receipt information only for the selected departments.

Item Requirement Report

The Item Requirement Report can be used to facilitate sports eligibility tracking and other circumstances where you want to know something like this: of the students who bought Item A, who also bought or didn't buy Item B and Item C? The report shows detail of every transaction for a selected date or range of dates listed in Last Name or Customer # order. To track eligibility for Football, you would first set up a Master Item FOOTBALL, then set up Subsidiary Items for GRADECHK, PHYSICAL, INSURANCE, PARENTPERM, etc. You can then tell the system to print a report showing all the Subsidiary Items purchased or missing.

1. **Enter Master Item Number:** Enter the Item number to this report. This Item must first be entered as a Master Item in Item Requirements Maintenance.
2. **Sort By:** You can choose to sort this report by Customer Last Name or Customer number.
3. **Show:** Choose which of these items you want to include on the report: Item #, Customer number or Phone number.
4. **Subsidiary Items:** Choose Purchased to print a list of all students who are going out for FOOTBALL who have purchased the Subsidiary Items. Choose Missing to print a list of all students showing the Subsidiary Items they are missing.
5. **Omit refunds from report:** Check this box to omit refunded items from the report.
6. **Date range:** Enter the date or date range for this report.

Multi-Item Sales Report

The Multi-Item Sales Report prints a report for customers who either have purchased designated Items or have NOT purchased designated Items. This report provides sales detail of every transaction for a selected date or range of dates listed in receipt number order. You would use this report to print a list of all students who DID NOT purchase an student body card or had NOT turned in a Nurse's Slip. Or you could print a report for all students who DID purchase a SBCARD, but who did NOT purchase a YRBK.

1. **Select Multi-Item Sales Report from the Reports Menu.** The Multi-Item Report selection screen will appear.
2. **Date:** Enter the date range for this report.
3. **Sort and break on Grade or Year?** Check this box if you want to sort the report by Grade or Year. Leave blank to sort all Customers together.
4. **Items Purchased:** Enter up to 6 Items that HAVE BEEN purchased. The logic for this section is “Show me all the students who have purchased THIS and THIS and THIS.”
5. **Items Not Purchased:** Enter up to 6 Items that HAVE NOT BEEN purchased. The logic for this section is “Show me all the students who have NOT purchased THIS and THIS and THIS.”

Summary by Product Report

The Summary by Product Report prints a report summarizing Item Sales for a selected date range. Tracks prints one line for each individual price for each Item. For example, if you sold Yearbooks for \$30.00, \$35.00 and \$40.00 during this time period, the report will give you a total of how many Yearbooks sold at each of those prices.

1. **Select Summary by Product Report from the Reports Menu.**
The Summary by Product selection screen will appear.
2. **Department:** if you only want to see Items in a specific Department, enter the 3-character code for that Department. Leave the field blank for ALL Departments.
3. **Grouping:** If you only want to see Items with a specific Grouping Code, enter the 3-character code for that Grouping. Leave the field blank for ALL Grouping Codes.
4. **Date:** Enter a date range for this report.
5. **Item:** You can select this report for All Items, or for a selected range of Items.
6. **Remember Settings:** Check this box to remember these settings for the next time you run this report.

Item Not-Bought Report

The Item Not Bought Report prints a report showing who has NOT bought a specific Item in a selected date range. Tracks prints one line for each Customer who has not purchased the selected Item. For example, if you want a list of every Customer who had not purchased a Yearbook, use this report.

Item Not Bought Report

Item Not Bought: YRBK

Enter Grade to Print:

Sort and Break on Grade or Year: ☐

Double Space: ☐

Selection: All (selected) Starting Ending

Date: ☒ Jan-01-1990 Jan-01-2100

Last Name: ☒

☐ Remember Settings

Print Preview Print Setup Cancel ?

Sort / Break Report on Grade or Year MASTER PLAYSCHL Apr-16-2003

1. **Select Item Not Bought Report from the Reports Menu.** The Item Not Bought Report selection screen will appear.
2. **Item Not Bought:** Enter the Item code for this report.
3. **Enter Grade to Print:** If you want to limit this report to a certain Class or Grade, enter it here. Otherwise, leave this field blank to print for all grades.
4. **Sort and Break on Grade or Year:** Check this box if you want to sort and break on Grade or Year. Leave blank if you want the report in one big list for the entire school.
5. **Double space:** Check this if you want to double-space this report.
6. **Date:** Enter the date range for this report.
7. **Customer number:** Enter a Customer number range for this report. Leave the “All” box checked to include all Customers.



Chapter Twelve- Guidelines for Booster Clubs and Parent Organizations

Purpose and Relationship to District

This chapter provides a brief overview of the purpose and relationship of parent organizations to public schools and pertinent laws and fundraising guidelines. Full legal citations and other information is included in other chapters.

Booster and parent organizations are separate and not under the control or the responsibility of the school district . Most groups consists of concerned parents who want to provide support for their child's special interest activity. They are an important means of connecting parents and other community members with the curricular and co-curricular activities of students and thus are often viewed by the public as *school-connected* organizations.

Booster and parent organizations come in all shapes and sizes, and with various special interests. The most formal of these parent support groups is the National Parent Teachers Association (PTA). The California State PTA publishes governance, fundraising, and financial guidance for members on its website: www.capta.org.

School-connected organizations are encouraged to:

- Become familiar with state and local requirements for fundraising, including the school district policy for use of facilities, equipment, food services, the local permits for solicitation, regulations on tax reporting, and municipal regulations for public gatherings: fire, curfew, traffic, food sales, health and safety regulations.
- Not burden school personnel or parent volunteers, compete with or detract from the school lunch and nutrition programs, or conflict with the public school system operations and regulations.
- Provide support both in direct assistance and in raising funds related to the educational purposes of the public schools and charitable and philanthropic purposes of a tax-exempt organization.

School-Connected Activities

The school district governing board and administration have and must maintain exclusive control and management of its public school system to facilitate legal compliance and to protect the district as a whole against risks (e.g. liability). Aligned with this responsibility, *Educa-*

12.2 Guidelines for Booster Clubs and Parent Organizations

tion Code Sections 51520 and 51521 require that any school-connected organization and/or activity be one that is authorized by law and permitted by the governing board of the public school district, which includes, but is not limited to:

- Any solicitation conducted on any district school premises, and/or
- Any solicitation conducted *on behalf of* any district school and/or the student body represented to be benefited by such solicitation.

The Board of Education recognizes that parents/guardians may wish to organize for the purpose of supporting extracurricular programs such as athletic teams, debate teams, and musical groups. The board supports such activities and welcomes parental interest and participation. Functions such as fundraising and banquets are encouraged, supported and greatly appreciated by the district.

Application to Request Authorization From District Board

Figure 12.1:
Sample
Application Form

In order to fulfill its legal and fiduciary requirements, the public school boards must require groups desiring to raise money to benefit a student or students at any district school to submit an application (if new) or request for continuance (if previously approved). Any request for approval may be in the form of a constitution, bylaw or a letter, but generally must contain the following information as required by local board policy, a copy of which is included as Appendix G:

1. The name of the organization.
2. The date of application.
3. Membership quotas or qualifications.
4. The names, addresses and phone numbers of all officers.
5. A brief description of the organization's purpose.
6. A list of specific annual objectives.
7. The name of the bank where the group's account will be located and the names of those authorized to withdraw funds.
8. The signature of a site administrator who supports the request for authorization.
9. Desired use for any money remaining at the end of the year if the organization is not continued or authorized to continue in the future.

It is the general practice of most public schools to grant such authorization for one year with the condition that it may be revoked by the Superintendent or designee if considered necessary. Requests for subsequent authorization typically are required to be presented to the board annually, together with an annual financial statement showing all expenditures and all income from fund-raisers.



Some school districts require groups operating under this authorization automatically grant the board the right to audit their financial records at any time, either by district personnel or by a CPA.

School- Connected Fundraisers

Must Be
Authorized by Law
and the Local
Public School
Board

Programs, fund-raisers or other activities sponsored by parent and booster groups must be authorized and conducted according to local board policy, laws, and the rules of the sponsoring school. Most school districts require groups submit an activity request form, such as Figure 12.1, to have the activity approved and scheduled by the designated school administrator and the student body council. If the activity is one that is not authorized by the governing board (in board policy) or one that may impose liability against the district, the governing board or designee must first approve the activity to comply with *Education Code* Section 51521. Additionally, prior written approval is always required for sales or solicitations whenever any portion of the funds raised is to be applied to the costs of the fundraiser or to the costs of the merchandise sold. Larger organizations must be especially careful not to seek advantages for the activities they support if those advantages might be detrimental to the entire school program.

Fundraiser Request Form

Most school districts require groups submit an activity request form several weeks in advance to have the activity approved and scheduled by the designated school administrator, the student body council, and credentialed ASB advisor. If the activity is one that is not authorized by the governing board (in board policy) or one that may impose liability against the district, the governing board or designee must first approve the activity to comply with *Education Code* Section 51521. The designated school administrator shall decide, in accordance with established board policy and regulations, whether an event will be sponsored exclusively by the student body or in cooperation with the approved parent group.

Who Accounts for Money from Sponsored Fundraisers?

Booster and parent organization funds and accounts are to be maintained completely separate from associated student body accounts. Tax and financial disclosure laws require nonprofit and tax-exempt organizations to account for all funds raised, received, and spent by the organization. These organizations must first deposit into the organization's bank account, money raised from fundraisers they sponsor on behalf of a specific student club or student body or school or school district, and then write a check payable to the student body, student club, school, or district for an amount *as mutually agreed in advance of the event* by the school administrator, student body council, credentialed ASB advisor, and sponsoring parent group president or treasurer.

12.4 Guidelines for Booster Clubs and Parent Organizations

Division of Earnings

The division of earnings from events shall be determined by the school administrator, the student body council, the credentialed ASB advisor, and the executive board of the cooperating organization **in advance of each activity**. Any changes will require a written statement of facts and must be approved by the school administrator, sponsoring parent group president or treasurer, the student body council, and credentialed ASB advisor. This is not intended to imply that all proceeds are to be donated to a single group or function, but rather to prevent misunderstandings regarding the division of earnings. For example, an “All Sports Booster” may designate 25% to the football team, 25% to the baseball team, 25% to the basketball team, and 25% to the general ASB.

Use of School Facilities

Education Code Section 10900—10915 regulate community programs on district school premises. Sections 38130-38139 address the use of school property for public purposes. The District must comply with these laws to prevent loss and damages to public property and as such, requires any outside organization desiring to use its school facilities complete and submit a District *Use of Facility* form. Such request should be submitted generally one month before the intended use, with a *Certificate of Insurance*., covering liability and property damage naming the District as additional insured. Applicable District administrative regulation: *AR 1330-Use of School Facilities*.

Free Public School System

The California Constitution, Article IX, Section 5 provides for a free public school system. Students enrolled in a public school system cannot be required to pay any fee, deposit, or other charge not specifically authorized by law as a condition of participation in curricular or extracurricular activities. All *school-connected* activities fall under this regulation. Additionally, no student shall be required to raise a specified amount of money as a condition of participation in an activity or program sponsored by a *school-connected* organization. Purported donations with mandatory payment as a condition of participation are not “donations” and are not legal. Readers are encouraged to become familiar with allowable and unauthorized fees and charges applicable to public schools. Appendix D contains the California Department of Education’s legal opinion and applicable laws on this subject.

School-Connected Food Sales

Education Code Section 49431 requires state agencies and public school food authorities to establish rules to control food sales, including those from vending machines, on school premises. *Education Code* Section 48931 states the governing board of a public school *may permit* any pupil or adult organization to sell food on school premises but only if such sales:

- Comply with *CCR,5, Sections 15500 and 15501*; and



- Are authorized by the school governing board; and
- Are approved in advance by the school food authority; and
- Guarantee all income from such food sales accrues to the benefit of the public school food services program and/or the school and/or the student body organization; and
- Conform to food safety and tax laws
 - Individuals preparing and/or serving food must hold a valid Food Handler's Health Certificate
 - Violation of this law carries a possible \$10,000 fine
 - Taxable food items are subject to California sales tax

State and local school food authorities and governing boards may impose further restrictions on the sale of and income from all foods sold at any time on school premises or during school-connected events. Food sales regulations are very restrictive and complex. Readers are encouraged to review and become knowledgeable of applicable laws. The *Legal Citations* and *Guidelines for Fundraisers for Public Schools* sections of this publication provide additional, but not all inclusive information.

State Law Applicable to Food Sales Anytime and Anywhere

All food sales anytime and anywhere must comply with health and food safety laws, which require all individuals who prepare and/or serve food hold a valid food handler's health certificate. Noncompliance with this law carries a potential \$10,000 fine which may be imposed by the County Health Services Department. (California Uniform Retail Food Facilities Law Section 113700). The local county health services or the public school food services departments generally have information about how individuals can obtain this certificate.

Food Sales During School Hours

The sale of food on school premises during school hours is prohibited by law if such school is participating in the National School Lunch, School Breakfast or Food Distribution program. However, 5 CCR sections 15500 and 15501 allows school boards, under very limited circumstances, to *permit a student organization to sell during school hours* under the following conditions:

1. The food item is one approved by the food services authority and the district governing board; and
2. The food is not prepared on school premises; and
3. The food is not an item or category sold in the food services program at that school that day; and
4. Food items may not be sold from vending trucks on school grounds during the school day; and

12.6 Guidelines for Booster Clubs and Parent Organizations

5. A Food Handler's Health Certificate, valid for one year, is required for all persons preparing, serving, or selling food for student body fundraisers on campus. Certificates are to be kept on file in the school office. (California Uniform Retail Food Facilities Law, Chapter 4, Section 113700)
6. Elementary schools may not sell more than one food item of a dessert type and such sales may only occur on four school days during the entire school year; and after the close of the midday lunch, and the food item must meet specific nutritious requirements pursuant to *Education Code* sections 49431 and 49431.5, which includes low-fat and low-sugar requirements; and
7. Junior and high schools are permitted to have pupil organizations sell during school hours, including the lunch period, provided:
 - Only one such organization each school day selling no more than three types of food or beverage items, e.g. confections, popcorn, nuts, fruit or nutritious drinks; and/or
 - Any one or more student organizations may conduct no more than four sales of any food items during a school year in each school, but such sales shall be held on the same four days for any or all organizations. Soft drinks and other drinks not meeting 5% US RDA can be sold only after the last lunch period.

Alcohol and Controlled Substances

Education Code Section 82580 states it is unlawful to offer or sell any controlled substance, alcoholic beverage or intoxicant on school premises or to minors. In accordance with this law, no organizations may engage in the sale, distribution, or donation of such substances on school premises or at any *school-connected* events.

Vending Machines

Exclusive carbonated beverage vending contracts are not allowed unless the Board has adopted a policy after public hearing to insure adequate internal controls over the funds are in place, and that any funds raised benefit public education. Such contracts must comply with the competitive bidding process. Vending machine food sales are also restricted by other laws, and certain items are subject to state sales tax.

Door-to-Door Sales

8 *CCR* Section 11706 provides detailed requirements for students under age 16 participating in door-to-door sales. The students must work in pairs on the same or opposite side of the street, be within the immediate sight or sound of a supervising adult at least once every fifteen minutes, and be returned to their respective homes or meeting place after each day's work.



Raffles and Games of Chance

Penal Code sections 320 and 320.5 authorize, under defined circumstances, eligible organizations to conduct raffles and games of chance which require the payment of a fee for a chance to win a prize. Raffles may include but are not limited to 50/50, raffles, donation drawings, ducky derby and cow chip bingo. Under this law public schools are not “eligible organizations” but parent organizations with a 501(c)(3) status are. The law allows, under limited criteria, public schools and other nonprofit organizations to sponsor raffles that are *donation based*

Raffles That Do Not Require a Fee

Public schools are now eligible to sponsor raffles as defined by *Penal Code* Section 320.5(m), which states that “A raffle shall be exempt from this section if it satisfies all of the following requirements:

- It involves a general and indiscriminate distributing of the tickets.
- The tickets are offered on the same terms and conditions as the tickets for which a donation is given.
- The scheme does not require any of the participants to pay for a chance to win.”

Thus, any raffles conducted by a public school district or students of the school other than through a “private, non-profit” organization must conform to the three rules set forth in *Penal Code* Section 320.5(m). In effect, this subsection has codified the previous rules about raffles that are “donation” based.

Information on how to conduct a legal raffle can be obtained by going to the California Attorney General's Web site: www.ag.ca.gov- *Penal Code* Section 320.5 Gambling: Charitable Raffles. An FAQ on raffles is available as Figure 4.8.

Bingo Games

Penal Code Section 326.5 authorizes bingo games run by eligible charitable organizations under defined criteria but specifically prohibits minors to participate in any bingo games. Bingo is a game of chance that must comply with regulations of all local authorities, including school district and city and local governments. Consult with county council and/or city attorney to determine local code and ordinances. Violation of any provision of this code is a misdemeanor and certain subdivisions carry an additional fine not to exceed \$10,000.

Tax Tips

Booster and parent organizations are not legal components of a school district. Each organization must have its own tax identification number, own bank account, and is directly responsible for compliance with IRS and state reporting and disclosure requirements. Organizations with annual gross profit less than \$25,000 and who do not dis-

12.8 Guidelines for Booster Clubs and Parent Organizations

School-connected organizations are not legal components of the school district. Each organization must have its own tax id and is directly responsible for compliance with IRS and state reporting and disclosure requirements.

tribute donation receipts for tax exempt purposes **generally (but not necessarily)** may file a *Form SS-4* to obtain a tax identification number and also annually file a *Form 199* with the California Franchise Tax Board.

Organizations who provide receipts to donors as a “charitable tax deductible donation” must be officially approved by IRS to operate as a 501(c)(3) tax-exempt organization and **generally** have further reporting and disclosure requirements, which are summarized in the chapter, *General Governance and Financial Guidelines for Nonprofits*

Some tax exempt organizations may, under certain circumstances, be liable for tax on unrelated business income.. Additional tax information published by IRS for charitable organizations is in Appendix D.

Where to Find Federal and State Forms and Further Information

Tax Identification Number

Form SS-4, “*Application for Employer Identification Number.*”

Instructions: <http://www.irs.gov/pub/irs-pdf/iss4.pdf>;

Fill-in form: <http://www.irs.gov/pub/irs-fill/fss4.pdf>

Non-Profit Status

Publication 557, “*Tax-Exempt Status for Your Organization.*”

<http://www.irs.gov/pub/irs-pdf/p557.pdf>

Package 1023, “*Application for Recognition of Exemption Under Section*

501(c)(3) of the Internal Revenue Code.” Includes fill-in form

1023, instructions for form 1023, and form 872-C. [http://](http://www.irs.gov/pub/irs-fill/k1023.pdf)

www.irs.gov/pub/irs-fill/k1023.pdf

Form 8718, “*User Fee For Exempt Organization.*”

<http://www.irs.gov/pub/irs-fill/f8718.pdf>

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California Forms and Instructions Form 3500 Booklet, “*Exemption Application Booklet.*” Includes instructions and two copies of form

3500. http://www.ftb.ca.gov/forms/02_forms/02_3500Bk.pdf

Conflict of Interest Policies

Organizations are encouraged to establish and adhere to sound conflict of interests policies. District employees may not serve in the role as a signor or an officer (policy maker) or a fiscal person for any school-connected organization as this would result in a conflict of interest and potential liability for the school district.

Private Inurement

Private inurement regulations forbid any person associated with a tax-exempt organization from obtaining personal benefit for nonexempt purposes. Any excess profits from fundraising activities, not spent on the organization’s exempt purpose expenditures, cannot be returned



directly to members or their families. The organization's constitution should provide for the distribution of any excess funds, in the event of the termination of the organization.

Private inurement is not limited to just compensation. There are many self-dealing transactions that may, in appropriate circumstances, amount to instances of private inurement resulting in penalties and/or prosecution:

- sale or exchange, or leasing, of property between an organization and a private individual or business or business owned by or affiliated with a member of the organization;
- lending of money or other extension of credit between an organization and a private individual or business owned by or affiliated with a member of the organization;
- furnishing of goods, services, or facilities between an organization and a private individual or business owned by or affiliated with a member of the organization;
- payment of compensation (or payment or reimbursement of expenses) by an organization to a private individual or business owned by or affiliated with a member of the organization; and
- transfer to, or use by or for the benefit of, a private individual or business owned by or affiliated with a member of the organization, of the income or assets of an organization.

Sales and Use Tax Exemption

Organizations that qualify for tax exempt status for sales and use tax must annually complete and file a "Certificate of Exemption – Charitable Organizations" form with the State Board of Equalization. All of the following criteria must be met to qualify for the exemption:

1. It must be a nonprofit organization that includes parents; and
2. The objectives of the group must include enhancing the welfare of all students in the school and developing better communication between parents and school authorities; and
3. It must have been authorized to operate in the school by the school's governing board; and
4. The profits from its sales have to be used exclusively to further the organization's purpose.

Consult Tax Tips Pamphlet No. 18, *Sales and Use Tax Guide for Volunteer and Nonprofit Fundraising Organizations*, to determine what may and may not be taxable.

Organizations May not Hire or Directly Pay District Employees

Parent organizations are prohibited from hiring or directly paying individuals who routinely have direct contact with students or who provide services to the student body or club within their existing job classification. This includes but is not limited to providing funds to enhance the compensation of any extra-duty positions as outlined in the district's collective bargaining agreement or providing funds to increase the coaching allocations to athletic programs governed by CIF. Organizations may make donations to the district to cover the cost of additional employees to support non-athletic programs, such as band, drill team, and so forth but only if such positions are approved in advance by the governing board and the collective bargaining units. Any such employees must be hired by the district in accordance with standard employment policies and collective bargaining agreements. Individuals may volunteer their services to support extra-curricular activities at no compensation, provided the governing board and collective bargaining units have approved the volunteer position and all public school volunteer requirements are met such as fingerprint clearance. Figure 1.2 at the end of this chapter list the 20 questions published by IRS to determine employee versus independent contractor status.

IRS Form 1099

Organizations are required by law to prepare and file IRS Form 1099 for payments greater than \$600 to individuals, partnerships, sole proprietorships, or companies for services provided as independent contractors. Organizations should establish procedures to ensure that they obtain the independent contractor's correct tax identification number and mailing address and request. The IRS will impose a penalty for all Form 1099s submitted without a correct tax identification number. Form 1099s are to be distributed to the recipients by January 31 and to the IRS and state agencies by February 28.

Effective January 1, 2001, California law requires organizations and government entities to report specified information to the Employment Development Department (EDD) on independent contractors within 20 days of either making payments totaling \$600 or entering into a contract for \$600 or more in any calendar year, whichever is earlier.

Additional Information

Additional information may be obtained on the internet at <http://www.edd.ca.gov/taxrep/txicr.htm>.



Figure 12.1: Sample Application Form

The parents of _____
hereby request the formation of an approved parent group.

The objectives/purposes of the group are: _____

We, the parents of _____
have read Guidelines for Parent/Booster Club Organizations and agree to abide by them. We will
submit two copies, together with the proposed constitution and by-laws to the Principal/Designee who
will obtain approval from the District Governing Board.

Signature of Parent Representative Date

Approved by:

Principal Date

School

Governing Board Member Date

Governing Board Member Date



Figure 12.2: IRS- 20 Questions to Determine Status-Employee Versus Independent Contractor

Here are 20 questions the IRS will use to determine if workers are employees or true independent contractors. The IRS considers any “yes” answer to be evidence of an employer/employee relationship.

1. Do you instruct the worker as to when, where and how work is performed?
2. Did you train the worker in order to have the job performed correctly?
3. Are the worker’s services a vital part of your company’s operations?
4. Is the person prevented from delegating work to others?
5. Is the worker prohibited from hiring, supervising and paying assistants?
6. Does the worker perform services for you on a regular and continuous basis?
7. Do you set the hours of service for the worker?
8. Does the person work full time for your company?
9. Does the worker perform duties on your company’s premises?
10. Do you control the order and sequence of the work performed?
11. Do you require workers to submit oral or written reports?
12. Do you pay the worker by the hour, week, or month?
13. Do you pay for the worker’s business and travel expenses?
14. Do you furnish tools or equipment for the worker?
15. Does the worker lack a “significant investment” in tools, equipment and facilities?
16. Is the worker insulated from suffering a loss as a result of the activities performed for your company?
17. Does the worker perform services solely for your firm?
18. Does the worker not make services available to the general public?
19. Do you have the right to discharge the worker at will?
20. Can the worker end the relationship without incurring any liability?

Figure 12.3: FAQ: General Guidelines

These frequently asked questions and answers are provided for general information only and should not be cited as any type of legal authority. They are designed to provide the user with information required to respond to general inquiries. Due to the uniqueness and complexities of Federal tax law, it is imperative to ensure a full understanding of the specific question presented, and to perform the requisite research to ensure a correct response is provided.

Where does the purpose of the boosters come from?

The purpose of the boosters as cited in this publication is based on industry practice and information commonly found in school district board policy and/or administrative regulations and/or procedures and therefore, is exemplary.

Under Education Code Section 51521, can the ASB approve only if it is for its own benefit? And either the board or designee approves all others?

The governing board is the approving agent for all activities conducted by internal and external organizations on behalf of the district or on district property. The governing board of each organization (internal (ASB) or external (Boosters)) additionally approves fund-raising activities that are conducted by or on behalf of their organization. In other words, the ASB student council approves student body fund-raising activities and the Booster governing board approves Booster fund-raising activities. We have provided further information on specific laws pertaining to fund-raising activities on school premises below.

Part 28, Chapter 4: Prohibited Instruction, Article 3: Solicitation, *Education Code* Section 51521 requires the prior written approval of the governing board, or its designee, for any and all fund-raising projects. It is important to note that the regulations specifically states “school or student body represented to be benefited by such solicitation”. This in itself implies that no fund-raising project may occur on behalf or premises of the district without the prior written approval of the governing board or its designee and identified as having benefit to a school or student organization of the district.

Part 27, Chapter 6: Student Rights and Regulations, Article 2: Student Organizations, *Education Code* Section 48932 sets forth the regulations pertaining to student organization activities, including fund-raising. This regulation states that the governing board, by resolution, may authorize any student body to conduct fund-raising activities on school property during school hours if the governing board has determined that such activities will not interfere with the normal conduct of the schools. The state department of finance has unofficially stated that such activities should occur outside of the instructional time for which state apportionments are made.

Education Code Section 48937 of this same regulation states that the governing board of any school district shall provide for the supervision of all funds raised by any student body or student organization using the name of the school. The intent of this regulation is to clarify that the governing board of a school district is responsible for the oversight and management of the activities of the student body or organization represented by district schools.

12.14 Guidelines for Booster Clubs and Parent Organizations

How do we determine who the designee is: Is it any administrator? What is the acceptable and/or preferable form of designee?

When stated in law that the governing board may appoint an employee or official to act as the board designee, then the governing board should state, through administrative regulations and other related procedures, the position of the board authorized designees) for the specific activity appointed. The board appointed designee then carries out the specific activities in accordance with procedures established by the board that are compliant with applicable laws. Based on our observation of industry practice, the most common board designee for a student body or student organization is a school administrator. The school administrator may be a principal, assistant or vice principal, or dean of students, or any other school administrator so designated by the district governing board.

To meet statutory requirement, should the booster or parent organization complete and file an application form with the school district? Is this a suggestion, or law? What is the minimum requirement and required by whom?

“It is recommended that booster and parent organizations complete and file a school district approved *Application to Form a Booster Club or Parent Group*”. The application is a recommended best practice. It provides the vehicle for gathering specific information about an organization to ensure that the type, purpose, and related activities of the organization do not conflict with laws or board policy or interfere with the governance and management of the district.

What are the minimum elements of a booster or parent organization constitution and by-laws?

Minimally a constitution should include the following five elements:

1. Name and purpose of the organization;
2. Membership
3. Executive Board or Officers
 - a. Positions and duties of each position defined
 - b. Position and term limitations
 - i. For example, no member of the Executive Board may hold more than one office and the members shall not hold office for more than ____ years.
4. Method of amendments to the constitution
 - a. By who
 - b. By petition of ____ percent of members
 - c. By ballot
5. Adoptions or ratification of constitution and any subsequent amendments
 - a. Shall require (percentage) vote of (Executive Board)

Minimally the by-laws should include the following six elements:

1. Duties and powers of Executive Board and Officers
2. The composition and membership of committees



3. Successions
4. Elections and qualification for office
5. Finances
 - a. Statement of internal controls, authorization of financial activities
 - i. Who shall approve prior to any commitment
6. Meeting schedule
 - a. For regular and special sessions
 - b. Time, manner, frequency
 - c. What constitutes a quorum
 - d. Who shall conduct meetings

Solicitation on school premises. Under exceptions, define nonschool groups. Can they be boosters and parent groups or can they be organizations such as the American Cancer Society?

The regulations prohibiting solicitations on school premises, except for a nonpartisan, charitable organization organized for charitable purposes by an act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the governing board of the school district are found in *Education Code* Section 51520.

Nonpartisan is defined as nonpolitical, nonsectarian, and nondenominational in nature. Federal and state laws regulate charitable organizations. The Internal Revenue Service issues certification to qualified nonpartisan and charitable organizations pursuant to Section 501 of the Internal Revenue Code. The school district governing board, should therefore, approve on solicitation by qualified nonpartisan and charitable organizations (as evidenced by IRS certification).

Does each specific fund raising event need to be approved by the governing board? Or can the organization be granted general authorization to do fundraising during the year?

Education Code sections 51520 and 51521 establish the regulations for solicitation and fund-raising projects conducted on district premises and upon representation that the money received is to be used for the benefit of any public school or student body of any public school. *Education Code* Section 51520 requires the approval of the school district governing board for all solicitations conducted on school premises. *Education Code* Section 51521 requires the prior written approval of the school district governing board or its designee for fund-raising projects.

First, to be compliant with *Education Code* Section 51520, the governing may only approve solicitations on school premises by qualified nonpartisan and charitable organizations. This means that each organization would need to be approved to conduct solicitations that are on behalf of the district or on district premises. Next, to be compliant with *Education Code* Section 51521, all fund-raising projects require the prior written approval of either the school district governing board or its designee. As stated earlier, the designee approves such fund-raising activities in accordance with procedures established by the board that are aligned with applicable laws. Fund-raising activities may be planned for the entire school year and approved in advance by the district governing board. Through established procedures, the governing board may de-

12.16 Guidelines for Booster Clubs and Parent Organizations

fine fund-raising activities that can be approved in advance by its designee. We do not recommend general or blanket authorization because of the risk of unintended consequences.

Can fundraising such as the spelling bee or the walkathon be done during the instructional day, which time is counted as part of the instructional minutes? In summary, can you have any fundraisers during the instructional day?

Education Code Section 48932 specifically states that such activities will not interfere with the normal conduct of the schools. The state department of finance has unofficially stated that such activities should occur outside of the instructional time for which state apportionments are made. If authorized by the district governing board in accordance with *Education Code* sections 51521 and 48932, these activities may be conducted during the instructional day.

If fundraisers occur during the instructional day, does the money have to go through the ASB accounts?

The purpose of the fund-raising project should be established during the planning phase. Is the purpose of the fund-raising event for the benefit of the student body, club, and organization or for a specific district or school program or activity? This determines who will receive the funds. If a booster or parent organization is conducting the activity during school hours and on school premises, they must be a qualified charitable organization approved in advance by the governing board. Basically, if fundraising occurs on school premises, it is the students' (ASB) money unless the board has approved the school-connected organization to conduct the fundraiser on campus. In any event, the qualified organization **donates** the proceeds of the fundraiser to the benefiting agent (either the associated student body or to the district) to be used for the purposes represented during the fund-raising activity.

What is the basis for determining the criteria for granting or denying permission for fundraising? Is the based upon the Education Code?

Regulatory provisions are contained in the California *Education Code*, *Administrative Code*, and *Penal Code*. The most common fund-raising legal citations:

Education Code sections

51520 Prohibited Solicitations on School Premises

51521 Fund-Raising Projects

48931 Authorizations for Sale of Food by Student Organization

48932 Authorizations for Fund-Raising Activities by Student Organizations

California Administrative Code, Title 5, Education Sections

15500 Food Sales in Elementary Schools

15501 Food Sales in High Schools and Junior High Schools

Penal Code sections

319 Definition of a Lottery

320 Operation of a Raffle or Lottery



321-326 Penalties for Operation of a Raffle or Lottery

326.5 Exception for Bingo Games for Charity

Can we establish limits on staff time and other district resources with regards to fund-raising activities?

The governing board of the school district is the authoritative and approving agent for activities occurring on behalf of the district and/or on district property. The governing board may establish such policy and procedures as necessary to prohibit interference with district operations and management thereof and facilitate compliance with applicable laws.

In Education Code Section 51521, what does the second paragraph mean, “the prohibitions of this section shall not apply with respect to any solicitation...”

If someone bequest or wills money or donates 100% of the proceeds from a fund-raising project to a public school district, then prior written approval of the governing board or its designee are not required.

Can employees collect money during the day on behalf of the boosters? Can the librarian work in the book fair which is an after school fundraiser organized by the PTA?

District employees must conduct duties for which they have been assigned and are paid by the school district to perform. Collecting funds during work hours is not part of these duties. The employees may perform such activities during their nonworking hours. If such activities are conducted on school premises, the activity should be approved by the school district governing board pursuant to *Education Code* Section 51520.

What is the reason for requiring employees to obtain approval from human resources to be employed by a nonprofit organization?

The intent of this recommendation is to mitigate conflicts of interest. A recommended best practice is for the school district governing board to establish conflict of interest policy and procedures for its employees. The human resources division is typically the responsible unit that obtains and maintains employee conflict of interest disclosure statements in accordance with the established board policy and procedures.

Do we have a basis or what authority do we have to audit the records of organizations that raise funds on behalf of the district?

Education Code Section 41020 states “It is the intent of the Legislature to encourage sound fiscal management practices among school districts for the most efficient and effective use of public funds for the education of children.”

There is no specific law that provides authority for the school district to audit the records of outside organizations. The authority for the school district to conduct an audit of the financial records of the nonprofit organization may be granted by the nonprofit organization to the school

12.18 Guidelines for Booster Clubs and Parent Organizations

district by mutual agreement. We have observed that some school districts have established *conditional* practices. In other words, as a condition of the governing board approving the organization to conduct fund-raising activities on behalf of the school district, the organization must grant authorization for the school district to conduct an audit of the related financial records.

What are non-district organizations?

Organizations that are not directly a part of the school district and under the governance of the school board.

Districtwide project (fund-raising) may be authorized only by the Board of Education. Can the board designate someone such as the superintendent or assistant superintendent?

Part 28, Chapter 4: Prohibited Instruction, Article 3: Solicitation, *Education Code* Section 51521 requires the prior written approval of the governing board, or its designee, for any and all fund-raising projects. We have observed that the designee for districtwide fund-raising activities is generally the superintendent or assistant superintendent. We recommend that the governing board state, through administrative regulations and other related procedures, state by position the board authorized designees) for the specific activity appointed. The board appointed designee then carries out the specific activities in accordance with procedures established by the board that are compliant with applicable laws.

What is special about the Red Cross organization to be deemed under the jurisdiction of the district? Are there any other organizations that fall under this rule?

All nationally recognized not-for-profit organizations organized for charitable purposes by an act of Congress qualify as charitable organizations that may conduct fund-raising activities and solicitation on behalf of or on property of the district once approved by the governing board of the school district. (*Education Code* Section 51520)



Appendix A-

Legal Codes and Glossary

Glossary- Terms Used in Accounting

ACCOUNTING PERIOD- A period of time for which records are maintained and at the end of which financial statements are prepared covering the period.

ACCOUNT NUMBERS- Numbers assigned to the ordinary titles of accounts for classification of accounts and ease of reference.

ACCOUNTS PAYABLE- Amounts due and owed to private persons, business firms, governmental units, or others for goods received and services rendered prior to the end of the fiscal year. Includes amounts billed but not paid.

ACCOUNTS RECEIVABLE- Amounts due and owed to private persons, business firms, governmental units, or others for goods received and services rendered prior to the end of the fiscal year. Includes amounts billed but not received.

ASSETS- Anything owned that has value- tangible or intangible.

ASSOCIATED STUDENT BODY- Any organization of students having as its purpose the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the public school officials.

BANK CHARGES- Monthly charges made by banks to cover the expenses of handling depositor's accounts.

BALANCE SHEET- A statement that shows assets, liabilities, reserves and fund balance or fund deficit of an entity at a specific date and is properly classified to exhibit the financial condition of the entity as of that specific date.

BUDGET- A plan of financial operation consisting of an estimate of proposed income and expenditures for a given period and purpose.

BUDGETING- The process of allocating the available resources of an organization among potential activities to achieve the objectives of the organization; planning for the use of resources.

CANCELLED CHECKS- Checks that have been issued by the depositor and paid by the bank.

CASH- Currency, checks, money orders, and banker's drafts and bank deposits.

CASH DISBURSEMENT JOURNAL- A special journal used for recording all cash disbursements.

CASH IN BANK- Balances in bank accounts.

CASH RECEIPTS JOURNAL- A special journal used for recording all cash receipts.

CASH SHORT OR OVER- If the cash counted is less than the balance on the supporting document (register receipts, ticket sales, etc.), then the cash is short. If more, then the cash is over. A separate account is established to track the daily overage and shortage and cleared at year-end.

CHART OF ACCOUNTS- A list of accounts, systematically arranged, applicable to a specific concern. All account name and numbers are listed in order.

CHECK- A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specific sum of money to a named person or of money on deposit to the credit of the maker.

COMBINATION JOURNAL- A journal reflecting both cash receipts and cash disbursement transactions.

CR- The abbreviation for CREDIT.

CREDIT- The right side of a double-entry posting. The credit will reduce assets and expenditures and increase liabilities, income, and fund balance.

DEBIT- The left side of a double-entry posting. The debit will increase assets and expenditures and reduce liabilities, income and fund balance.

DEPOSITS IN TRANSIT- Any deposit recorded on the books but not shown on the bank statement.

DISBURSEMENTS- Payment by currency or check.

DOUBLE ENTRY- A system of bookkeeping that requires an amount credited for every corresponding amount debited. Thus, the double-entry ledger maintains equality of debits and credits.

DR- The abbreviation for DEBIT.

ESTIMATED INCOME- Expected receipts or accruals of monies during a given period.

FISCAL YEAR- A period of one year, the beginning and ending dates of which are fixed by statute; in California, the period beginning July 1 and ending June 30.

GENERAL JOURNAL- A journal used primarily for opening, adjusting, accruing and closing entries. Transactions of a less routine and frequent nature are recorded in the general journal.

GENERAL LEDGER- A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial transactions of an organization.

INCOME- Receipts for money from the sale of goods or services, or as profit from fund-raising activities or investments.

INTEREST- A fee charged a borrower for the use of money.

JOURNAL- Any accounting record in which the financial transactions of an organization are formally recorded for the first time; e.g., the cash receipts book and the check register.

LEDGER- A group of accounts in which are recorded the financial transactions of an organization.

LIBILITIES- Legal obligations that are unpaid.

OUTSTANDING CHECKS- Checks that have been issued by the depositor but have not been presented for payment at the bank and do not appear on the bank statement.

PETTY CASH- A sum of money set aside for the purpose of making change or immediate payments of small amounts.

PURCHASE ORDER- A document which, issued to a vendor, authorizes the delivery of specified merchandise or the performance of certain services and the making of a charge for them.

TRIAL BALANCE- A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal, the ledgers from which the figures are taken are said to be "in balance".

Applicable Penal Codes

§320.5. Charitable Raffles

320.5. (a) Nothing in this chapter applies to any raffle conducted by an eligible organization as defined in subdivision (c) for the purpose of directly supporting beneficial or charitable purposes or financially supporting another private, nonprofit, eligible organization that performs beneficial or charitable purposes if the raffle is conducted in accordance with this section.

(b) For purposes of this section, "raffle" means a scheme for the distribution of prizes by chance among persons who have paid money for paper tickets that provide the opportunity to win these prizes, where all of the following are true:

(1) Each ticket is sold with a detachable coupon or stub, and both the ticket and its associated coupon or stub are marked with a unique and matching identifier.

(2) Winners of the prizes are determined by draw from among the coupons or stubs described in paragraph (1) that have been detached from all tickets sold for entry in the draw.

(3) The draw is conducted in California under the supervision of a natural person who is 18 years of age or older.

(4) (A) At least 90 percent of the gross receipts generated from the sale of raffle tickets for any given draw are used by the eligible organization conducting the raffle to benefit or provide support for beneficial or charitable purposes, or it may use those revenues to benefit another private, nonprofit organization, provided that an organization receiving these funds is itself an eligible organization as defined in subdivision (c). As used in this section, "beneficial purposes" excludes purposes that are intended to benefit officers, directors, or members, as defined by Section 5056 of the Corporations Code, of the eligible organization. In no event shall funds raised by raffles conducted pursuant to this section be used to fund any beneficial, charitable, or other purpose outside of California. This section does not preclude an eligible organization from using funds from sources other than the sale of raffle tickets to pay for the administration or other costs of conducting a raffle.

(B) An employee of an eligible organization who is a direct seller of raffle tickets shall not be treated as an employee for purposes of workers' compensation under Section 3351 of the Labor Code if the following conditions are satisfied:



(i) Substantially all of the remuneration (whether or not paid in cash) for the performance of the service of selling raffle tickets is directly related to sales rather than to the number of hours worked.

(ii) The services performed by the person are performed pursuant to a written contract between the seller and the eligible organization and the contract provides that the person will not be treated as an employee with respect to the selling of raffle tickets for workers' compensation purposes.

(C) For purposes of this section, employees selling raffle tickets shall be deemed to be direct sellers as described in Section 650 of the Unemployment Insurance Code as long as they meet the requirements of that section.

(c) For purposes of this section, "eligible organization" means a private, nonprofit organization that has been qualified to conduct business in California for at least one year prior to conducting a raffle and is exempt from taxation pursuant to Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t, or 23701w of the Revenue and Taxation Code.

(d) Any person who receives compensation in connection with the operation of the raffle shall be an employee of the eligible organization that is conducting the raffle, and in no event may compensation be paid from revenues required to be dedicated to beneficial or charitable purposes.

(e) No raffle otherwise permitted under this section may be conducted by means of, or otherwise utilize, any gaming machine, apparatus, or device, whether or not that machine, apparatus, or device meets the definition of slot machine contained in Section 330a, 330b, or 330.1.

(f) No raffle otherwise permitted under this section may be conducted, nor may tickets for a raffle be sold, within an operating satellite wagering facility or racetrack inclosure licensed pursuant to the Horse Racing Law (Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code) or within a gambling establishment licensed pursuant to the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code). A raffle may not be advertised, operated, or conducted in any manner over the Internet, nor may raffle tickets be sold, traded, or redeemed over the Internet. For purposes of this section, advertisement shall not be defined to include the announcement of a raffle on the Web site of the organization responsible for conducting the raffle.

(g) No individual, corporation, partnership, or other legal entity shall hold a financial interest in the conduct of a raffle, except the eligible organization that is itself authorized to conduct that raffle, and any private, nonprofit, eligible organizations receiving financial support from that charitable organization pursuant to subdivisions (a) and (b).

(h) (1) An eligible organization may not conduct a raffle authorized under this section, unless it registers annually with the Department of Justice. The department shall furnish a registration form via the Internet or upon request to eligible nonprofit organizations. The department shall, by regulation, collect only the information necessary to carry out the provisions of this section on this form. This information shall include, but is not limited to, the following:

(A) The name and address of the eligible organization.

(B) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.

(C) The name and title of a responsible fiduciary of the organization.

(2) The department may require an eligible organization to pay an annual registration fee of ten dollars (\$10) to cover the actual costs of the department to administer and enforce this section. The department may, by regulation, adjust the annual registration fee as needed to ensure that revenues willfully offset, but do not exceed, the actual costs incurred by the department pursuant to this section. The fee shall be deposited by the department into the General Fund.

(3) The department shall receive General Fund moneys for the costs incurred pursuant to this section subject to an appropriation by the Legislature.

(4) The department shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(5) The department shall maintain an automated data base of all registrants. Each local law enforcement agency shall notify the department of any arrests or investigation that may result in an administrative or criminal action against a registrant. The department may audit the records and other documents of a registrant to ensure compliance with this section.

(6) Once registered, an eligible organization must file annually thereafter with the department a report that includes the following:

(A) The aggregate gross receipts from the operation of raffles.

(B) The aggregate direct costs incurred by the eligible organization from the operation of raffles.

(C) The charitable or beneficial purposes for which proceeds of the raffles were used, or identify the eligible recipient organization to which proceeds were directed, and the amount of those proceeds.

(7) The department shall annually furnish to registrants a form to collect this information.

(8) The registration and reporting provisions of this section do not apply to any religious corporation sole or other religious corporation or organization that holds property for religious purposes, to a cemetery corporation regulated under Chapter 19 of Division 3 of the Business and Professions, or to any committee as defined in Section 82013 that is required to and does file any statement pursuant to the provisions of Article 2 (commencing with Section 84200) of Chapter 4 of Title 9, or to a charitable corporation organized and operated primarily as a religious organization, educational institution, hospital, or a health care service plan licensed pursuant to Section 1349 of the Health and Safety Code.

(i) The department may take legal action against a registrant if it determines that the registrant has violated this section or any regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interests of the public's health, safety, or general welfare. Any action taken pursuant to this subdivision does not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, city attorney, or county counsel.

(j) Each action and hearing conducted to deny, revoke, or suspend a registry, or other administrative action taken against a registrant shall be conducted pursuant to the Administrative Procedure Act (Chapters 4.5 and 5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department may seek recovery of the costs incurred in investigating or prosecuting an action against a registrant or applicant in accordance with those procedures specified in Section 125.3 of the Business and Professions Code. A proceeding conducted under this subdivision is subject to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure.

(k) The Department of Justice shall conduct a study and report to the Legislature by December 31, 2003, on the impact of this section on raffle practices in California. Specifically, the study shall include, but not be limited to, information on whether the number of raffles has increased, the amount of money raised through raffles and whether this amount has increased, whether there are consumer complaints, and whether there is increased fraud in the operation of raffles.

(l) This section shall become operative on July 1, 2001.

(m) A raffle shall be exempt from this section if it satisfies all of the following requirements:

(1) It involves a general and indiscriminate distributing of the tickets.

(2) The tickets are offered on the same terms and conditions as the tickets for which a donation is given.

(3) The scheme does not require any of the participants to pay for a chance to win.

§410. Title and Scope

This chapter shall be known as the Department of Justice Regulations for the Non-Profit Raffle Program. These regulations implement, interpret and make specific the establishment of a registration and reporting program for specified non-profit organizations, as required by Penal Code section 320.5, enacted by statute in 2000 and effective July 1, 2001. These regulations apply to any eligible organization, as defined in Penal Code section 320.5(c), which conducts a raffle as defined in Penal Code section 320.5(b) on or after July 1, 2001.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§411. Definitions

The following definitions shall be applicable when used in these regulations:

(a) “Administrative information” means any information reasonably necessary for the Department of Justice to maintain in the performance of the duties required by Penal Code section 320.5. Such information includes, but is not limited to, the date a Registration application or report is received, the date the registration takes effect, and the expiration date of the registration.

(b) “Attorney General” means the California Attorney General or any employee of the Attorney General acting under the authority of the Attorney General.

(c) “Department of Justice” means the California Department of Justice or any employee of the Department of Justice acting under the authority of the Department of Justice.

(d) “Eligible Organization” means a non-profit organization as defined in Penal Code section 320.5(c) and excludes those entities specified in Penal Code section 320.5(h).

(e) “Fee” means the fee established by the Attorney General as authorized by Penal Code section 320.5(h).

(f) “Non-Profit Raffle Program” means all information, documents and other material filed with or maintained by the Attorney General, including registration applications and electronic databases, reports and any processes, procedures or other means of effectuating the requirements of Penal Code section 320.5.

(g) “Raffle” is defined in Penal Code section 320.5(b).

(h) “Registrant” means an eligible organization which has filed an application to be registered in the Non-Profit Raffle Program.

(i) “Registration Application” or “Registration Form” means Form ct-NRP-1 (4/2001) which is incorporated by reference.

(j) “Registration Report” means the completed Form ct-NRP-2 (4/2001) (which is incorporated by reference) that has been signed by the registrant declaring that the information therein is true and complete.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§415. Registration

Every eligible organization shall, prior to conducting any raffle in California, be registered with the Department of Justice in the Non-Profit Raffle Program to be established and maintained by the Attorney General. The organization shall submit a registration application on Form ct-NRP-1 (4/2001), the form prescribed by the Attorney General, which shall contain all of the information required, including a statement signed by a responsible fiduciary of the eligible organiza-

tion (such as an officer or director of the organization) attesting that the information provided is true and correct. The application shall be submitted in the manner required by these regulations. The registration application and the required fee shall be submitted to the address set forth in section 416.

The Attorney General will establish an electronic form as a means of entering registration information via the Internet. An applicant who uses the Internet shall enter the required information electronically, print the form, sign it and submit it with the required fee to the address specified in section 416. The Attorney General shall, after receipt of the registration application form, add to the registration application form any administrative information, as defined in section 411 (a) of these regulations, which is reasonably necessary to administer or maintain the Program. An eligible organization is not registered until it has received written confirmation from the Attorney General as provided in section 422.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§416. Place of Filing

The address to be used for delivery and receipt of mail, information, registration applications, amendments, fees, reports and other material required by Penal Code section 320.5 is:

OFFICE OF THE ATTORNEY GENERAL
ATTN.: NON-PROFIT RAFFLE PROGRAM
1300 I STREET, Suite 1130
P.O. Box 903447
SACRAMENTO, CA 94203-4470

The telephone number to be used for inquiries relating to the Non-Profit Raffle Program is (916) 445-2021.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§417. Time of Registration

If an eligible organization expects to conduct a raffle between July 1, 2001 and August 31, 2002, it shall submit a registration application which shall be postmarked or hand-delivered to the address specified in section form and registration fee must be submitted by September 1 of each year (i.e., September 1 through August 31) during which a

raffle is expected to be conducted. If an eligible organization which is not registered determines after September 1 of any year that it will conduct a raffle during the year (September 1 through August 31), the organization shall submit its registration application at least 90 days before the date the raffle is held.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§418. Fee for Registration

The registration fee shall be determined by the Attorney General. The fee is \$20 for the initial one-year registration period. As provided in section 320.5 of the Penal Code, the fee may be increased as necessary to cover the actual costs of the Department of Justice to administer and enforce Penal Code section 320.5.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§419. Registration Applications—Grounds for Denial

Any application received by the Attorney General which is not on the prescribed form, is incomplete, unsigned, illegible, or does not include the required fee, shall not be accepted for filing but shall be returned to the applicant with the reason for the denial indicated along with any fee submitted. The applicant may resubmit a new application at any time, but such resubmitted application shall be processed only after all other pending applications have been processed.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§420. Reporting Requirements

Every eligible organization that is registered shall file, on or before September 1 of each year, a report with the Attorney General at the address set forth in section 416 on Form ct-NPR-2 (4/2001), the form designated by the Attorney General for each raffle conducted, which shall contain all of the required information, including a statement signed by a responsible fiduciary of the eligible organization attesting that the information provided is true and correct. The report shall be submitted in the manner required by these regulations.

The Attorney General will establish an electronic means of submitting the reporting information via the Internet. A registrant who uses the

Internet shall enter the required information on the electronic form, print the form, sign it and submit it to the address specified in section 416. The Attorney General shall, after receipt of the report form, add to the report form any administrative information, as defined in section 411(a) of these regulations, which is reasonably necessary to administer or maintain the Program.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§421. Non-Profit Raffle Program

The Attorney General shall maintain copies of all registration applications accepted for filing and copies of all reports provided pursuant to section 320.5 of the Penal Code, which together shall constitute the Non-Profit Raffle Program required by section 320.5 of the Penal Code. The Attorney General may retain the foregoing information in electronic form so long as actual copies are archived and retrievable.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§422. Proof of Registration

After the Attorney General has approved a registration application, the Attorney General shall provide written confirmation to the eligible organization that it is registered.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§423. Conduct of Raffles

After July 1, 2001, a raffle may be conducted by an eligible organization, provided the organization is registered with the Department of Justice as provided in section 320.5 of the Penal Code and these regulations.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Sections 320.5, Penal Code.

§424. Penalties for False Registration or Misrepresentation

An eligible organization that submits false or misleading information in the registration application, or fails to provide required information in either the registration form or the raffle report form shall be subject

to denial, revocation or suspension of its registration. Each instance of a misrepresentation, submission of false information, or failure to submit required information in the registration or reporting process shall constitute a separate violation.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§425. Requests by Attorney General

Eligible organizations shall furnish all information, documents and other records requested by the Attorney General pursuant to Penal Code section 320.5(h) in order to establish and maintain the Non-Profit Raffle Program.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code.

§426. Inquiries and Investigations

Eligible organizations shall cooperate fully with any inquiry or investigation that may be undertaken by the Attorney General to enforce the provisions of Penal Code section 320.5.

NOTE: Authority cited: Section 320.5(h), Penal Code. Reference: Section 320.5, Penal Code

Applicable Education Codes

§41019. Cost of transporting money to and from banks

The governing board of any school district which maintains clearing accounts, cafeteria accounts, and other accounts in a bank or banks, pursuant to Section 41017 or 39892, or pursuant to any other provisions of law, may contract and pay for the expenses of transporting money to and from such bank or banks. (Stats. 1976, c. 1010, §2.)

§41020. Requirement for annual audit

It is the intent of the Legislature to encourage sound fiscal management practices among school districts for the most efficient and effective use of public funds for the education of children in California by strengthening fiscal accountability at the district, county, and state levels.

Not later than the first day of May of each fiscal year each county superintendent of schools shall provide for an audit of all funds under his or her jurisdiction and control and the governing board of each

district shall either provide for an audit of the books and accounts of the district, including an audit of school district income and expenditures by source of funds, or make arrangements with the county superintendent of schools having jurisdiction over the district to provide for such auditing. In the event the governing board of a school district has not provided for an audit of the books and accounts of the district by April 1, the county superintendent of schools having jurisdiction over the district shall provide for the audit.

Each audit shall include all funds of the district including the student body and cafeteria funds and accounts and any other funds under the control or jurisdiction of the district; funds of regional occupational centers and programs maintained by the county superintendent of schools, a school district, or pursuant to a joint powers agreement. Each audit shall also include an audit of attendance procedures.

All audit reports for the 1988-89 fiscal year, and for each subsequent fiscal year, shall be developed and reported using a format established by the Controller after consultation with the Superintendent of Public Instruction.

The cost of the audits provided for by the county superintendent of schools shall be paid from the county school service fund and the county superintendent of schools shall transfer the pro rata share of the cost chargeable to each district from district funds.

The audits shall be made by a certified public accountant or a public accountant, licensed by the State Board of Accountancy.

The auditor's report shall include (1) a statement that the audit was conducted pursuant to standards and procedures developed in accordance with Chapter 4 (commencing with Section 14500) of Part 9 of Division 1 of Title 1 and (2) a summary of audit exceptions and management improvement recommendations.

Not later than December 15, a report of each audit for the preceding fiscal year shall be filed with the county superintendent of schools of the county in which the district is located, the Department of Education, and the Controller. The Superintendent of Public Instruction shall make any adjustments necessary in future apportionments of all state funds, to correct any audit exceptions revealed by such audit reports.

Each county superintendent of schools shall be responsible for the correction of any audit exceptions revealed by audit reports issued pursuant to this section that do not affect state funds and are not cor-

rected by the Superintendent of Public Instruction when the audit exceptions affect any revenue and expenditures under his or her control or the control of any school district within his or her jurisdiction. The county superintendent of schools shall adjust the future local property tax requirements to correct audit exceptions relating to school district tax rates and tax revenue.

If a governing board or county superintendent of schools fails or is unable to make satisfactory arrangements for audit pursuant to this section, the Controller shall make arrangements for the audit and the cost of the audit shall be paid from school district funds or the county school service fund, as the case may be.

Audits of regional occupational centers and programs are subject to the provisions of this section.

Nothing in this section shall be construed to authorize examination into or report on the curriculum used or provided for in any school district. (Stats. 1976, c. 1010, §2. Amended by Stats. 1977, c. 36, §158; Stats. 1977, c. 936, §1; Stats. 1978, c. 207, §1; stats. 1980, c. 1329, §2; Stats. 1985, c. 1239, §2; Stats. 1988, c. 1461, §11; Stats. 1988, c. 1462, §1.132.)

§48930. Purpose and privileges of student body organizations

Any group of students may organize a student body association within the public schools with the approval and subject to the control and regulation of the governing board of the school district. Any such organization shall have as its purpose the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the public school officials. Any student body organization may be granted the use of school premises and properties without charge, subject to such regulations as may be established by the governing board of the school district. (Stats. 1976, c. 1010, § 2)

§48931. Authorization and sale of food by student or adult entity or organization

The governing board of any school district or any county office of education may authorize any pupil or adult entity or organization to sell food on school premises, subject to policy and regulations of the State Board of Education. The State Board of Education shall develop policy and regulations for the sale of food by any pupil or adult entity or organization, or any combination thereof, which shall ensure optimum participation in the school district's or the county office of edu-

cation's nonprofit food service programs and shall be in consideration of all programs approved by the governing board of any school district or any county office of education. The policy and regulations shall be effective the first of the month following adoption by the State Board of Education.

Nothing in this section shall be construed as exempting from the California Uniform Retail Food Facilities Law (Chapter 4 [commencing with Section 27500] of Division 22 of the Health and Safety Code), food sales which are authorized pursuant to this section and which would otherwise be subject to the California Uniform Retail Food Facilities Law. (Stats. 1976, c. 1010, § 2. Amended by Stats. 1987, c. 331, § 1.)

§48932. Authorization for activities by student organizations; fund-raising.

The governing board of any school district may authorize any organization composed entirely of pupils attending the schools of the district to maintain such activities, including fund-raising activities, as may be approved by the governing board.

The governing board of any district may, by resolution, authorize any student body organization to conduct fund-raising activities on school property during school hours provided that the governing board has determined that such activities will not interfere with the normal conduct of the schools. (Stats 1976, c.1010, § 2.)

§48933. Deposit or investment of student funds

(a) The funds of any student body organization established in the public schools of any school district shall, subject to approval of the governing board of the school district, be deposited or invested in one or more of the following ways:

(1) Deposits in a bank or banks whose accounts are insured by the Federal Deposit Insurance Corporation.

(2) Investment certificates or withdraw able shares in state-chartered savings and loan associations and savings account of federal savings and loan associations provided such associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation.

(3) Purchase of repurchase agreements issued by savings and loan associations or banks.

(4) Purchase of bonds, notes, bills, certificates, debentures, or any other obligations issued by the United States of America.

(5) Shares or certificates for funds received or any form of evidence of interest or indebtedness issued by any credit union in this state, or organized under the provisions of Division 5 (commencing with Section 14000) of the Financial Code or the statute of the United States relating to credit unions insured by the administrator of the National Credit Union Administration or a comparable agency as provided by a state government.

(b) The funds shall be expended subject to such procedure as may be established by the student body organization subject to the approval of each of the following three persons which shall be obtained each time before any of such funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization. (Stats. 1976, c. 1010, §2. Amended by Stats. 1981, c. 95, §1; Stats. 1982, c. 874, §1.)

§48934. Kindergarten and grades 1 to 6 student body funds

The funds of a student body organization established in the public schools for kindergarten and grades 1 to 6, inclusive, of any school district maintaining kindergarten and grades 1 to 6, inclusive, may be used to finance activities for non-instructional periods or to augment or to enrich the programs provided by the district. (Stats. 1976, c. 1010 §2.)

§48936. Additional uses of student funds

In addition to deposit or investment pursuant to Section 48933, the funds of a student body organization may be loaned or invested in any of the following ways:

(a) Loans, with or without interest, to any student body organization established in another school of the district for a period not to exceed three years.

(b) Invest money in permanent improvements to any school district property including, but not limited to, buildings, automobile parking facilities, gymnasiums, swimming pools, stadia and playing fields, where such facilities, or portions thereof, are used for conducting student extracurricular activities or student spectator sports, or when such improvements are for the benefit of the student body. Such in-

vestment shall be made on condition that the principal amount of the investment plus a reasonable amount of interest thereon shall be returned to the student body organization as provided herein. Any school district approving such an investment shall establish a special fund in which moneys derived from the rental of school district property to student body organizations shall be deposited. Moneys shall be returned to the student body organization as contemplated by this section exclusively from such special fund and only to the extent that there are moneys in such special fund. Whenever there are no outstanding obligations against the special fund, all moneys therein may be transferred to the general fund of the school district by action of the local governing board.

Two or more student body organizations of the same school district may join together in making such investments in the same manner as is authorized herein for a single student body. Nothing herein shall be construed so as to limit the discretion of the local governing board in charging rental for use of school district property by student body organizations as provided in Section 48930. (Stats. 1976, c. 1010, §2.)

§48937. Supervision and audit of student funds

The governing board of any school district shall provide for the supervision of all funds raised by any student body or student organization using the name of the school.

The cost of supervision may constitute a proper charge against the funds of the district.

The governing board of a school district may also provide for a continuing audit of student body funds with school district personnel. (Stats. 1976, c. 1010, §2.)

§48938. Trustee for funds of unorganized student body

In schools or classes for adults, regional occupational centers or programs, or in elementary, continuation, or special education schools in which the student body is not organized, the governing board may appoint an employee or official to act as trustee for student body funds and to receive such funds in accordance with procedures established by the board. These funds shall be deposited in a bank or a savings and loan association, or both, approved by the board and shall be expended subject to the approval of the appointed employee or official and also subject to such procedure as may be established by the board. (Stats. 1976, c. 1010, §2. Amended by Stats. 1977, c. 36, §208; Stats. 1982, c. 65, §1.)

§49020. Legislative intent

It is the intent of the Legislature that opportunities for participation in interschool athletic programs in public high schools of the state be provided on as equal a basis as is practicable to male and female students. The costs of providing these equal opportunities may vary according to the type of sports contained within the respective male and female athletic programs. Additional sources of revenue should be determined to provide for these equal opportunity programs. (Stats. 1976, c. 1010, §2.)

§49021. Equal opportunity for male and female students

It is the intent of the Legislature that opportunities for participation in athletics be provided on an equitable basis to all students.

It is the intent of the Legislature that females be given the same opportunity to participate in athletics and compete with other females in individual and team sports as is available to males who compete with other males in individual and team sports. (Stats. 1976, c. 1010, §2.)

§49022. Apportionment of funds for athletic programs

Insofar as practicable, in apportioning public funds school district governing boards shall apportion amounts available for athletics to ensure that equitable amounts will be allocated for all students, except that allowances may be made for differences in the cost of various athletic programs. (Stats. 1976, c. 1010, §2.)

§49023. Expenditure of public funds; prohibited sex discrimination

Notwithstanding any other provision of law, no public funds, shall be used in connection with athletic programs conducted under the auspices of a school district governing board or any student organization within the district, which do not provide facilities and opportunities for participation by both sexes on an equitable basis. Facilities and opportunities for participation include, but are not limited to, equipment and supplies, scheduling of games and practice time, compensation for coaches, travel arrangements, per diem, locker rooms, and medical services. (Stats. 1976, c. 1010, §2.)

§49431. Food Sales in Elementary Schools

(a) At each elementary school, and in those schools participating in the pilot program created pursuant to Section 49433.7, the sale of all

foods on school grounds shall be approved for compliance with the nutrition standards in this section by the person or persons responsible for implementing these provisions as designated by the school district.

(b) (1) At each elementary school, the only food that may be sold to a pupil during breakfast and lunch periods is food that is sold as a full meal. This paragraph does not prohibit the sale of fruit, nonfried vegetables, legumes, beverages, dairy products, or grain products as individual food items if they meet the requirements set forth in this subdivision.

(2) An individual food item sold to a pupil during morning or afternoon breaks at an elementary school shall meet all of the following standards:

(A) Not more than 35 percent of its total calories shall be from fat. This subparagraph does not apply to the sale of nuts or seeds.

(B) Not more than 10 percent of its total calories shall be from saturated fat.

(C) Not more than 35 percent of its total weight shall be composed of sugar. This subparagraph does not apply to the sale of fruits or vegetables.

(c) An elementary school may permit the sale of food items that do not comply with subdivision (a) or (b) as part of a school fundraising event in any of the following circumstances:

(1) The items are sold by pupils of the school and the sale of those items takes place off of school premises.

(2) The items are sold by pupils of the school and the sale of those items takes place at least one-half hour after the end of the schoolday.

(d) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, compliance with this section may not be waived.

(e) (1) This section shall become operative only if moneys are appropriated for each of the following purposes:

(A) Providing nutrition policy development grants pursuant to subdivision (c) of Section 49433.

(B) Support and technical assistance to school districts pursuant to Section 49433.5.

(C) Increasing meal reimbursements pursuant to Section 49430.5.

(2) The department shall file a written statement with the Secretary of the Senate and the Chief Clerk of the Assembly when funds have been appropriated to meet the conditions of paragraph (1). The statement shall state the annual Budget Act or other measure in which each appropriation was made.

§49431.5. Beverage Sales in Elementary Schools

(a) Commencing July 1, 2004, regardless of the time of day, beverages, other than water, milk, 100 percent fruit juices, or fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweeteners, may not be sold to a pupil at an elementary school.

(b) An elementary school may permit the sale of beverages that do not comply with subdivision (a) as part of a school fundraising event in any of the following circumstances:

(1) The items are sold by pupils of the school and the sale of those items takes place off the premises of the school.

(2) The items are sold by pupils of the school and the sale of those items takes place one-half hour or more after the end of the schoolday.

(c) Commencing July 1, 2004, from one-half hour before the start of the schoolday to one-half hour after the end of the schoolday, only the following beverages may be sold to a pupil at a middle or junior high school:

(1) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweeteners.

(2) Drinking water.

(3) Milk, including, but not limited to, chocolate milk, soy milk, rice milk, and other similar dairy or nondairy milk.

(4) An electrolyte replacement beverage that contains no more than 42 grams of added sweetener per 20-ounce serving.

(d) A middle or junior high school may permit the sale of beverages that do not comply with subdivision (c) as part of a school event if the sale of those items meets all of the following criteria:

(1) The sale occurs during a school-sponsored event and takes place at the location of that event after the end of the schoolday.

(2) Vending machines, pupil stores, and cafeterias are not used no sooner than one-half hour after the end of the schoolday.

(e) This section does not prohibit an elementary, middle or junior high school from making available through a vending machine any beverage allowed under subdivision (a) or (c) at any time of day, or, in middle and junior high schools, any product that does not comply with subdivision (c) if the product only is available not later than one-half hour before the start of the schoolday and not sooner than one-half hour after the end of the schoolday.

(f) For the purposes of this section, "added sweetener" means any additive that enhances the sweetness of the beverage, including, but not limited to, added sugar, but does not include the natural sugar or sugars that are contained within the fruit juice which is a component of the beverage.

(g) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, compliance with this section may not be waived.

§49432. Public Posting of Nutrition Laws and Regulations

By January 1, 2004, every public school may post a summary of nutrition and physical activity laws and regulations, and shall post the school district's nutrition and physical activity policies, in public view within all school cafeterias or other central eating areas. The State Department of Education shall develop the summary of state law and regulations.

§51520. Prohibited solicitations on school premises

During school hours, and within one hour before the time of opening and within one hour after the time of closing of school, pupils of the public school shall not be solicited on school premises by teachers or others to subscribe or contribute to the funds of, to become members of, or to work for, any organization not directly under the control of the school authorities, unless the organization is a nonpartisan, charitable organization organized for charitable purposes by an act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the county board of education or by the governing board of the school district in which the school is located.

Nothing in this section shall be construed as prohibiting the solicitation of pupils of the public school on school premises by pupils of that school for any otherwise lawful purpose. (Stats. 1976, c. 1010, §2.)

§51521. Fund-raising projects

No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, unless such person obtains the prior written approval of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards.

The prohibitions of this section shall not apply with respect to any solicitation or contribution the total proceeds of which are delivered to a public school, nor to a solicitation of a transfer to be affected by a testamentary act. (Stats. 1976, c. 1010, §2.)



Appendix B- Independent Contractor Reporting

Introduction

Background

Since 1998, all employers have been required to report new hires in California to the Employment Development Department (EDD) as part of the New Employee Registry program. In 1999, Senate Bill 542 was passed by the California Legislature to expand reporting requirements to include independent contractors. Effective January 1, 2001, any business deriving trade or business income from sources within this state or subject to the laws of this state that is required to file a Federal Form 1099-MISC for services performed by an independent contractor must report specific information to EDD. This legislation will further assist state agencies in establishing, modifying, or enforcing child support obligations. Questions regarding the Independent Contractor Reporting (ICR) program may be directed to the hotline at (916) 657-0529.

Program Requirements

Filing Requirements

Business or government entities are not required to report independent contractor information magnetically. We do however encourage any business or government entity filing data for more than 25 independent contractors to report using magnetic media.

Application Requirements

A Magnetic Media Filing Registration, DE 164 must be completed (Reference Registration Exhibit). Under the heading "Filing Information" please check the "Other" box and write in "Independent Contractor" or "ICR" in the space provided.

Approval Process

Before reporting on magnetic media to the State, an organization must first complete a Magnetic Media Filing Registration, DE 164, and submit a test file. Test files may be submitted beginning December 1, 2000, prior to the initial reporting (January 1, 2001). The registration and test file should be mailed to:

Magnetic Media Testing Unit, MIC 15
Employment Development Department, P.O. Box 826880
Sacramento, CA 94280-0001

Filing Deadlines

Independent contractor information must be submitted within 20 days of EITHER making payments totaling \$600 or more, OR entering into a contract for \$600 or more with an independent contractor in any calendar year.

Penalties

The EDD may assess a penalty of \$24 for each failure to comply within the required time frames. Also, a penalty of \$490 may be assessed for the failure to report independent contractor information if the failure is the result of conspiracy between the service-recipient and service-provider.

Magnetic Media Specifications

Acceptable Media

Independent contractor information may be filed on any of the following types of media: 3½ inch diskette, 5¼ inch diskette, ½ inch 9 track magnetic reel tape, or IBM-compatible 3480 or 3490 tape cartridge. EDD prefers that 3½ inch diskette files be submitted to optimize processing efficiency. Magnetic tapes and cartridges are returned after processing is completed. It is not cost effective for the department to return diskette files.

Diskette Specifications

Data may be written on either 3½ inch or 5¼ inch diskettes, although 3½ inch diskettes are preferred. Data must be recorded in standard ASCII code created on MS/PC-DOS operating systems. Data must be written in upper case letters only. All diskettes should be virus scanned before submission to EDD. If EDD detects a virus, the diskette(s) will be returned unprocessed. The EDD does not accept backup or compressed files. Acceptable density types are double-sided, double density and double-sided, high density. Multi-volume diskette files are acceptable. A multi-volume diskette is a file for which the number of data records exceeds the capacity of a single diskette, so the data must be continued onto one or more subsequent diskettes, i.e., volumes. A multi-volume diskette file properly begins with a Code RIC - Service Recipient Record on volume 1 and ends with a Code TIC - Total Record on the last volume. The external diskette labels for a multi-volume file MUST indicate the proper sequence (e.g., VOL 2 of 3) for processing.

The file name should be reported as "INDCONTR." Each record in the file must be created with a fixed length of 175 characters. If re-

cord delimiters are used (CR - Carriage Return followed by LF - Line Feed), they must follow the last character of each record and be placed in positions 176 and 177, respectively. You may report multiple businesses and/or government entities on the same diskette file. However, each business and/or government entity must have a valid Federal Employer Identification Number (FEIN) before it can be reported on magnetic media. Otherwise, please report information on the paper forms DE 542.

Tape/Cartridge Specifications

Data may be reported either on a ½ inch 9 track magnetic reel tape or IBM-compatible 3480 or 3490 tape cartridges in the unpacked mode. For tape reel users, the recording density may be either 6250 or 1600 characters per inch (CPI). Density of 6250 is preferred. Tape cartridge users may use a density of 38,000 CPI. Compressed files are not acceptable. Tapes/cartridges may be submitted with either no label or standard IBM OS/VS header and trailer labels. Labels must be separated from the data records by a tape mark. EDD prefers that magnetic tapes and cartridges be recorded in Extended Binary Coded Decimal Interchange Code (EBCDIC). However, tapes written in American Standard Code for Information Interchange (ASCII) are also acceptable. Header and trailers must be written in the same recording density as the data records.

Each record must be a uniform length of 175 characters (or 176). EDD prefers a 175 character record. If your system cannot produce an odd number record length, EDD will accept a 176 character length. In tape/cartridge files with a record length of 176, the 176th character must contain a blank, which is coded in the same character set as the first 175 characters. For example, if the first 175 characters are coded in or translated to EBCDIC, character 176 must also be coded in or translated to EBCDIC. Only upper case letters are acceptable on magnetic media files. Tape and cartridge files are to be created with 30 records per block. Records on the tape/cartridge must be created with a fixed block size. Tapes written with variable block sizes with record descriptor words are not acceptable and will be returned to the transmitter for correction. A short block is acceptable only at the end of the tape file.

Multiple businesses and/or government entities may be reported on the same tape or cartridge file. However, EDD does not accept multiple-reel or cartridge files. EDD requires that each reel or cartridge be a separate file (i.e., it must start with a Code RIC - Service Recipient Record and end with a Code TIC - Total Record). However, each business and/or government entity must have a valid FEIN before it

can be reported on magnetic media. Otherwise, please report information on the paper forms DE 542.

Shipping Instructions

Complete a DE 542T, Transmittal for Independent Contractor Reporting (Reference Transmittal Exhibit) for each magnetic media file being submitted. Affix a completed transmitter identification label to each tape or diskette, and mail with the completed transmittal form together, in a box or mailer with proper padding to prevent damage in transit, to:

Employment Development Department
P.O. Box 997350, MIC 99
Sacramento, CA 95899-7350
Information Contact

To request forms, labels, or information relative to magnetic media reporting of independent contractor data, please call (916) 651-6945, or write to:

Magnetic Media Coordinators, MIC 15
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

Independent Contractor Reporting Format

General Record Usage Information

Both magnetic tape/cartridge and diskette filers must use this format. There are three record types that are required to create an independent contractor report. Use the information provided below and the technical requirements and specifications for either diskettes or tape/cartridges to prepare the report. The Code RIC - Service Recipient Record identifies a business or government entity whose independent contractor information is being reported. The Code PIC - Service Provider Record is used to report the independent contractor data. A separate Code PIC record must be generated for each independent contractor to be reported. The Code TIC - Total Record contains the total number of Code PIC records reported since the last Code RIC record. A Code TIC record must be generated for each Code RIC record.



Figure C-1- Code RIC Service Recipient Record

Location	Field	Length	Description and Remarks
1-3	Record Identifier	3	Enter "RIC." Each business or government entity to be reported must begin with a Code "RIC" record.
4-12	Federal Employer Identification Number (FEIN)	9	Enter the business or government entity's assigned FEIN. Omit hyphens. Required element.
13-20	EDD Employer Account Number	8	Enter the number assigned by the California EDD, if applicable. A seven digit account number followed by a check digit. Left justify and zero fill. Do not enter blanks or hyphens.
21-29	Service Recipient's SSN	9	Enter the service recipient's Social Security Number, if applicable.
30-74	Business or Government Entity Name	45	Enter the business or government entity name. Left justify and blank fill.
75-114	Street Address	40	Enter the service recipient's street address. Left justify and blank fill.
115-139	City	25	Enter the service recipient's city. Left justify and blank fill.
140-141	State	2	Use the valid U.S. Postal Service state abbreviation.
142-146	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
147-150	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
151-153	Area Code	3	Enter the three digit area code of the service recipient.
154-160	Telephone Number	7	Enter the seven digit telephone number of the service recipient. Do not enter blanks or hyphens.
161-175	Blank	15	Enter blanks.

Figure C-2- Code PIC Service Provider Record

Location	Field	Length	Description and Remarks
1-3	Record Identifier	3	Enter "PIC."
4-12	Service Provider's SSN (Independent Contractor)	9	Enter the service provider's Social Security Number.
13-28	Service Provider's First Name	16	Enter the service provider's first name. Left justify and blank fill.
29	Service Provider's Middle Initial	1	Enter the service provider's middle initial. If no middle initial, leave blank.
30-59	Service Provider's Last Name	30	Enter the service provider's last name. Left justify and blank fill.
60-99	Service Provider's Address	40	Enter service provider's address. Left justify and blank fill.
100-124	City	25	Enter service provider's city. Left justify and blank fill.
125-126	State	2	Use the valid U.S. Postal Service state abbreviation.
127-131	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
132-135	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
136-143	Date of Contract	8	Enter the start date of the contract in a YYYYMMDD format. Enter start date of contract or if no contract, the date when total payments made equal or exceed \$600.
144-154	Amount of Contract	11	Enter the amount of the contract, including dollars and cents. Do not enter dollar signs, commas, or decimal points. Right justify and zero fill. If applicable.
155-162	Contract Expiration Date	8	Enter the expiration date of the contract in a YYYYMMDD format. Required element unless contract is ongoing.
163	Ongoing Contract	1	Enter "Y" if applicable, otherwise leave blank.
164-175	Blank	12	Enter blanks.

Figure C-3- Code TIC Total Record

Location	Field	Length	Description and Remarks
1-3	Record Identifier	3	Enter "TIC."
4-14	Number of Service Providers (Independent Contractors) Reported	11	Enter the total number of Code "PIC" records reported since the last Code "RIC" record. Right justify and zero fill.
15-175	Blank	161	Enter blanks.



Appendix C- Sample Procedures for Management of ASB Funds

Management of Funds

A. A.S.B. Budgets

To facilitate proper financial practice and to ensure a solvent condition, the student body of each school shall operate on a budgetary basis. The budget of each school year shall be an estimate based upon past years' revenues and expenditures, as well as any positive plans and changes for the ensuing year. Budgetary procedure includes three major steps:

1. A preliminary Associated Student Body budget for the following school year shall be prepared by the A.S.B. finance committee and each club or organization within the Associated Student Body and submitted first to the Student Council, the Principal and then to the Assistant Superintendent of Business by June 1 of each year.
2. The Associated Student Body finance committee will review this budget at the beginning of the fall semester; adjustments shall be made at this time, including annual charter authorizations, club officers and membership rosters. Thereafter the budget is formally adopted and copies of this adopted budget submitted to the District Business Office by October 1 of the current school year.
3. The Associated Student Body finance committee shall again review the adopted budget on March 1. Revisions and/or adjustments shall be made at this time based upon actual revenues and expenses. Copies of this revised budget shall be submitted to the District Business Office by March 15 of the current fiscal school year.

The site administrator shall be responsible for the review, approval, and submitting of all documents prior to the aforementioned dates.

Failure to meet budget deadlines will discontinue the A.S.B. operations until the completion of the above requirements are verified by the Assistant Superintendent of Business.

B. Gifts to the Student Body

1. Money, material or equipment shall be accepted by the Student Council with the approval of the Assistant Superintendent of Business. The items received shall have a legitimate use by the Student Body and shall not conflict with the instructional program. Gifts valued at \$100 or more must be submitted to the Board of Education for acceptance.
2. A review and approval of installation and maintenance costs shall be obtained for consideration by the Business Office prior to the Student Council acceptance of equipment items. This is also true of improvement to grounds and/or buildings financed entirely by the A.S.B. The receipt, use and disbursement of gifts and grants are subject to the same accountability as other receipts and disbursements.

C. Terms Used

- Associated Student Body shall here after be referred to as A.S.B.
- Persons responsible at site for the financial records of the Associated Student Body, i.e. A.S.B. Financial Secretary, A.S.B. Financial Technician, School Secretary, Office Manager, Fiscal Analyst, etc. shall here after be referred to as A.S.B. Financial Secretary.

D. Clubs and Trust Accounts

1. Trust accounts: are sums of money held by the Associated Student Body as trustees. The trust accounts consist of accounts for freshman through senior classes and various club accounts. The purpose of trust accounts is to set certain financial transactions apart from regular accounts to avoid distorting the general financial condition of the Associated Student Body.
2. Budgets: Clubs and trust accounts shall budget income and expenditures each year to carry out specifically planned projects approved by the individual club and/or trust sponsor.
3. Time Limit on Projects. Normally, projects shall be completed within the year budgeted. If a club or trust account activity, except class accounts, wishes to raise money over a period of time exceeding one school year for a specific project, approval must be obtained from the site administrator and the special project noted in the budget of the club or trust.
4. Bookkeeping: A ledger shall be set up for each budgeted club or trust. All income received during the year shall be credited to this account and all expenditures shall be charged against this account.
5. Closing of Accounts: Except for the senior class, all balances

in the club or trust accounts at the end of the school year will be carried over to the next school year. Balances in the senior class account, after allowance for outstanding obligations, will be transferred to the Associated Student Body funds when the books are closed for the school year.

6. Gifts: Gifts require acceptance by student council (as explained in B).

E. Cooperative and Non-Student Body Activities and Accounts

A cooperative activity is one in which the student council officially participates with an outside organization, for example, the PTA, through planning, staging, conducting or attending. Such activities may be held on or off the school grounds and will usually take the form of fund-raising events.

Prior to commencement of a cooperative activity, there should be an agreement on the part of the Principal, the Student Council and the outside group on the division of expenses and the revenue, if any, between the A.S.B. and the outside organization. Said agreement shall be in writing and shall be included in the minutes of the Student council.

Any proposed activity requiring district funds must have the Board of Education approval before an obligation is incurred.

F. Money Collected

1. In all cases, money collected in the name of the school, Associated Student Body, or student organization, whether or not on school premises, will be deposited and cleared through the student body bank account. Under no circumstances shall a disbursement be made from cash collections.
2. When approved by the Principal and the Assistant Superintendent, Business, vendors may be allowed to make collections directly from students (i.e. class pictures). In all such cases, there must be a written agreement between the parties. The collection should be under the direct supervision of the Club Advisor for the activity for which the collection is being made to assure that the approved upon procedures are being followed. An individual receipt shall be given to each student by the vendor at the time of collection indicating the amount of money paid and the purpose of the collection.
3. Money received from the Club Advisors by the A.S.B. Financial Secretary shall be counted and receipted immediately in the presence of the advisor. A schedule will be established by the A.S.B. Financial Secretary for the purpose of collecting and receipting funds. This schedule should accommodate the majority of the staff. It shall be the responsibility of the Club

Advisor to turn in funds at the appointed time on the day the funds are collected.

4. Funds collected by the A.S.B. Financial Secretary will be deposited in the bank at a minimum of once per week, more often if funds on hand exceed:

- \$1,000 -High Schools
- \$ 500 - Middle Schools
- \$ 200 - Elementary Schools

Funds should not be kept at the school site over weekend, holiday or vacation periods.

G. Request for Purchases which Exceed the Club's Financial Balance

Any student club or organization desiring to make a purchase or expend funds in excess of its current financial balance shall secure a loan from another club or organization within the A.S.B. by making its requirements known to the Student Council. After a source for such loan is found and approved, a written transfer request shall be filed with the Student Council for its approval as well as the approval of the club financing the loan. The transfer request must include a firm repayment date and reasonable proof of expected solvency at that date. The transfer request must be attached to the minutes of the Student Council meeting at which approval was granted.

H. Prohibited Uses of Student Body Cash

Personal checks shall not be cashed from Associated Student Body funds. Expenses shall not be paid from cash collected for fund-raisers. Receipts shall be deposited intact. All cash on hand must be accounted for and appear as part of the balance on the financial statement.

I. Signatures on Checks

All checks for High Schools and Middle Schools shall require the signature of two persons: The Principal or his/her designee and A.S.B. Advisor. Checks for funds of other schools shall be signed by the Assistant Superintendent of Business or his designee as authorized agents of those student bodies. No check shall be written without an approved invoice, receiving documents when appropriate and Check Request Form. The Check Request Form must include the following approvals: the Club Advisor (when appropriate), A.S.B. President or Treasurer, Site Administrator or Student Activities Director and A.S.B. Financial Secretary. Supporting invoices or contracts must be attached to the check request where appropriate. The Check Request shall be carried as a motion in the Student Council minutes.

J. Financial Statements

1. The following financial statements shall be prepared 'monthly by the A.S.B. Financial Secretary for the use of students and advisors in meeting their responsibilities with regard to A.S.B. funds and for Business Office review.

Monthly:

1. Statement of income and expense with net gain or loss.
2. Statement of receipts and expenditures of club and class accounts.
3. Copies of reconciled bank statements and cash account journals shall be forwarded to the Director of Fiscal Services, who will review the reconciliation and keep on file in the Business Office.

Annually:

1. *Balance Sheet including fund balances.
2. *Detailed Statement of Income and Expense.
3. *Copy of all annual reports must be sent to the Director of Accounting prior to August 1. These will be reviewed and kept on file for audit purposes.

*These documents shall be reviewed and verified by each Student Body President or Treasurer and submitted to the Business Office. Financial balances of a club or trust account shall be prepared for student officers or club advisor monthly or upon demand.

K. Financial Records

1. The A.S.B. Financial Secretary shall maintain the following Associated Student Body records:
2. Receipts Journal.
3. Check Register.
4. Monthly Bank Reconciliation.
5. General Ledger.
6. Club and Trust Account.
7. Income and Expense Statement.
8. Balance Sheet.

The A.S.B. Financial Secretary shall issue checks upon receipt of the approved check request substantiated by an approved invoice and receiving documentation when appropriate. Check requests shall be signed by the Principal or Student Activities Director, the

A.S.B. President or Treasurer, the Club Advisor (when appropriate) and the A.S.B. Financial Secretary upon verification of funds available.

L. Preservation and Disposal of Records

All books such as receipt books, ledgers, and journals, and minutes of Student Council meetings must be kept permanently. Other records may be destroyed after five years using the District's "destruction of records" procedures.

Sources of Student Body Revenue

Funds may be acquired in the following ways:

A. Athletics

The following are approved sources of revenue from athletics provided they are in accord with league agreements and with policies and regulations of the Board of Education:

1. The sale of pre-numbered tickets
2. The receipt of a guaranteed amount from schools visited
3. The exercise of radio and television rights
4. The sale of programs
5. Concessions

B. Student Body Cards

The Student Council shall recommend and submit prior to June 1 to the principal for approval, the amount to be charged for the A.S.B. card and the benefits which the holder of the card shall receive for the following year.

Individual activities shall be made available to all students who do not hold cards, but not necessarily at the reduced rate allowed to student body card holders. Charges to non-card holders for activities shall be such that they will be economically viable while still permitting the maximum number of students to participate.

C. Concessions

1. Agreements with firms for concession sales of merchandise on school premises may be negotiated provided that the vendor and sale of such merchandise have been approved by the Principal. Any food concessions must be approved by the Director of Food Services.
2. Concession sales in connection with general student body activities and profits there from shall be general student body organization funds.
3. Photography Sales and Commissions:

- a. Photographers may be permitted to take group and individual photographs of students for A.S.B. publications and to furnish to the A.S.B., as mutually agreed upon, a certain number of prints which may be used in certain school records for identification. The photographs may be made available to pupils at pre-arranged prices.
 - b. The Associated Student Body may negotiate agreements with photographers for the taking of these identification pictures. The agreement shall be in writing and have the written approval of the Principal.
4. Vending Machines: Installation of vending machines must not interfere with, or be in competition with the lunch program. Directions that can serve to guide vending machine operations are as follows:
 - a. Contracts: Vending machine operations must be governed by a contract between the vendor and the student body organization, subject to approval of the Assistant Superintendent of Business and Director of Food Services. The contract must spell out details regarding installation, maintenance, quality, quantity, commission rates, types of food, drink and that the machine will be turned off during lunch time and any other time which might conflict with the National School Lunch Program. In addition, the contract must give the student body the right to audit the records of the vending machine company with regard to any machines covered by said contract.
 - b. Controls: An adequate system of inventory control must be established for A.S.B. owned vending machines. Machines must contain sealed counters, where feasible, as minimum protection. Records capable of being audited must be kept by the party servicing the machine. An inventory report detailing purchases, sales, and a reconciliation between the two, as well as explanation of any losses, must be completed each month.
 - c. Revenue: Profits generated shall be used for the purpose identified in the Student Council minutes.

D. Publications

Care must be exercised by the student body organization in negotiating contracts for school newspapers, yearbooks, publications, and the like. The selling price of these items must be submitted for the approval of the Student Council, and shall be such that a maximum number of pupils may benefit from the purchase of the publications and be sufficient to cover all costs.

Advertisement space may be sold to local merchants in order to keep the selling price of publications at a minimum. The type of advertising in school publications must be approved by the Principal or his designee. A contract between the vendor and student body organization must be approved by the Student Council, subject to approval by the Assistant Superintendent of Business.

E. Store Sales

1. Student Body sales of merchandise shall offer a minimum of competition to local merchants. Charges for material used in connection with classes shall be as near cost as feasible. Books, bookkeeping sets, pencils, paper, notebooks, erasers, and similar supplies shall be sold at regular merchandising prices.
2. Merchandise offered shall be limited to articles of the following types:
 - a. Nutritious food items as approved in Board Policy 3121.
 - b. Decals, pennants, and similar school spirit items.
 - c. Rings, sweaters, pins and similar items.
3. Sales tax will be charged on taxable items. State sales tax reporting forms will be completed and submitted quarterly to the District Office, Accounts Payable Department.
4. Inventory must be completed quarterly. Outdated merchandise shall be disposed of no later than the end of the following fiscal year.

F. Profits from Associated Student Body Activities

As a general rule, profits made by conducting activities which are supported by the Associated Student Body should be considered Associated Student Body funds and not diverted to any account or special group. Any exception to this general rule shall receive prior approval of the Student Council and written approval of the Principal, suitable for audit.

G. Fund-raising by Groups within the A.S.B.

Revenue for special groups may be generated from dues, sales of admissions, or other activities limited to active members of the groups enrolled at school. All other fund-raising activities which would involve persons other than members of the group, must receive prior approval by the Student Council. Revenue potential forms for all fund-raising activities must be submitted for the approval of the Student Council in accordance with Board Policy.

Food Sales: The Board of Education may, by resolution, authorize

student organizations to sell food provided no food items prepared on the premises are sold by these organizations during the school day (Education Code 48931).

Food Sales in Elementary and Middle Schools

No school providing kindergarten or any grades one through eight shall permit the sale of food by pupil organizations if such school is participating in the National School Lunch, School Breakfast or Food Distribution Program except as follows:

The Board of Education may permit a student organization to sell no more than one food item per sale when all of the following conditions are met:

- The specific nutritious food item is approved by the Board of Education.
- The food sales do not begin until after the close of the regularly scheduled mid-day food service period.
- The sales during the regular school day are not food items prepared on the premises.
- There are no more than four (4) such sales per year per school.
- The food item sold is a dessert type food, including but not limited to pastry, ice cream or fruit.
- The food item sold is not one sold in the food service program at that school during that school day.

Food Sales in High Schools

- The Board of Education may permit an organization consisting solely of pupils to sell food items during or after the regular school day if the following conditions are met:
- The specific nutritious food items are approved by the Board of Education.
- A student organization may be approved to sell food at any time during the school day including the regularly scheduled food service period provided: Only one such organization each day shall sell no more than three types of food or beverage and/or; Any one or more student organizations may conduct no more than four (4) food sales of any food items during a school year in each school, but such sales shall be held on the same four days for any or all organizations.
- The sales during the regular school day are not of food prepared on the premises.
- The food items sold during the school day are not those sold by the District Food Service Program during that school day.

3. Other Authorized Sale of Merchandise:

- a. Graduating Classes - may conduct authorized sale of merchandise; for example:
 - Cards and announcements.
 - Senior rings and pins.
 - Tassels.
 - Rental fee or sale of cap and gowns.
 - Senior sweaters.
 - Senior portraits.
 - Other items approved by the Student Council.
- b. The Associated Student Body shall negotiate agreements with photographers for taking of senior portraits. The agreement shall be in writing and have the written approval of the principal. In negotiating said agreement the following considerations must be made:
 - Reasonableness of cost to students.
 - Product quality.
 - Service to the students/school.
 - Reputation of the vendor.
- c. School sponsored clubs and organizations may conduct authorized sales of merchandise; for example:
 - Pins.
 - Photographs.
 - Other items approved by the Student Council.

Expenditures of Student Body Funds

A. Approval of Expenditures

All expenditures require prior approval and must be reflected in the minutes of the Student Council meeting.

Expenditures will be limited to those charges that are within the approved A.S.B. budget, subject to the availability of funds. All expenditures must be made by check. Absolutely no expenditure shall be made from cash collections.

The Student Council shall take appropriate measures before the close of the school year to approve all necessary expenditures required to close the books of that school year.

If expenditures must be made when it is impractical to obtain the approval of the Student Council, such as during school vacation



periods, the Principal may authorize the expenditures without prior Student Council approval. All such expenditures will be submitted to the Student Council as soon as possible after the students return to school for ratification.

B. Responsibility of A.S.B. for Expenditures made by Pupils or Employees

No student organization shall be obligated to pay for any expenditure made by a student or a teacher, or by any other employee who has not first received a written purchase order approved by the Student Council as prescribed in Board policy.

C. Evidence of Expenditures

Evidence supporting all expenditures must be kept on file with the A.S.B. Financial Secretary. These must be in the form of properly approved invoices, receiving documentation or receipts. (Canceled checks are not sufficient to meet this requirement.) Disbursements must be made with pre-numbered checks.

D. Expenditures which are Prohibited

Expenditures for the following shall not be made from Associated Student Body funds:

- Equipment, supplies, forms and postage for regular curricular or classroom use or for district business.
- Repairs and maintenance of District-owned equipment, except certain jointly-owned equipment.
- Equipment or supplies which are the normal responsibility of the District.
- Salaries, stipends or other financial compensation to any person or employee unless approved by the District Personnel Department.
- Articles for personal use of District employees.
- Gifts, loans, credit, or favoritism for District employees.
- Contributions to fund-raising drives for charitable organizations.
- Memberships in or contributions to any non-educational organizations.

E. Purchases of Equipment, Supplies and Services

A.S.B.s may obligate themselves for the purchase of equipment, supplies, and services, provided the purchases are provided for in an approved A.S.B. budget and Student Council minutes, subject to the availability of funds:

1. All Student Body purchases shall be made by purchase order approved as set forth in District policy.
2. All written contracts must be approved by the Assistant Superintendent of Business or his designee.
3. Items of purchase must be in accordance with the intentions of the student program and must be reflected in the Student Council minutes.
4. Associated Student body monies must be spent to enhance the welfare of the general student group, not a particular group.
5. Approved purchase orders, whether voided or not, must be maintained numerically in a file.
6. The purchase of equipment must be recorded in the equipment account to afford control and inventory.
7. Timely payments must be made on purchases on account.

F. Awards to Pupils

Student activity monies may be used for awards in recognition of outstanding service to the school. This includes:

- athletic letters
- academic achievement
- various types of service awards

G. Student Body Employees

Financial secretaries, clerks, student store managers or workers, custodians, etc., who perform services on behalf of the student body organization are employees of the District and will be paid through District Payroll Department, pursuant to the Education Code and Internal Revenue Service regulations.

H. Payment to District Employees

Employees that provide service to the A.S.B. within an existing job classification (such as campus supervisors providing security at extra curricular functions) cannot be paid directly by the Associated Student Body.

Any payments to the District employees must be approved by District Personnel Department (on District form D-67) and processed through the District Payroll Department and all compensation must be as provided for in the collective bargaining agreement when applicable.

I. Independent Contractors\

Services proved by outside sources (i.e. disc jockeys, bands and assembly presenters) require:



- Completed IRS form W-9.
- Semi-annual 1099 reporting to District Office, Accounts Payable Department.
- Signed and approved contract.

Management of Equipment

A. Principal's Responsibility

Responsibility rests with the Principal as trustee to protect the Associated Student Body's investment in equipment and supplies. The principal shall assure that:

1. The use and care of the equipment is properly supervised.
2. Adequate inventory records are maintained.
3. All assets are safe and meet all legal and health department requirements.

B. Inventory

The Associated Student Body shall keep an inventory of its fixed assets (equipment) and submit this inventory to the District Purchasing Department by June 30th each year.

C. Approval

Approval by the Assistant Superintendent of Business is necessary if equipment being purchased by or donated to the Associated Student Body is to be:

1. Attached to buildings of the school.
2. Installed on the grounds of the school.

Approval of the Assistant Superintendent of Business and the Board of Education is required if the equipment is donated to the A.S.B. and/or District. See I- B.

Procedures for Club Advisors

A. Club Procedures

All Clubs shall be formed by charter. Approved annually by the Student Council as part of the final budget process, and submitted to the Business office by October 1 of the current school year.

1. Each club shall be informed that all club funds are received and distributed at the discretion of the A.S.B. in as much as the A.S.B. is responsible for all accounting, auditing and debts incurred by any club.
2. Each Club Advisor shall be responsible for developing student skills in taking accurate minutes at each meeting. The club tentative budget shall be ready for approval by June 1 for the

following school year. The final budget is due by October 1, for the current school year.

3. A list of fund-raisers and income potential forms shall be prepared before each fund-raiser is approved. Income potential forms shall be verified by the A.S.B. Financial Secretary and approved by the Student Council.

B. New or Substitute Fundraisers

Any organization or club wishing to hold a new or substitute fund-raiser shall present its case, in writing, stating the rationale for the change, to the Student Council. The same approvals must be obtained as in A.3 above.

C. Cash Deposits

All proceeds from sales shall be counted by the Club Advisor, a Sales Report Form completed and the money deposited with the A.S.B. Financial Secretary on a daily basis as money is collected. The A.S.B. Financial Secretary shall prepare a receipt in the presence of the advisor, and then deposit the money in the bank intact, as per timelines in I-F.4.

D. Ticket Sales Report

Pre-numbered tickets shall be used for all athletic events, dramatic or musical performances, dances, etc. Starting ticket numbers are entered on the ticket report. After sales are complete, ending numbers are entered, which by subtracting will give the number of tickets sold. Money shall be counted and the totals entered in the proper place.

Money received shall balance with the number of tickets sold. Return unsold tickets, money and ticket sales report to the A.S.B. Financial Secretary for verification. If complimentary tickets are given out, write down the numbers on the same report including the name of the recipient and justification.

All cash collected from sales of merchandise, tickets or any purpose must be deposited intact. No payments shall be made from cash collections. Personal checks shall not be cashed from student body funds.

E. Sales Report Form

At the conclusion of a fund-raiser, the final Sales Report Form shall be completed. The Club Treasurer, with the assistance of the Club Advisor shall verify the final sales report with funds deposited and daily sales report completed during the sale. The final sales report shall be forwarded to the A.S.B. accounting office where it will be compared to the Income Potential Form and differences investigated.

F. Transfer Funds

Transfer Request Forms shall be completed and signed by the Club Advisors and student officers of both the club requesting the transfer and the club financing the transfer. They shall also require the A.S.B. Financial Secretary's and the site administrator's signature and Student Council approval, including the name of the person moving the motion, seconding, vote count, and date.

G. Purchase Requisition

Each purchase shall have an approved purchase requisition. This includes such services as bands for dances, as well as purchases of merchandise. Coaches and other assistants shall not be paid from A.S.B. accounts.

Purchase requisitions shall be completed and signed by the Club Advisor, the Club President, the A.S.B. Financial Secretary and the Principal. At the time of Student Council approval, the A.S.B. Treasurer shall certify on the purchase of the name of the person moving, seconding, the vote count and date. All items shall be listed with prices and totaled. Vendors may be contacted only for the purpose of obtaining a price estimate (not to place an order). An official purchase order will be issued to the vendor by the A.S.B. Financial Secretary.

The student body is not obligated to pay for any items ordered by a teacher, student, or other person who has not received the approval of the A.S.B. prior to placing an order or making a purchase.

If the purchase requisition is not approved by the A.S.B. Financial Secretary, it shall be returned to the originator with a note indicating the amount of insufficient funds or other reason for withholding approval.

H. Open Purchases Requisitions

The Associated Student Body shall issue "Open" purchase requisitions (requisition for a specific amount of money to be used for a specific purpose but not itemized) only when many purchases of a specific nature are made frequently from a particular vendor. Examples are: student store supplies, vending machine supplies, and sports officials. The open purchase requisition shall:

1. Be opened and closed each month for supplies, each semester for officials.
2. State a maximum amount of an individual purchase.
3. The maximum total of purchases allowed.
4. State who shall be authorized to purchase against the order.

5. The purchase of equipment is not allowed.

I. Receiving Merchandise

The A.S.B. Financial Secretary or other staff member assigned by the Principal shall receive all merchandise for student groups, verify contents against packing slips and purchase requisition, and disburse the merchandise to the student groups obtaining authorized signatures from the group on receiving documents. If the merchandise has been ordered for resale (other than store supplies), the A.S.B. Financial Secretary shall also re-verify the Income Potential Form.

J. Check Requests

On receipt of invoice, the A.S.B. Financial Secretary shall pull all receiving documents and Purchase Requisitions, compare totals, and prepare a check. Check requests shall be placed on the agenda of the Student Council for approval. For high schools and middle schools, the A.S.B. Financial Secretary shall prepare the check, secure proper signatures, and mail or deliver to the payee. For all other schools, the District Business Office shall prepare the check, secure signatures and mail to the payee. No check shall be written without proper documentation.

In the event of an emergency, when a purchase must be made or check written before Student Council approval can be obtained, such as school vacation periods, an A.S.B. cash purchase order may be used. Signatures of the site administrator must be obtained prior to the issuance of the check. The cash purchase order must be presented to the Student Council at its next meeting for ratification. Use of the cash purchase order shall be limited to emergency or special circumstance. Caution must be used to avoid abuse of the cash purchase order.

K. Club Activity File

Each Club Advisor shall maintain a Club Activity File, containing:

- Detailed records of monies received and expended.
- Copies of receipts
- Copies of Check Requests
- Up-to-date Balance of Funds

These should be verified against the monthly statement of receipts and expenditures prepared by the A.S.B. Financial Secretary.

Appendix D- Fees, Deposits, and Other Charges

School district administrators frequently ask the Department to provide additional guidance on the matter of fees. This Advisory which supersedes Fiscal Management Advisory 87-03 is provided for that purpose, and reflects the most recent legislation and California Supreme Court interpretations. The following narrative contains a number of conclusions based on legal references. Most of these references are to a particular case or opinion. Those conclusions without attribution represent the opinions of the Department's Legal Office.

A Free Public School System

“A pupil enrolled in a school shall not be required to pay any fee, deposit, or other charge not specifically authorized by law.”

With this language the State Board of Education made clear that fees are not to be imposed except where specifically authorized by law. This administrative regulation, or “law” of the State Board was promulgated based on the authority of Article IX, Section 5 of the California Constitution. Article IX, Section 5 provides for a free school system:

“The Legislature shall provide for a system of common schools by which a free school shall be kept up and supported in each district at least six months in every year, after the first year in which a school has been established.”

The State Supreme Court in 1874 held that this provision entitled students to be educated at public expense.

The Attorney General has, in several opinions, consistently ruled that school districts do not have authority to levy fees for any elective or compulsory class. Further, districts may not require security deposits for locks, lockers, books, class apparatus, musical instruments, uniforms, or other equipment.

The administrative regulation noted above prohibited fees except those “...specifically authorized by law.” Certain fees have been authorized by law since the rule was promulgated.

The 1984 California Supreme Court decision, *Hartzell v. Connell* raises serious questions about the imposition of a non-statutory fee for extracurricular activities. The lead opinion acknowledges that fees

may be charged for “recreational” activities but not for “educational” activities. Extracurricular activities are described in the opinion as an integral component of public education; they are a part of the educational program according to this decision.

The court held that the “...imposition of fees for educational activities offered by public high school districts violates the free school guarantee. The constitutional defect in such fees can neither be corrected by providing waivers to indigent students nor justified by pleading financial hardship.”

Fees Authorized by Law

The Education Code specifically authorizes certain fees. Except for borne to school transportation fees discussed later, none of those Code sections have been challenged and the Rartzell v. Connell decision did not directly rule on their legality. Therefore, districts may continue to levy fees as authorized in the following Education Code sections:

- A. Fees that a district may collect for furnishing materials to a pupil for items the pupil has fabricated from such materials for his or her own use. Such fees may not exceed cost. (E.C. § 39526)
- B. Fees that a district may charge pupils for transportation to and from school under limited circumstances. (Education Code sections 38028, 39807.5 and 39837)
- C. Charges for food served to pupils. (Education Code sections 39870-39874, 39876)
- D. Charges to the parent or guardian of any pupil who loses a book, defaces books or other school property. Liability limits for lost items or damage are adjusted annually by the State Superintendent of Public Instruction pursuant to statute. (E.C. § 48904)
- E. Charges for field trips or excursions, principally for transportation. The authority to charge a fee for field trips or excursions is not directly stated in the Education Code. Rather, it provides that “No pupil shall be prevented from making the field trip or excursion because of lack of sufficient funds.” (E.C. § 35330)
- F. Districts must make medical, hospital, or accident insurance available to pupils who may be injured while participating in field trips. The cost of the insurance may be paid by the pupil or his parents. (E.C. § 35331)
- G. Governing boards may expend from the general fund of the district any money which is budgeted for community services to establish and maintain community service classes. They may charge student fees not to exceed the cost of maintaining such classes. (E.C. § 51815)

- H. A governing board may charge a tuition fee to adults for any class except classes in English and citizenship for foreigners, classes in elementary subjects, and classes for which high school credit is granted when taken by a person not holding a high school diploma. (E.C. § 52612)
- I. Districts must provide, and each member of an athletic team must have, accidental death, injury and medical insurance coverage. The cost of such insurance may be paid by the pupil unless the pupil is unable to pay for such insurance. (Education Code sections 32220-32224)
- J. A school district may require a deposit from a borrower of school band instruments, music, uniforms, and other regalia for use on an excursion to a foreign country. (E.C. § 40015)
- K. Pupils whose parents are actual and legal residents of an adjacent foreign country or an adjacent state shall be charged a tuition fee. (Education Code sections 48050 and 48052)
- L. The regulations of the governing board may provide for the sale of materials purchased from the incidental expense account to pupils in classes for adults, for use in connection with such classes. The proceeds of all such sales shall be deposited in that account (E.C. § 52615). A high school district board may charge for textbooks used in classes for adults or impose a refundable deposit on loaned books. (E.C. § 60410)
- M. The governing board of a school district may sell class material to persons enrolled in classes for adults. This may include materials necessary for the making of articles by students enrolled in adult education. The materials shall be sold at not less than the cost to the district; any article made shall be the property of the person who made it. (E.C. § 39527)
- N. The governing board of any elementary, high, or unified school district may charge a fee for school camp programs, provided that payment of such fee is not mandatory. No pupil shall be denied the opportunity to participate in a school camp program because of non-payment of the fee. (E.C. § 35335)
- O. Families utilizing child care and development Services shall be charged a fee by the school district, but no fees shall be assessed against families whose children are enrolled in the state preschool program, or for such services provided to severely handicapped children (Education Code sections 8263(e)(f) and 8250(d).). Standards for fees appear in E.C. § 8265. The school district may also impose a fee for a program of supervision of children before and after school. (E.C. § 8487 and 8488)
- P. School districts may offer a fingerprint program for children in

District Obligation to Provide Without Charge

kindergarten or newly enrolled children and shall assess a fee to the parent or guardian who chooses to participate. (E.C. § 32390)

The opinions of the Attorney General mentioned earlier indicate that charges may not be levied for the following:

- A. A deposit in the nature of a guarantee that the district would be reimbursed for loss to the district on account of breakage, damage to, or loss of school property.
- B. An admission charge to an exhibit, fair, theater or similar activity for instruction or extracurricular purposes when a visit to such places is part of the district's educational program.
- C. A tuition fee or charge as a condition to enrollment in any class or course of instruction, including a fee for attendance in a summer or vacation school, a registration fee, a fee for a catalog of courses, a fee for an examination in a subject, a late registration or program change fee, a fee for the issuance of a diploma or certificate, or a charge for lodging.
- D. Membership fees in a student body or any student organization as a condition for enrollment or participation in athletic or other curricular or extracurricular activities sponsored by the school.
- E. E.C. § 48053 prohibits charging an apprentice, or his or her parents or guardian, for admission or attendance in any class.
- F. Textbooks and workbooks must be furnished without charge by elementary and high school districts except for classes for adults. A charge may not be made for their use (Education Code sections 60070 and 60410).

E.C. § 40011 provides:

“Writing and drawing paper, pens, inks, blackboard erasers, crayons, lead pencils, and other necessary supplies for the use of the schools, shall be furnished under direction of the governing board of the school district.”

The Attorney General has issued an opinion interpreting this language. He was asked specifically whether a student could be required to furnish any or all of the following:

- A. Art material for art classes and mechanical drawing sets
- B. Cloth to be used in dressmaking classes and wood for carpentry classes
- C. Gym suits and shoes for physical education classes



- D. Bluebooks in which to write a final examination
- E. Paper on which to write a theme or report when such theme or report is a required assignment.

The Attorney General concluded that all the above-mentioned materials were “necessary supplies” and as such had to be furnished by the school district. He reasoned that the articles listed in A, B, C, and D, “appear to be supplies that must be available to students in order to participate in regular classroom work in the particular subjects involved.” As to E, the Attorney General stated that “paper to be used on which to write a theme or report must also be furnished when required as a part of the classroom activity.”

The Attorney General limited his discussion to the questions specifically asked and did not state what materials a district is not obligated to furnish. However:

“[s]upplies,...must be furnished free of cost to students when the supplies are what might be termed ‘school supplies’ and are necessary in order for the students to pursue a course of study.”

The Attorney General’s use of the term “school supplies” is meant to exclude from the district’s obligation those items or materials which, although necessary for class participation, are essential regardless of whether or not a person is a student. For example, a school district would not be obligated to furnish corrective lenses, clothes, and so forth. Such items are needed whether or not one is a student.

Specifically with respect to gym clothes, E.C. § 49066(b) states that: “No grade of a pupil participating in a physical education class, however, may be adversely affected due to the fact that the pupil does not wear standardized physical education apparel where the failure to wear such apparel arises from circumstances beyond the control of the pupil,” such as, for example, lack of funds.

It should be determined whether a fee for a particular item is specifically authorized by statute, if not, it should be determined whether a particular item is required by law to be furnished free or whether it comes under the category of “necessary supplies.” If it does, then the district must furnish the item without charge.

It is the position of the Department that a school district may require its students to purchase their own gym clothes of a district specified design and color so long as the design and color are of a type sold for general wear outside of school. Once the required gym uniforms become specialized in terms of included logos, school name or other

characteristics not found on clothing for general use outside of school, they are school supplies and the district must provide those uniforms free of charge.

It is the opinion of the Department's legal office that a school district may not charge a fee or require students to purchase necessary materials even if the district maintains a special fund to assist students with financial need or waives such fee or charge for students with financial need. The fee or charge still remains a condition for all other students not so assisted. The court in *Hartzell v. Connell* discussed below, held that a fee-waiver policy for needy students does not save the fee.

Extracurricular Activities

On April 20, 1984, the California Supreme Court decided, in *Hartzell V. Connell* 35 Cal. 3d 899, that a public school district may not charge fees for educational programs simply because they are denominated "extracurricular." As expressed by the lead opinion, the court concluded that "the imposition of fees as a precondition for participation in non-statutory educational programs offered by public high schools on a noncredit basis violates the free schools guarantee of the California Constitution and the prohibition against school fees contained in Title 5, Section 350 of the California Administrative Code." (now California Code of Regulations).

Some significant observations by the various justices and ramifications of the decision are as follows:

- A. The lead opinion was written by Chief Justice Bird with Justices Broussard and Reynoso concurring specifically. The approach taken to the issue by the Chief Justice holds that the free school guarantee extends to all activities which constitute an integral, fundamental part of elementary and secondary education or which amount to necessary elements of any school's activity. The opinion concludes that extracurricular activities constitute an integral component of public education.
- B. The lead opinion holds that fee based extracurricular activities are also illegal under Title 5 California Code of Regulations 350 (5 CCR 350) which prohibits the imposition of "...any fee, deposit, or other charge not specifically authorized by law."
- C. Apart from the fee issue, this particular holding has wide reaching significance. Along with constitutional provisions and statutes, any regulation adopted by the State Board of Education or Superintendent of Public Instruction is a "law." E.C. § 35160, the so-called "permissive code" authority allows school districts to carry on any activity or act in any manner "...which is not in conflict with or inconsistent with, or preempted by, any law..."

- D. As noted above, several provisions of the Education Code permit school districts to impose charges or fees, e.g.: Sections 35330 (field trips and excursions), 48909 (charge for lost textbook), 35335 (school camps), 32220-32224 (requires members of athletic teams to purchase death, accident and hospital insurance), 40015 (deposit for use of a school musical instrument), 39804 (pupil transportation), and so forth. In his opinion, in which he concurs in the judgment, Justice Kaus raised the question whether, under the decision, any of the statutory fees and charges (Paragraph II, *supra*) would be unconstitutional. Because none of the statutory fees were in issue, the court made no ruling in that respect. The Hartzell decision is binding precedent for invalidation of any non-statutory fees of the type examined by that court. Except for home to school transportation fees (Section 39807.5), the constitutionality of the statutory fees and charges is yet to be judicially decided.
- E. In a footnote the lead opinion states that the: “educational activities are to be distinguished from activities which are purely recreational in character. Examples of the latter might include attending weekend dances or athletic events.” This statement may cause future litigation on the issue of whether the challenged fee based activity is educational or recreational. The issue is complicated by the fact that while citing an athletic event as possibly being recreational, the court invalidated a fee based athletic activity because it was held to be educational. This could be reconciled by interpreting the footnote as allowing a fee if the participation is solely as a spectator.
- F. The defendants argued that their fee-waiver policy for needy students satisfies the requirements of the free school requirement. They suggested that the right to be educated at public expense amounts merely to a right not to be financially prevented from enjoying educational opportunities. The court answered that such an argument plainly contradicts the plain free school language of the Constitution.

Home to School Transportation Fees

E.C. § 39807.5 allows school districts to charge parents a fee for home to school transportation provided to their children by the district. On a constitutional challenge the California Supreme Court in *Arcadia School District v. State Department of Education*, upheld the transportation fee statute. According to the court, permitting school districts to charge parents and guardians for the transportation of students to and from school does not violate the California Constitution free school guarantee. Unlike the extracurricular activities held to be free in *Hartzell v. Connell* (*supra*), transportation is neither an educational activity nor an essential part of school activity. Home to school transportation is not included within the free school guarantee.

Tuition for Summer School

No statute specifically authorizes tuition for summer school. Therefore, tuition or any fee or charge is prohibited under Section 350 of Title 5 California Code of Regulations (*supra* at page 1), which according to the court in *Hartzell v. Connell* (*supra*), is a law within the meaning of the so-called permissive provisions of E.C. § 35160.

Community Service Classes

The governing board of a school district is authorized to maintain community service classes and to charge fees to cover the costs of maintaining such classes (Education Code sections 51810 and 51815). These classes may be convened at any time during the school year as may be determined by the governing board (E.C. § 51812).

Community service classes are not intended to teach required courses that students in grades K-12 must complete as part of their instructional programs. Community service classes usually include classes in music, drama, art, handicraft, science, literature, nature study, nature contacting, aquatic sports, athletics, and other such classes of general interest to the community (See Education Code, section 51810). These classes are primarily intended for adults and are open only to those minors whom the governing board believes will profit from such classes (Education Code, section 51811). It is the Department's position, therefore, that community service classes may not be used as summer schools for K-12 students, except for the incidental attendance of students with special interest in the subjects being taught.

Summer Schools Conducted Under Contract by Private Parties

The provisions of law relating to contracts whereby private parties conduct a portion of the educational program are not entirely clear. Neither the California Constitution nor the Education Code specifically prohibits contracts for educational services. E.C. § 35160 authorizes districts to engage in any activity not prohibited by law.

Section 6, Article IX, of the California Constitution prohibits a school district from transferring, directly or indirectly, any part of the public school system, or the placing of any part of the public school system under the jurisdiction of any authority other than a public school authority. This constitutional provision was explained in *CTA v. Fullerton*. That case involved a school district which let a contract for a private vendor to conduct its driver training program. The court held that the district had not transferred a part of the school system, but only a part of the curriculum. The court's reasoning is that the curriculum is only a function of the system and not a part of the system. This reasoning would seem also to validate contracting for a summer school program. However, in discussing this constitutional prohibition, the court stated that the Constitution would be violated if the control and management of the driver training program were to be transferred to a private authority. This would be true because the various administrative units authorized to maintain and administer the curriculum with



the public school system constitute, along with the curriculum, a part of the system. Thus, contracting for a summer school program would be valid under Article IX, Section 6 only if the school district maintains exclusive control and management of the educational program.

The requirement for the maintenance of control and management, however, places the contracting district in a legally impossible position when tuition fees are charged. If the contractor providing the program charges tuition the district might thereby be in violation of the prohibition against tuition charges.

Leasing School Buildings for Educational Use

The Education Code provides authority for school districts to lease, or allow the use of, unneeded school buildings and classroom space, or to enter into joint occupancy or joint use agreements with private entities including private schools. (Education Code sections 39360, 39379, 39380, 39381, 39440, 39444, 39470, and 40040, et seq.)

When authorizing school buildings to be used by another entity for a summer school program, however, the district should consider the following:

- A. When leasing to a sectarian organization, the district must avoid violating the religious establishment prohibition of the First Amendment to the United States Constitution. According to the California Attorney General, a school district cannot lease or loan vacant classrooms to a sectarian institution for religious purposes while public school is concurrently in session.
- B. The use granted under the Civic Center Act must not result in a monopoly for the benefit of any person or organization. (E.C. § 40041 et seq.) (Effective 111198 renumbered to 38130)

Charter Schools

E.C. § 47605(d) prohibits a charter school from charging tuition, but does not mention fees or other charges. Should it be argued that a certain educationally based fee or other charge is not in the nature of a tuition, the charter school would, nevertheless, be prohibited from assessing them. Although a charter school is exempt from the laws governing school districts (E.C. § 47610), the California Constitution, which is the highest law of the state, cannot be rendered inapplicable by the Legislature. Therefore, any tuition, fee or other charge relating to the charter school's educational program is prohibited by the free school guarantee of the California Constitution Article IX, Section 5, as interpreted in *Hartzell v. Connell* supra.

Educational Clinics

A certified clinic may not charge any fee for services to any pupil or to the parent, guardian, or custodian of any pupil for which the clinic receives reimbursement (E.C. § 58557)



Appendix E- Employee or Independent Contractor?

Who Are Employees?

Before you can know how to treat payments you make for services, you must first know the business relationship that exists between you and the person performing the services. The person performing the services may be:

- An independent contractor.
- A common-law employee.
- A statutory employee.
- A statutory non-employee.

This discussion explains these four categories. A later discussion, *Employee or Independent Contractor?* (section 2), points out the differences between an independent contractor and an employee and gives examples from various types of occupations. If an individual who works for you is not an employee under the common-law rules (see section 2), you generally do not have to withhold Federal income tax from that individual's pay. However, in some cases you may be required to withhold under backup withholding requirements on these payments. See Circular E for information on backup withholding.

Independent Contractors

People such as lawyers, contractors, subcontractors, public stenographers, and auctioneers who follow an independent trade, business, or profession in which they offer their services to the public, are generally not employees. However, whether such people are employees or independent contractors depends on the facts in each case. The general rule is that an individual is an independent contractor if you, the person for whom the services are performed, have the right to control or direct only the result of the work and not the means and methods of accomplishing the result.

Common-Law Employees

Under common-law rules, anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. For a discussion of facts that indicate whether an individual providing services is an independent contractor or employee, see *Employee or Independent Contractor?* (section 2).

If you have an employer-employee relationship, it makes no difference how it is labeled. The substance of the relationship, not the label, governs the worker's status. Nor does it matter whether the individual is employed full time or part time.

For employment tax purposes, no distinction is made between classes of employees. Superintendents, managers, and other supervisory personnel are all employees. An officer of a corporation is generally an employee; however, an officer who performs no services or only minor services, and neither receives nor is entitled to receive any pay, is not considered an employee. A director of a corporation is not an employee with respect to services performed as a director.

You generally have to withhold and pay income, social security, and Medicare taxes on wages you pay to common-law employees. However, the wages of certain employees may be exempt from one or more of these taxes.

Leased employees. Under certain circumstances, a corporation furnishing workers to various professional people and firms is the employer of those workers for employment tax purposes. For example, a professional service corporation may provide the services of secretaries, nurses, and other similarly trained workers to its subscribers.

The service corporation enters into contracts with the subscribers under which the subscribers specify the services to be provided and the fee to be paid to the service corporation for each individual furnished. The service corporation has the right to control and direct the worker's services for the subscriber, including the right to discharge or reassign the worker. The service corporation hires the workers, controls the payment of their wages, provides them with unemployment insurance and other benefits, and is the employer for employment tax purposes. For information on employee leasing as it relates to pension plan qualification requirements, see *Leased employees* in Pub. 560, *Retirement Plans for Small Business* (SEP, SIMPLE, and Keogh Plans).

Additional information. For more information about the treatment of special types of employment, the treatment of special types of payments, and similar subjects, get Circular E or Circular A (for agricultural employers).

Statutory Employees

If workers are independent contractors under the common law rules, such workers may nevertheless be treated as employees by statute ("statutory employees") for certain employment tax purposes if they



fall within any one of the following four categories and meet the three conditions described under Social security and Medicare taxes, below.

1. A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.
2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.
3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.
4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity. See Salesperson in section 2.

Social security and Medicare taxes. Withhold social security and Medicare taxes from the wages of statutory employees if all three of the following conditions apply.

- The service contract states or implies that substantially all the services are to be performed personally by them.
- They do not have a substantial investment in the equipment and property used to perform the services (other than an investment in transportation facilities).
- The services are performed on a continuing basis for the same payer.

Federal unemployment (FUTA) tax. For FUTA tax, the term employee means the same as it does for social security and Medicare taxes, except that it does not include statutory employees in categories 2 and 3 above. Thus, any individual who is an employee under category 1 or 4 is also an employee for FUTA tax purposes and subject to FUTA tax.

Income tax. Do not withhold income tax from the wages of statutory employees.

Reporting payments to statutory employees. Furnish a Form W-2 to a statutory employee, and check "statutory employee" in box 13. Show your payments to the employee as other compensation in box 1. Also, show social security wages in box 3, social security tax withheld in

box 4, Medicare wages in box 5, and Medicare tax withheld in box 6. The statutory employee can deduct his or her trade or business expenses from the payments shown on Form W-2. He or she reports earnings as a statutory employee on line I of Schedule C or C-EZ (Form 1040). (A statutory employee's business expenses are deductible on Schedule C or C-EZ (Form 1040) and are not subject to the reduction by 2% of his or her adjusted gross income that applies to common-law employees.)

Statutory Non-employees

There are two categories of statutory non-employees: direct sellers and licensed real estate agents. They are treated as self-employed for all Federal tax purposes, including income and employment taxes, if:

1. Substantially all payments for their services as direct sellers or real estate agents are directly related to sales or other output, rather than to the number of hours worked and
2. Their services are performed under a written contract providing that they will not be treated as employees for Federal tax purposes.

Direct sellers. Direct sellers include persons falling within any of the following three groups:

1. Persons engaged in selling (or soliciting the sale of) consumer products in the home or place of business other than in a permanent retail establishment.
2. Persons engaged in selling (or soliciting the sale of) consumer products to any buyer on a buy-sell basis, a deposit-commission basis, or any similar basis prescribed by regulations, for resale in the home or at a place of business other than in a permanent retail establishment.
3. Persons engaged in the trade or business of delivering or distributing newspapers or shopping news (including any services directly related to such delivery or distribution).

Direct selling includes activities of individuals who attempt to increase direct sales activities of their direct sellers and who earn income based on the productivity of their direct sellers. Such activities include providing motivation and encouragement; imparting skills, knowledge, or experience; and recruiting. For more information on direct sellers, see Pub. 911, Direct Sellers.

Licensed real estate agents. This category includes individuals engaged in appraisal activities for real estate sales if they earn income based on sales or other output.

Misclassification of Employees

Consequences of treating an employee as an independent contractor. If you classify an employee as an independent contractor and you have no reasonable basis for doing so, you may be held liable for employment taxes for that worker (the relief provisions, discussed below, will not apply). See Internal Revenue Code section 3509 for more information.

Relief provisions. If you have a reasonable basis for not treating a worker as an employee, you may be relieved from having to pay employment taxes for that worker. To get this relief, you must file all required Federal information returns on a basis consistent with your treatment of the worker. You (or your predecessor) must not have treated any worker holding a substantially similar position as an employee for any periods beginning after 1977.

Technical service specialists. This relief provision does not apply to a worker who provides services to another business (the client) as a technical service specialist under an arrangement between the business providing the worker, such as a technical services firm, and the client. A technical service specialist is an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work.

This rule does not affect the determination of whether such workers are employees under the common-law rules. The common-law rules control whether the specialist is treated as an employee or an independent contractor. However, if you directly contract with a technical service specialist to provide services for your business rather than for another business, you may still be entitled to the relief provision. See Employee or Independent Contractor? below.

An employer must generally withhold income taxes, withhold and pay social security and Medicare taxes, and pay unemployment tax on wages paid to an employee. An employer does not generally have to withhold or pay any taxes on payments to independent contractors.

Employee or Independent Contractor?

Common-Law Rules

To determine whether an individual is an employee or an independent contractor under the common law, the relationship of the worker and the business must be examined. All evidence of control and independence must be considered. In any employee-independent contractor determination, all information that provides evidence of the degree of control and the degree of independence must be considered.

Facts that provide evidence of the degree of control and independence fall into three categories: behavioral control, financial control, and the type of relationship of the parties. These facts are discussed below.

Behavioral control. Facts that show whether the business has a right to direct and control how the worker does the task for which the worker is hired include the type and degree of:

- Instructions the business gives the worker. An employee is generally subject to the business' instructions about when, where, and how to work. All of the following are examples of types of instructions about how to do work:
 - When and where to do the work
 - What tools or equipment to use
 - What workers to hire or to assist with the work
 - Where to purchase supplies and services
 - What work must be performed by a specified individual
 - What order or sequence to follow
- The amount of instruction needed varies among different jobs. Even if no instructions are given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. A business may lack the knowledge to instruct some highly specialized professionals; in other cases, the task may require little or no instruction. The key consideration is whether the business has retained the right to control the details of a worker's performance or instead has given up that right.
- Training the business gives the worker. An employee may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods.

Financial control. Facts that show whether the business has a right to control the business aspects of the worker's job include:

- The extent to which the worker has un-reimbursed business expenses. Independent contractors are more likely to have un-reimbursed expenses than are employees. Fixed ongoing costs that are incurred regardless of whether work is currently being performed are especially important. However, employees may also incur un-reimbursed expenses in connection with the services they perform for their business.
- The extent of the worker's investment. An independent contractor often has a significant investment in the facilities he or she uses in performing services for someone else. However, a significant investment is not necessary for independent contractor status.

- The extent to which the worker makes services available to the relevant market. An independent contractor is generally free to seek out business opportunities. Independent contractors often advertise, maintain a visible business location, and are available to work in the relevant market.
- How the business pays the worker. An employee is generally guaranteed a regular wage amount for an hourly, weekly, or other period of time. This usually indicates that a worker is an employee, even when the wage or salary is supplemented by a commission. An independent contractor is usually paid by a flat fee for the job. However, it is common in some professions, such as law, to pay independent contractors hourly.
- The extent to which the worker can realize a profit or loss. An independent contractor can make a profit or loss.

Type of relationship. Facts that show the parties' type of relationship include:

- Written contracts describing the relationship the parties intended to create.
- Whether the business provides the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay.
- The permanency of the relationship. If you engage a worker with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered evidence that your intent was to create an employer-employee relationship.
- The extent to which services performed by the worker are a key aspect of the regular business of the company. If a worker provides services that are a key aspect of your regular business activity, it is more likely that you will have the right to direct and control his or her activities. For example, if a law firm hires an attorney, it is likely that it will present the attorney's work as its own and would have the right to control or direct that work. This would indicate an employer-employee relationship.

IRS help. If you want the IRS to determine whether a worker is an employee, file Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the IRS.

Industry Examples

The following examples may help you properly classify your workers.

Building and Construction Industry

Example 1. Jerry Jones has an agreement with Wilma White to supervise the remodeling of her house. She did not advance funds to help him carry on the work. She makes direct payments to the suppliers for all necessary materials. She carries liability and workers' compensation insurance covering Jerry and others he engaged to assist him. She pays them an hourly rate and exercises almost constant supervision over the work. Jerry is not free to transfer his assistants to other jobs. He may not work on other jobs while working for Wilma. He assumes no responsibility to complete the work and will incur no contractual liability if he fails to do so. He and his assistants perform personal services for hourly wages. They are employees of Wilma White.

Example 2. Milton Manning, an experienced tile-setter, orally agreed with a corporation to perform full-time services at construction sites. He uses his own tools and performs services in the order designated by the corporation and according to its specifications. The corporation supplies all materials, makes frequent inspections of his work, pays him on a piecework basis, and carries workers' compensation insurance on him. He does not have a place of business or hold himself out to perform similar services for others. Either party can end the services at any time. Milton Manning is an employee of the corporation.

Example 3. Wallace Black agreed with the Sawdust Co. to supply the construction labor for a group of houses. The company agreed to pay all construction costs. However, he supplies all the tools and equipment. He performs personal services as a carpenter and mechanic for an hourly wage. He also acts as superintendent and foreman and engages other individuals to assist him. The company has the right to select, approve, or discharge any helper. A company representative makes frequent inspections of the construction site. When a house is finished, Wallace is paid a certain percentage of its costs. He is not responsible for faults, defects of construction, or wasteful operation. At the end of each week, he presents the company with a statement of the amount he has spent, including the payroll. The company gives him a check for that amount from which he pays the assistants, although he is not personally liable for their wages. Wallace Black and his assistants are employees of the Sawdust Co.

Example 4. Bill Plum contracted with Elm Corporation to complete the roofing on a housing complex. A signed contract established a flat amount for the services rendered by Bill Plum. Bill is a licensed roofer and carries workers' compensation and liability insurance under the business name, Plum Roofing. He hires his own roofers who are treated as employees for Federal employment tax purposes. If

there is a problem with the roofing work, Plum Roofing is responsible for paying for any repairs. Bill Plum, doing business as Plum Roofing, is an independent contractor.

Example 5. Vera Elm, an electrician, submitted a job estimate to a housing complex for electrical work at \$16 per hour for 400 hours. She is to receive \$1,280 every 2 weeks for the next 10 weeks. This is not considered payment by the hour. Even if she works more or less than 400 hours to complete the work, Vera Elm will receive \$6,400. She also performs additional electrical installations under contracts with other companies, which she obtained through advertisements. Vera is an independent contractor.

Trucking Industry

Example. Rose Trucking contracts to deliver material for Forest Inc. at \$140 per ton. Rose Trucking is not paid for any articles that are not delivered. At times, Jan Rose, who operates as Rose Trucking, may also lease another truck and engage a driver to complete the contract. All operating expenses, including insurance coverage, are paid by Jan Rose. All equipment is owned or rented by Jan, and she is responsible for all maintenance. None of the drivers are provided by Forest Inc. Jan Rose, operating as Rose Trucking, is an independent contractor.

Computer Industry

Example. Steve Smith, a computer programmer, is laid off when Megabyte Inc. downsizes. Megabyte agrees to pay Steve a flat amount to complete a one-time project to create a certain product. It is not clear how long it will take to complete the project, and Steve is not guaranteed any minimum payment for the hours spent on the program. Megabyte provides Steve with no instructions beyond the specifications for the product itself. Steve and Megabyte have a written contract, which provides that Steve is considered to be an independent contractor, is required to pay Federal and state taxes, and receives no benefits from Megabyte. Megabyte will file a Form 1099-MISC. Steve does the work on a new high-end computer which cost him \$7,000. Steve works at home and is not expected or allowed to attend meetings of the software development group. Steve is an independent contractor.

Automobile Industry

Example 1. Donna Lee is a salesperson employed on a full-time basis by Bob Blue, an auto dealer. She works 6 days a week and is on duty in Bob's showroom on certain assigned days and times. She appraises

trade-ins, but her appraisals are subject to the sales manager's approval. Lists of prospective customers belong to the dealer. She has to develop leads and report results to the sales manager. Because of her experience, she requires only minimal assistance in closing and financing sales and in other phases of her work. She is paid a commission and is eligible for prizes and bonuses offered by Bob. Bob also pays the cost of health insurance and group-term life insurance for Donna. Donna is an employee of Bob Blue.

Example 2. Sam Sparks performs auto repair services in the repair department of an auto sales company. He works regular hours and is paid on a percentage basis. He has no investment in the repair department. The sales company supplies all facilities, repair parts, and supplies; issues instructions on the amounts to be charged, parts to be used, and the time for completion of each job; and checks all estimates and repair orders. Sam is an employee of the sales company.

Example 3. An auto sales agency furnishes space for Helen Bach to perform auto repair services. She provides her own tools, equipment, and supplies. She seeks out business from insurance adjusters and other individuals and does all the body and paint work that comes to the agency. She hires and discharges her own helpers, determines her own and her helpers' working hours, quotes prices for repair work, makes all necessary adjustments, assumes all losses from uncollectible accounts, and receives, as compensation for her services, a large percentage of the gross collections from the auto repair shop. Helen is an independent contractor and the helpers are her employees.

Attorney

Example. Donna Yuma is a sole practitioner who rents office space and pays for the following items: telephone, computer, on-line legal research linkup, fax machine, and photocopier. Donna buys office supplies and pays bar dues and membership dues for three other professional organizations. Donna has a part-time receptionist who also does the bookkeeping. She pays the receptionist, withholds and pays Federal and state employment taxes, and files a Form W-2 each year. For the past 2 years, Donna has had only three clients, corporations with which there have been long-standing relationships. Donna charges the corporations an hourly rate for her services, sending monthly bills detailing the work performed for the prior month. The bills include charges for long distance calls, on-line research time, fax charges, photocopies, postage, and travel, costs for which the corporations have agreed to reimburse her. Donna is an independent contractor.

Taxicab Driver

Example. Tom Spruce rents a cab from Taft Cab Co. for \$150 per day. He pays the costs of maintaining and operating the cab. Tom Spruce keeps all fares he receives from customers. Although he receives the benefit of Taft's two-way radio communication equipment, dispatcher, and advertising, these items benefit both Taft and Tom Spruce. Tom Spruce is an independent contractor.

Salesperson

To determine whether salespersons are employees under the usual common-law rules, you must evaluate each individual case. If a salesperson who works for you does not meet the tests for a common-law employee, discussed earlier, you do not have to withhold income tax from his or her pay (see Statutory Employees earlier). However, even if a salesperson is not an employee under the usual common-law rules, his or her pay may still be subject to social security, Medicare, and FUTA taxes. To determine whether a salesperson is an employee for social security, Medicare, and FUTA tax purposes, the salesperson must meet all eight elements of the statutory employee test. A salesperson is a statutory employee for social security, Medicare, and FUTA tax purposes if he or she:

- Works full time for one person or company except, possibly, for sideline sales activities on behalf of some other person,
- Sells on behalf of, and turns his or her orders over to, the person or company for which he or she works,
- Sells to wholesalers, retailers, contractors, or operators of hotels, restaurants, or similar establishments,
- Sells merchandise for resale, or supplies for use in the customer's business,
- Agrees to do substantially all of this work personally,
- Has no substantial investment in the facilities used to do the work, other than in facilities for transportation,
- Maintains a continuing relationship with the person or company for which he or she works, and
- Is not an employee under common-law rules.

Employees of Exempt Organizations

Many nonprofit organizations are exempt from income tax. Although they do not have to pay income tax themselves, they must still withhold income tax from the pay of their employees. However, there are special social security, Medicare, and Federal unemployment (FUTA) tax rules that apply to the wages they pay their employees.

Section 501(c)(3) organizations.

Nonprofit organizations that are exempt from income tax under section 501(c)(3) of the Internal Revenue Code include any community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, fostering national or international amateur sports competition, or for the prevention of cruelty to children or animals. These organizations are usually corporations and are exempt from income tax under section 501(a).

Social security and Medicare taxes. Wages paid to employees of section 501 (c)(3) organizations are subject to social security and Medicare taxes unless one of the following situations applies:

- The organization pays an employee less than \$100 in a calendar year.
- The organization is a church or church-controlled organization opposed for religious reasons to the payment of social security and Medicare taxes and has filed Form 8274, Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption From Employer Social Security and Medicare Taxes, to elect exemption from social security and Medicare taxes. The organization must have filed for exemption before the first date on which a quarterly employment tax return (Form 941) would otherwise be due.

An employee of a church or church-controlled organization that is exempt from social security and Medicare taxes must pay self-employment tax if the employee is paid \$108.28 or more in a year. However, an employee who is a member of a qualified religious sect can apply for an exemption from the self-employment tax by filing Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits. See Members of recognized religious sects opposed to insurance in section 4.

Federal unemployment tax. An organization that is exempt from income tax under section 501 (c)(3) of the Internal Revenue Code is also exempt from the Federal unemployment (FUTA) tax. This exemption cannot be waived.

Note: An organization wholly owned by a state or its political subdivision should contact the appropriate state official for information about reporting and getting social security and Medicare coverage for its employees.

Other than section 501(c)(3) organizations.

Nonprofit organizations that are not section 501(c)(3) organizations may also be exempt from income tax under section 501(a) or section 521. However, these organizations are not exempt from withholding income, social security, or Medicare tax from their employees' pay, or from paying FUTA tax. Two special rules for social security, Medicare, and FUTA taxes apply.

1. If an employee is paid less than \$100 during a calendar year, his or her wages are not subject to social security and Medicare taxes.
2. If an employee is paid less than \$50 in a calendar quarter, his or her wages are not subject to FUTA tax for the quarter.

The above rules do not apply to employees who work for pension plans and other similar organizations described in section 401(a).



Appendix F- Vending Machine Management

Why Vending is an Issue

Practice is over. The coach is cleaning up. All the athletes have gone home. The equipment cage needs locking. The contents of the cage jog the coach's memory. "I need to reload the soda machine," he thinks to himself.

Alongside a shelf of shoulder pads sit cases of canned cola. The coach takes two cases and a bag, then makes his way to the other side of the locker room. He loads the machine with cola, and empties its reservoir of coins into his cloth bag.

The job is done. The coach can go home. He throws the bag of coins into the back of his car and goes about thinking about Friday's game.

Five hundred miles to the north, an ASB adviser signs an agreement with a bottling company to maintain soft drink machines on her middle school campus. The bottler will load the machines, count the money and return commission checks to the schools Associated Student Body (ASB). As a bonus, the bottler delivers 50 cases of soda to the ASB adviser to be used however she decides. There is no room to store them at school, so they go to her garage at home. Ultimately, the sodas never return to school.

A school staff wants sodas in the teacher's lounge. As a courtesy, a teacher agrees to buy a small vending machine at a local discount warehouse. He loads it weekly and uses the proceeds to pay off the cost of the machine. One day, he gets a letter from the Board of Equalization demanding payment of back sales taxes. Oops! He didn't realize he was conducting a real business.

Yes, these stories are hypothetical. But they represent real situations and events taking place all over the country. The truth is that many school districts and boards of education do not realize the extent of vending taking place on their schools and campuses. Many districts lack a clear coherent policy on vending. Some districts are unwittingly subsidizing slush funds and moonlighting employees.

In fact, vending is big business. More than one billion sodas are consumed each day. Millions are consumed on campuses. The truth is that schools and ASBs often depend upon the money from beverage vending to subsidize a host of student activities. For years, vending

has often been an isolated and quiet activity. A school would ask a bottler for a machine and the bottler would oblige. Sometimes a commission was returned to the school, but often not. Many machines fell into the category of PR machines, placed on campus as a courtesy to staff or students with a product price so low it barely covered costs.

Multimillion Dollar Deals

But newspaper headlines point to a great awakening among school districts. Suddenly schools are realizing that if they organize and negotiate, they can bring big dollars into their coffers. In California, news reports disclose a \$3.5 million deal between Antelope Valley schools and Coca Cola. Schools in the Sweetwater High School District will be rewarded with \$4.45 million for their exclusive contract over a decade. In Texas, the Spring Independent School District is putting \$1.6 million on its books. The Lone Star state also brags of a \$7.8 million contract for the Katy Independent School District, while a three-district consortium in Colorado has a \$27.7 million deal on the table.

The Albuquerque Public System, with 86,000 students and more than 12,000 employees, is eying a 10-year deal for \$20 million, while a district one sixth of the size of Albuquerque — Pueblo Colorado has already sewn up a deal worth \$5.8 million. Going east across Colorado, the Colorado Springs school district signed a 10-year, \$8 million deal with Coke. Denver signed for \$5.7 million over five years.

A Reuters news report says, “Schoolchildren have become a key target for soda makers who are willing to pay school boards up to \$15 a student for exclusive marketing rights that include vending machines, corporate logos on athletic scoreboards, free coupons and other merchandising...”

Why This Document

CASBO is venturing into a review of vending management to give school business officials some assistance in making decisions in what is quickly becoming a multimillion dollar issue. While there are many types of vending on campuses including snack machines, pay phones, pen and pencil dispensers, copy machines and newspaper stands — this document primarily examines beverage vending. Important issues of internal control, prevention of fraud and embezzlement, security, bid procedures, cost control, commercialization, income streams, pricing and competitive food sales beg for well thought out district policies on vending.

In our experience, we see some common problems:

- Districts and schools often do not know what vending is taking place on campuses and work sites. Even some principals are surprised to find machines on campuses they did not know existed.



- School sites and affiliated organizations are signing contracts unbeknownst to business offices and school boards.
- School districts are subsidizing costs of many vending machines by providing space, electricity, maintenance and lock-down services without any return for those costs.
- School districts may be selling themselves short by agreeing to deals that provide signs or scoreboards or other remuneration well below what the market will bear.
- Internal controls are often woefully inadequate to protect the funds that are supposed to benefit students or accrue to the school district
- Vending is not coordinated with child nutrition departments and may be in violation of federal rules regarding competitive food sales.
- School employees are putting themselves at personal financial or legal risk when engaging in vending that is not part of a sanctioned district or school program.

Our Objective

The objective of this document is to encourage districts to adopt districtwide policies on vending that:

- Ensure internal controls are in place to protect the integrity of public funds and money raised for the benefit of students.
- Are fair in providing equal opportunity for vendors to compete for the right to do business on district property.
- Provide a fair market return on sales to the district, associated student organizations or affiliated school groups.
- Assess the impact of vending on district resources and programs.
- Keep the district in compliance with state and federal laws as well as tax policies.
- Weigh the benefits and drawbacks of commercialization as they relate to the district's mission of public education.

District Options

Obviously a district can continue its existing policies relating to vending. But in many cases, maintenance of the status quo will continue a disjointed and disorganized approach. If anything, a district should examine its policies and practices and create new systems. Common approaches are:

- Keep all the work in house and assign a responsible department to oversee operations, such as the child nutrition department.
- Hire a third party administrator or consultant to engage in varying degrees of responsibility for tasks ranging from negotiations to daily management.
- Competitively bid all work out to a vendor or bottler.

Here are some examples of districts and how they handle vending in their school districts.

Arcadia Unified School District

Self-operation vending works very well in school districts that have support from top level administrators and the board. The vending operation should be set up as a separate entity in the food service operation. Income and expenses need to be kept separate, and a vending inventory should be maintained. The advantages of self-operation vending include a greater profit than any other method of vending operations. Self-operation vending works best when the operator has exclusive rights to all food vending machines on campus, this allows for exclusive contracts with better pricing from product manufacturers. Like in all vending operations the two most important aspects are to keep the machines full and working at all times and to remove any money from vending sales on a daily basis.

San Dieguito Union High School District

In July of 1996, the San Dieguito Union High School District entered into contracts with Pepsi-Cola Company and North County Vending to provide vending services for soft drinks and food. In consideration for these contracts, the vendors agreed to pay to the District “upfront” monies as well as commissions. “Upfront” monies and commissions are to be divided between the District and each high school in proportion to their enrollment. This money is perceived as marketing dollars by Pepsi-Cola Company and is used in lieu of Pepsi providing product for tournaments, special events, scholarships, etc. “Upfront” monies are distributed based on ADA at each high school site. This contract is an exclusive contract and all organizations must purchase products only from Pepsi-Cola directly.

Upfront monies from North County Vending is paid to the District in lieu of commissions. Monies are distributed between all schools and departments utilizing food vending equipment.

Commissions received from Pepsi-Cola Company are forwarded to the District’s Food Service Department. The District’s Food Service Department issues checks to the appropriate agencies. Commissions earned at each school site are split on a percentage basis between the ASB and the Principal of each site.

Each school site is responsible for tracking their site expenditures on how “upfront monies” from Pepsi-Cola were spent. An annual report on “upfront money” expenditures by school site will be forwarded to the District’s Food Service Department by June 1. Credit will be

given to Pepsi on program, billboards, signs etc. when the school site is using the “upfront monies” to sponsor an event.

Grossmont Union High School District

Grossmont Union High School District’s Food Service Department sells carbonated beverages in twelve-ounce cans and twenty-ounce contour bottles. We do not sell fountain drinks for several reasons. The reasons are the hassle with CO2 syrup, cleaning of lines, ice, spillage, and overall sanitation. Also, the majority of our a la carte sales are off mobile carts well away from cafeteria buildings. Seventy-two percent of our revenue is a la carte sales. In 1998-99, approximately \$600,000 in carbonated beverages will be purchased from Coca-Cola.

We go to bid on both carbonated products. It is an annual bid with four one year options for renewal. We have saved approximately \$165,000 in the last 18 months by having Coca-Cola versus a local vendor middle man. Coca-Cola is with us because of their bid. There was no compensatory dollars paid to the Food Services Department by Coca-Cola.

Prior to the 1998-99 school year, Food Services only received commission from six machines in the entire District out of two hundred plus machines. Going back to the 1980s, Food Services received commission on half of the machines on each campus. Our previous Business Manager allowed ASBs and other organizations to gain control of all but six machines. That fact plus the failure of each school to comply with Governing Board and Ed Code Policy regarding competitive foods has had a major impact on Food Service revenue. With the support of the present Business Manager, Food Services is making significant strides in stemming the tide of on-campus competition. In addition, we now have a partnership with one high school in which Food Services receives all commission from vending, student store, and the cafeteria operation. Food Services pays the school a guaranteed flat rate monthly payment in return for all revenue. This has increased our machines from six to twenty-five. Revenue and profit have both increased dramatically at this school. Our goal is to gain additional partnerships as soon as possible.

Common Legal Issues

As school districts begin exploring the use of vending contracts in their districts, a review of the legal aspects of contracting for vending services need to be reviewed. Some of the hot issues—who should handle the contracting- ASB’s or the district? Does the contract have to be bid? What is the term of the contract? Is the site violating competitive food sales? What about fingerprinting and sales tax? These

issues arise and prior planning allows districts to make choices before entering into the final contract

Vending Contracts

Vending contracts in school districts throughout the state of California are handled in many ways. Some of these contracts are site based or under district wide control. Both types of control (site based/District-wide) have advantages and disadvantages.

Site based allows the school site control over the vending operations. The school administrators are allowed to determine when the equipment is available to students- if at all or the number of machines allowed on the site. Funds usually are kept at the site and handled by the associated student body (ASB). California Education Code provides that the governing board of a school district may authorize a student body organization to engage in activities “including fundraising activities, as may be approved by the governing board.” (EC 48932). All funds raised by the student body organization must be under the supervision of the governing board and are required to be a part of the audit of the funds of the District. (EC 48937; EC 41020).

District-wide vending operations allow for a single source contact usually the child nutrition director to manage and a single vending contractor to deal with. This frees up school site administrators to handle day to day operations. District staff usually handle all contract negotiations and bid preparations. Funds received are generally processed through the food service operations with disbursements to sites with a overhead fee to food service operations. In some districts, funds are given to the district with disbursements for special one time projects.

Depending upon board policies from district to district, bidding may or may not be required. Public Contract Code 20111 indicates that formal bidding is required for any expenditure which exceeds \$53,900 for materials, supplies, or equipment. In vending contracts, the services provided does not require either the ASB or the districts to pay (expend) money to have the services provided. The districts and ASB receive funds for the right to vend certain products at school sites. However, local policies may require school districts to bid for the procurement of services within certain dollar thresholds. Careful review of the board policies will provide the answer to determine if formal bidding is required.

With the competitive nature of vending operations throughout the state it would be advantageous to many districts to set up a negotiated bid arrangement to develop contracts with vending contractors. Competition between the vending companies allows for deeper discounts

and higher “up-front” funds and generally keeps the award on an impartial basis.

Contracts entered into by the ASB for vending operations are binding upon the District as long as local policy and education code are followed. ASB contracts require approval of the ASB council and are generally signed by the ASB president, ASB advisor, and the school site principal. Once the following conditions are met, the contract would then be binding upon the district

One area of concern with vending contracts is the contracts are usually long term/multi-year from three, five, or even ten years. California E.C. § 17596 allows continuing contracts as follows:

“Continuing contracts for work to be done, services to be performed, or for apparatus or equipment to be furnished, sold, built, installed, or repaired for the district, or for materials or supplies to be furnished or sold to the district may be made with an accepted vendor as follows: for work or services, or for apparatus or equipment, not to exceed five years; for materials or supplies, not to exceed three years.”

If the vending contract is to provide materials, the continuing contract should be no more than a three year term. If, however, the vending contract is to provide services, the term of the contract could be up to five years. The structure of your contract would be instrumental in determining whether the term would be a three or five year term. In addition, the contracts may also be structured to provide optional renewals at the end of each term allowing for a longer duration; therefore, improving a district’s negotiating power depending upon the performance of a vending contractor.

All vending contracts have to deal with issues of workers compensation, property liability insurance, and other contractual requirements to protect the property of districts. In addition, Education Code 45125.1 requires contractors to have their employees fingerprinted and those fingerprints submitted to the Department of Justice. This will certify to the district, any employees who have or have not been convicted of felonies. This code section pertains to contractors who have employees in and around students at school sites. Drivers who come on to the school campuses throughout the day should be required to be fingerprinted in order to insure the safety of the students. Contractual obligations for this requirement should be included in any bid, contract, or negotiated agreement.

Footnote: Currently in the legislature, AB 117, authored by Mazzoni, would prohibit school districts from entering into contracts granting exclusive advertising rights within the district.

Vending with an exclusive vendor such as Pepsi, Coke, etc. may be considered granting exclusive advertising rights within the district

Competitive Food Sales

Competitive foods are any foods sold to children during meal periods anywhere on campus. This includes food and beverages sold from vending machines if the income derived from the machines is not shared or given to the Food Services Department. Federal regulations specify that State Agencies and school food authorities (SFA's) may impose rules or regulations as necessary to control the sale of foods and the income from those sales in competition with breakfasts and lunches served under the programs.

In February, 1987, the California State Board of Education adopted a policy on food and beverage sales on school campuses. It recommends that local educational agencies and county offices of governing boards adopt policies regarding this issue. If you look in your district's policies, you probably have a policy adopted by your Board. But is it enforced?

Enforcement of the policy is the responsibility of the on-site administrator, not the food service director. If you are considering entering into a new vending contract, this may be the time for you to review your policy at your district and make any changes that will complement your disbursement of the vending commissions.

Sales Tax

California Code of Regulations, Division 2, Chapter 4, Article 6 outlines the payment of sales tax on vending machine operations. Sales tax is due on the sales of some taxable items, including carbonated beverages, sold through vending machines.

All items sold for fifteen (15) cents or more are subject to sales tax, and the sales tax paid is based on the selling or vending price—not the price paid to the supplier for the product.

The operator of the machine is responsible to report and pay the sales tax. If the district stocks the machine and collects the money from it (self-operating), the District is considered to be the operator and is responsible for paying the sales tax. If the machine is maintained by an outside company (full-service), the company is considered to be the operator and is responsible to report and pay the sales tax.

If the District is responsible for paying the sales tax, it is recommended that a resale certificate that includes a seller's permit number be obtained so the District need only pay the State Board of Equalization the sales tax on the combined sales of the product. If a resale certificate is not obtained, the district will be required to pay sales tax to



the supplier of the product based on the purchase price, and will be responsible for paying the State Board of Equalization the difference in the price paid to the supplier and the selling or vending price of the product.

If an outside company provides full-service to the district, the company will typically back the sales tax out of the gross sales before factoring your commission and the company is responsible for paying the sales tax. The district will not be required to file any tax returns with the State Board of Equalization for payment of sales taxes.

Sales Tax for Beverages Sold Through Vending Machines

This section is intended as a general guide to the Sales Tax Law and Regulations as they apply to nonprofit and educational organizations. Although many such organizations are exempt from federal and state Income tax, there is no similar general exemption from sales tax. Sales tax is due on the sales of some taxable items, including carbonated beverages, sold through vending machines.

All items sold for fifteen cents or more are subject to sales tax, and the sales tax paid is based on the selling or vending price and not the price paid to the supplier for the product.

The operator of the machine is responsible to report and pay the sales tax. If the District stocks the machine and collects the money from it (self-operating), the District is considered to be the operator and is responsible for paying the sales tax. If the machine is maintained by an outside company (full-service), that company is considered to be the operator and is responsible to report and pay the sales tax.

If the District is responsible for paying the sales tax, it is recommended that a resale certificate that includes a seller's permit number be obtained so that the District need only pay the State Board of Equalization the sales tax on the combined sales of the product. If a resale certificate is not obtained, the District will be required to pay sales tax to the supplier of the product based on the purchase price, and will also be responsible for paying the State Board of Equalization the difference in the price paid to the supplier and the selling or vending price of the product. The District is responsible for tracking the sales tax liability and reporting this information via tax returns with the State Board of Equalization for payment of sales taxes.

If an outside company provides full-service to the District, they will typically back the sales tax out of the gross sales before factoring your commission and they are responsible for paying the sales tax. For example, if you have a full-service vending machine that is dispensing 20 ounce bottles at \$1.00 per bottle, the company will calculate the

number of bottles sold times \$1.00 to determine the gross sales. They will then multiply the gross sales by your county's tax rate, then back out the C.R.V. (California Redemption Value) to determine your net sales. The net sales are then multiplied times your District's commission rate (i.e. 40%) to generate a check to your District for the commission proceeds based on the sales. Under this scenario, the District is not required to file any tax returns with the State Board of Equalization for payment of sales taxes.

The legal reference for this section is contained in Pamphlet 18 published by the State Board of Equalization. You can obtain a copy by contacting your local office or visiting their website at www.boe.ca.gov.

Education Codes

§ 17450

Any school district or any county superintendent of schools may, as lessee, enter into a lease or lease-purchase agreement for equipment or service systems with any persons, firm, corporation or public agency. As used in this article "equipment" includes the following:

Schoolbuses.

Other motor vehicles.

Test materials, educational films, and audiovisual materials.

All other items defined as equipment or service systems in the California School Accounting Manual.

Added Stats 1996 ch 277 §3 (SB 1562), operative January 1, 1998.

§ 17451

Before a lease or lease-purchase agreement may be entered into the lessee shall comply with all applicable provisions for bids and contracts prescribed by Article 3 (commencing with Section 17595) of Chapter 5 of this part. Each contract shall show the total price for an outright purchase of any item and also its total cost for the entire specified term of the contract.

Added Stats 1996 ch 277 §3 (SB 1562), operative January 1, 1998.

§ 17452

The term of any lease or lease-purchase agreement shall not exceed the estimated useful life of the item but in no event shall the term ex-



ceed 10 years. A lease, but not a lease-purchase agreement, may be renewable at the option of the lessee and the lessor, jointly, at the end of each term at a rate not more than 12 percent annually above the rate set pursuant to the existing agreement. In no event shall the combined period of the original lease and renewals or extensions exceed 10 years. Any contract for the lease or lease-purchase of equipment or service systems which was in existence prior to April 22, 1975, shall remain in effect and such terms are hereby ratified.

Added Stats 1996 ch 277 §3 (SB 1562), operative January 1, 1998.

§ 17595

Nothing in this code shall preclude the governing board of any school district from purchasing materials, equipment or supplies through the Department of General Services pursuant to Section 14814 of the Government Code.

Added Stats 1996 ch 277 §3 (SB 1562), operative January 1, 1998.

§ 17596

Continuing contracts for work to be done, services to be performed, or for apparatus or equipment to be furnished, sold, built, installed, or repaired for the district, or for materials or supplies to be furnished or sold to the district may be made with an accepted vendor as follows: for work or services, or for apparatus or equipment, not to exceed five years; for materials or supplies, not to exceed three years.

Added Stats 1996 ch 277 §3 (SB 1562), operative January 1, 1998.

§ 38091

The cafeteria fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of school cafeterias, including, but not limited to, expenditures for the lease or purchase of additional cafeteria equipment for the central food processing plant, vending machines and their installation and housing, and computer equipment and related software.

Whenever a cafeteria fund is operated pursuant to these provisions, the governing board may authorize the establishment of one or more cafeteria revolving accounts. For accounting purposes, a cafeteria revolving account is to be treated as a revolving cash account of the cafeteria fund, providing that the receipt of income and expenditures made from a cafeteria revolving account become recorded as income and expenditures of the cafeteria fund.

Appropriate transfers, replenishments, and deposits between the cafeteria fund and a cafeteria revolving account may occur as are necessary to comply with accounting requirements. A cafeteria revolving account may receive and expend moneys in the same manner and for the same purposes as authorized for a cafeteria account.

The governing board of any school district, or of two or more school districts governed by governing boards of identical personnel, may also make expenditures from the cafeteria fund for the construction, alteration, or improvement of a central food processing plant, for the installation of additional cafeteria equipment for the central food processing plant, and for the lease or purchase of vehicles used primarily in connection with the central food processing plant.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38092

The governing board of any school district with an average daily attendance of over 100,000 may allow as an expenditure from the cafeteria fund or account a share of money agreed upon pursuant to a contract, which is generated from the joint sale of items between the cafeteria and an associated student body student store. The expenditure must result from an agreement entered into by the cafeteria and the associated student body in which pupils will participate in the operation of the store.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38093

The governing board of any school district may establish an account for each cafeteria established in a school of the district, or for all cafeterias established in the schools of the district, in one or more banks. The account shall be known as “The Cafeteria Account of (insert name of district) District.” If the account is established for one of several cafeterias, it shall be known as “The Cafeteria Account of the (insert name of school) School of (insert name of district) District.” All receipts of the cafeteria, or cafeterias, as the case may be, derived from the sale of food shall be deposited in the account and shall be expended only for the maintenance of the cafeteria, or cafeterias, exclusive of items made a charge against the funds of the school district by this chapter, and items made a charge against the funds of the school district by resolution of the governing board under authority of this chapter.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.



§ 38094

The governing board of the district shall designate an employee or employees of the district to have custody of the account or accounts, who shall be responsible for the payment into the account or accounts of all moneys required to be paid into the account or accounts, and for all expenditures therefrom, subject to any regulations that the governing board prescribes.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38095

Upon the order of the governing board of any district having a cafeteria fund in the county treasury and establishing an account, or accounts, the county treasurer shall deposit the money in the fund to the account, or accounts, and shall notify the county auditor and county or city and county superintendent of schools of his action. If the money is to be deposited in more than one account, the governing board of the district shall designate the amount to be placed in each account.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38100

The cost of housing and equipping cafeterias is a charge against the funds of the school district. However, when the governing board of a school district deems it necessary, the governing board may make the cost of the lease or purchase of additional cafeteria equipment for a central food processing plant, and of vending machines and their installation and housing, a charge against cafeteria finds. If school district funds are expended for the lease or purchase of additional cafeteria equipment for a central food processing plant, or for the lease, purchase, installation, or housing of vending machines, the governing board may at any time within five years after the expenditure reimburse school district funds from cafeteria finds.

The governing board of a school district may by. resolution make the cost of maintenance of the physical plant used in connection with cafeterias, the cost of replacement of equipment and the cost of telephone charges, water, electricity, gas, coal, wood, fuel oil, and garbage disposal a charge against the funds of the school district.

The governing board of any school district, or of two or more school districts governed by governing boards of identical personnel, may also make the cost of the construction, alteration, or improvement of a

central food processing plant and the installation of additional cafeteria equipment a charge against cafeteria funds. If district funds are expended for these purposes, the governing board also may at any time within five years after the expenditure reimburse district funds from cafeteria funds.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38101

The governing board of any school district may authorize expenditures from the cafeteria fund or cafeteria account only for those charges from that fund or account that are defined in the California School Accounting Manual or are reported to the State Department of Education on form J-380, as revised April 1990.

A food service program shall not be charged more than once for expenditures for the same service. If a food service program is being charged for a service as a direct cost, the school district shall not also allocate that cost as a direct support cost or indirect cost.

For purposes of this section, an “indirect cost” shall be limited to the lesser of the school district’s prior year indirect cost rate as approved by the State Department of Education or the statewide average approved indirect cost for the second prior fiscal year.

Any charges to, or transfers from, a food service program shall indicate when the charge or transfer was made and be accompanied by a written explanation of the purpose of, and basis for, the expenditure.

Nothing in this section authorizes a school district to charge a food service program any charges prohibited by state or federal law or regulation.

If the State Department of Education and the Department of Finance concur that a school district has violated this section, the Superintendent of Public Instruction shall direct that school district to transfer double the amount improperly transferred to the district’s general fund from that fund to the district’s cafeteria fund or cafeteria account for the subsequent fiscal year which is then to be used for the improvement of the district’s food service program. If the school district fails to make that transfer as directed, the superintendent shall reduce the school district’s regular apportionment determined pursuant to Section 42238 and increase the district’s child nutrition allowance determined pursuant to Section 41350 by double the amount improperly transferred to the district’s general fund and that amount is then to be used for improvement of the food service program.

It is the intent of the Legislature in enacting this section that responsible school district officials be held fully accountable for the accounting and reporting of food service programs and that minor and inadvertent instances of noncompliance be resolved in a fair and equitable manner to the satisfaction of the Superintendent of Public Instruction and the Department of Finance.

The Superintendent of Public Instruction, with the approval of the Department of Finance, may waive up to the full transfer amount in subdivision (f) if he or she determines that the noncompliance involved is minor or inadvertent, or both.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 38102

The governing board of any school district operating school cafeterias may establish and maintain a cafeteria fund reserve for the purchase, lease, maintenance, or replacement of cafeteria equipment, to be known as the cafeteria equipment reserve. The funds for this reserve are to be derived from the sales of food in the school cafeterias in an amount to be determined by the governing board and may be accumulated from year to year until expended for this purpose. Funds in the cafeteria equipment reserve shall only be used for the purchase, lease, maintenance, or replacement of cafeteria equipment.

Nothing in this section shall prohibit any school district from replacing cafeteria equipment from district funds as provided in Section 38100.

Added Stats 1996 ch 277 §5 (SB 1562), operative January 1, 1998.

§ 1574 Vending Machine Operators

A. General.

1. Permits. Persons operating vending machines dispensing tangible personal property of a kind the gross receipts from the retail sale of which are subject to tax or dispensing food products at retail for more than 15 cents must obtain permits to engage in the business of selling tangible personal property. One permit is sufficient for all machines of one operator.

A statement in substantially the following form must be affixed upon each vending machine in a conspicuous place:

“This vending machine is operated by _____
Name of Operator
Address of Operator
who holds Permit No. _____
issued pursuant to the Sales and Use Tax Law.”

Sales will be regarded as having been made on a tax-included basis if a statement in substantially the following form is affixed: “All prices of taxable items include sales tax reimbursement computed to the nearest mill.”

If a person operates more than one vending machine located at the same place, that person may, as an alternative to the above requirement, affix a clearly readable sign containing the same information in a conspicuous location near the machines.

2. **Records.** Adequate and complete records must be kept by the operator showing the location or locations of each machine operated by him, the serial number thereof, purchases and inventories of merchandise bought for sale through all such machines, the prices charged by the operator, the gross receipts derived from the operation at each location, the receipts from exempt sales, and where applicable, the sales price to the operator of all tangible personal property of which the operator is the consumer, see subdivision (b). Records must be kept of the receipts derived from each machine at a location if differing kinds of merchandise are vended through separate machines at that location.
3. **Schedule Showing Allocation by County.** If the machines are operated in more than one county, a schedule must be attached to the return showing the tax allocable to each county. If a person purchases property under a resale certificate and dispenses it through a vending machine under circumstances where the person is considered to be the consumer of the property, see subdivision (b), a schedule must be attached to the return showing the use tax due thereon allocable to each county.
4. **Sales to Operators Not Furnishing Resale Certificates.** Persons making sales of tangible personal property of a kind the gross receipts from the retail sale of which are taxable, to operators of vending machines to be resold through such machines, must notify this board of the name and address of each operator who fails to furnish a valid resale certificate. In the event such persons fail to so notify the board, or desire to assume tax liability for the operations of particular vending machines, then, pursuant to RTC § 6015, they are required to return the tax to the state, measured by the receipts from the retail sale of the property.

B. Application of Tax.

1. In General. Persons operating vending machines dispensing tangible personal property of a kind the gross receipts from the retail sale of which are subject to tax must report and pay to the state the tax upon gross receipts from all sales of such property made through such machines. If the tax-included statement is affixed as provided in subdivision (a)(1), taxable gross receipts is total receipts from retail sales through the vending machines after adjusting for sales tax.
 - a. Photocopies. Tax applies to the gross receipts from sales of photocopies through coin- or card-operated copy machines. However, library districts, municipal libraries, county libraries, or any vendor making sales pursuant to a contract with a library district, municipal library, or county library are consumers of photocopies sold at retail through a coin- or card-operated copy machine located at a library facility.
 - b. Sales by Parent-Teacher Associations. Parent-teacher associations or equivalent associations under Regulation 1597(e) (18 CCR 1597(e)), are consumers of tangible personal property dispensed through vending machines and are not required to hold seller's permits by reason of such activities.
 - c. Sales by Nonprofit, Charitable, or Education Organizations. Nonprofit, charitable, or education organizations dispensing tangible personal property for 15 cents or less through a vending machine are the consumers of such property and are not required to hold a seller's permit by reason of such activities.
 - d. Sales of Water. Sales of purified drinking water through vending machines where the water enters the machine through local supply lines and is dispensed into the customer's own containers are exempt from the tax under Revenue and Taxation Code Section 6353.
2. Food Products.
 - a. Effective January 1, 1986, tax applies to the gross receipts from the retail sale of food products, including candy and confectionery, dispensed through a vending machine at retail for more than 15 cents unless otherwise exempted as provided below. If the tax-included statement is affixed as

provided for in subdivision (a)(1), total receipts from the retail sales of food products which are subject to tax and dispensed through vending machines may be adjusted to compensate for sales tax included therein. The term “food products” does not include carbonated beverages. A vending machine operator is a consumer of, and not a retailer of, food products, including candy and confectionery, dispensed through a vending machine at retail for 15 cents or less, effective January 1, 1986. Tax is measured by the sale price to the vending machine operator of such items unless otherwise exempt. If the property sold to the operator is an exempt food product or a nonreturnable container, no tax is payable regardless of the nature of the product when dispensed through the vending machine, and regardless of whether facilities for consumption are furnished at locations of the vending machines. For the purposes of this subdivision, the term “candy and confectionery” includes candy-coated gum products.

For the period August 1, 1983 through December 31, 1985, the total gross receipts from the retail sale of food products dispensed through a vending machine were subject to sales tax, irrespective of the retail sales price or whether the food products were sold in a hot or cold condition.

- b. Operative January 1, 1988, tax does not apply to the sales, and the vending machine operator is the consumer, of any food products, including candy and confectionery other than beverages or hot prepared food products, sold through a coin-operated bulk vending machine if the amount of each sale is twenty-five cents (\$0.25) or less. For purposes of this regulation, “bulk vending machine” means a vending machine containing unsorted food products, including candy and confectionery, which, upon insertion of a coin, dispenses those products in approximately equal portions, at random, and without selection by the customer. For the purposes of this subdivision, the term “candy and confectionery” includes candy-coated gum products.
- c. Beginning January 1, 1988, a partial exemption from the tax is allowed any retailer who receives gross receipts through vending machines from the sale of cold food products, hot coffee, hot tea and hot chocolate which are subject to the tax. The following percentages of the gross receipts from the sales of such products are subject to the tax: 77% for the calendar year 1988, 55% for the calendar



year 1989, and 33% thereafter. This partial exemption does not apply to sales of hot prepared food products (except hot coffee, hot tea and hot chocolate) and receipts from such sales may not be included in the computation of the exemption.

“Gross receipts from the sale of cold food products, hot coffee, hot tea and hot chocolate” represents total receipts after adjusting for sales tax included. Therefore, in order to determine taxable receipts, an adjustment must be made to compensate for sales tax included in total receipts. Following is an example of the computation during the year 1991 using the 7 1/4 percent rate:

Total receipts from sales of cold food products, hot coffee, hot tea and hot chocolate:

Through vending machines	\$10,000.00
Factor	32.2289%
Taxable receipts	\$3,222.89
Tax rate	7.25%
Tax included	\$233.66
Exempt receipts	\$6,543.45

Proof:

$$\$10,000 - \$233.66 = \$9,766.34 \quad \$9,766.34 \times 33\% = \$3,222.89$$

In order to use the above calculation and claim a tax-included deduction, a tax-included statement as provided in subdivision (a)(1) must be displayed conspicuously on or near each machine.

Gross receipts from the sale of cold food products, hot coffee, hot tea and hot chocolate subject to the tax may be calculated for the year 1990 and forward using the following percentages for the tax rates indicated:

Tax rate	Percentage	Tax rate	Percentage
6.00%	32.3593%	7.50%	32.2030%
6.50%	32.3070%	7.75%	32.1771%
6.75%	32.2809%	8.00%	32.1512%
7.00%	32.2549%	8.25%	32.1254%
7.25%	32.2289%	8.50%	32.0996%

- d. Tax does not apply to sales of any food products, whether sold through a vending machine or otherwise, to students of a school by public or private schools, school districts, student organizations, or any blind person (as defined in

Section 19153 of the Welfare and Institutions Code) operating a restaurant or vending stand in an educational institution under Article 5 (commencing with Section 19625) of Chapter 6 of Part 2 of Division 10 of the Welfare and Institutions Code.

3. Definitions.

- a. **Food Products.** For the period July 15, 1991 through November 30, 1992, the term “food products” does not include snack foods (as defined in Regulation 1602 (18 CCR1 602), “Food Products”), nonmedicated gum, candy, and confectionery. Sales during this period of such items through vending machines are subject to the tax unless exempted under subdivisions (b)(1) and (b)(2) above.
- b. **Nonprofit Organizations.** Nonprofit organizations include any group, association, or corporation which is formed for charitable, religious, scientific, social, literary, educational, recreational, benevolent or any other purpose, provided that no part of the net earnings of such organization inures to the benefit of any member, shareholder, director, officer, or any person having a personal and private interest in the activities of the organization. Examples of this type of organization are museums, veterans organizations, youth sportsmanship organizations, clubs such as the Kiwanis Club, fraternal societies, orders or associations operating under the lodge system such as the Loyal Order of the Moose, and student organizations.
- c. **Charitable Organizations.** Charitable organizations include any group, association, or corporation created for or devoted to charitable purposes, the net earnings of which are used solely for charitable purposes such as the relief of poverty, the advancement of education, the advancement of religion, the promotion of health and the promotion of government. Examples of this type of organization are libraries, museums, hospitals, senior citizen community centers, thrift shops, and organizations such as the Salvation Army and Goodwill.
- d. **Education Organizations.** Education organizations include any profit or nonprofit group, association, or corporation which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its education activities are regularly carried on. Examples of such organi-

zations are primary and secondary schools, colleges, professional and trade schools, whether public, private, non-profit or profit making.

1. Resale and Exemption Certificates.

- a. Vendors of Items for 15 Cents or Less Only. A purchaser who sells the property purchased only through vending machines for 15 cents or less may give an exemption certificate with respect to the purchase of nonreturnable containers, but may not give a resale certificate with respect to the purchase of any other property. The supplier is responsible for payment of sales tax on the gross receipts from the sales to the purchaser of property, the sale of which is subject to tax.
- b. Vendors of Items for 15 Cents or Less and Over 15 Cents. A purchaser who holds a valid seller's permit and who sells the property purchased only through vending machines both at prices of 15 cents or less and at prices of more than 15 cents may give a resale certificate with respect to the purchases of such property.
- c. Vendors Selling Both Through Vending Machines and Otherwise. A purchaser who holds a valid seller's permit and who sells the property purchased both through vending machines and other than through vending machines may give a resale certificate with respect to the purchases of such property.
- d. Vendors Not Segregating Purchases. A purchaser who does not wish to segregate the purchases of property which is sold through vending machines for 15 cents or less from purchases of like property which is otherwise sold, may reimburse his or her vendor for sales tax measured by the retail selling price of all such property provided the vendor is authorized to report and pay the tax to the state in the manner provided by Section 6015.

NOTE:

Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6015, 6066-6068, 6353, 6359, 6359.2, 6359.4, 6359.45, 6363, 6364 and 6370, Revenue and Taxation Code; and Canteen Corporation v. State Board of Equalization (1985), 174 Cal. App. 3d 952.

Political Issues

If you start changing your policies on vending, you are likely to stir a up a hornet's nest of political unrest. Vending means money to many departments and segments of the school district. Start dabbling in vending policy and the people who benefit from vending may be threatened. Constant communication helps eliminate many of these problems. Be aware that vending is a very political issue. Here are some things to think about:

Ownership of Funds

Who controls these funds? If school sites such as ASBs, Boosters, clubs, etc. have control of these funds, they will be unwilling to give up control to the District because this is a source for them to make and keep monies generated from these sales. However, in many instances when sites control funds, the District is not aware of all the contracts that have been entered into and if the best contract has been negotiated on behalf of the District. Also, there could be many variations on the contracts, number of vendors, etc. If the District controls these funds, the question of how much money is given to the school sites versus how much goes to the District becomes a political issue.

Labor Issues

If a District is currently a self-operating issue, there is a chance that worker's comp cases may increase due to the labor intensive issues regarding filling the machines, transporting stock, etc. There may also be the issue that employees feel this is not a part of their job description and bargaining unit issues may arise. On the other side, if a District is utilizing a full-service contract with a bottler, worker's comp incidents could be reduced in this area, but employees may feel that work being vended out is being taken away from District employees.

Profit Issues

It is important for a District to evaluate profits generated from both a self-service and full-service operation standpoint as well as vending versus over the counter sales. In some Districts, the Food Services department will receive the best pricing on carbonated beverages purchases in case quantities and sold to students, rather than vending, even at a favorable commission rate. In these instances, it will not be more profitable to lean towards vending, which may take away from profits generated. Even a self-service operation that buys product at case quantities at a lower price needs to consider staff time for filling machines, emptying monies, etc. as an offset to actual profits generated.

Commercialism Issues

Some parents in the Districts' communities are opposed to carbonated beverages and snacks sold on campus and could be due to signage, advertising or nutritional issues. On the other side, Districts respond to selling products they know will generate revenue, especially in food services or ASB operations, because these entities are required to be self-supporting and the reality of the situation is that carbonated beverages and snacks are items students want to buy.

Facility/Placement Issues

Clearly, the amount of profit generated by vending machines is in direct relation to the gross sales per machine, which in turn, is directly tied to hours of operation/access to machines, location where traffic is highest, etc. However, in many instances, schools have Principals who are adamant about restricting use of vending machines, hours of operation, location, addition of new machines, etc. This will limit the vendor's ability to provide greater profits to your District. In addition, Districts should be aware that awarding a bid based on guaranteed commission dollars needs to be reviewed carefully due to these types of issues. Sometimes it's just not possible to make the accommodations the vendor wants you to make in an effort to increase commission for your District.

Exclusivity Issues

Although a District will generally receive higher commissions by dealing direct with bottling companies, this will also lead to "exclusivity agreements" that bind the District into only selling that bottler's product. If a District deals with a distributor or local vendor who can supply multiple products, you may not get as big a commission, but your product selection may be broader.

Standardization Issues

If a District allows the individual schools to negotiate contracts with bottlers, you may end up with completely different contracts at each school site, which in turn, will cause schools that aren't getting as good a deal as someone else, to become the "squeaky wheel" and continual re-negotiation will take place. If the District negotiates the contracts, they should receive a better "package" for including all the schools and standardization will occur amongst the contracts themselves.

Advertising Issues

In some instances, the bottler may want the school to provide signage, or advertising with their name in exchange for the commission rate given and in addition to exclusivity restrictions. Some parents and members of the community may frown upon the schools and students in particular being inundated with product advertising on the campuses.

Outlining a Bottler's Perspective

Authorization

- Authorized Person for Signing Contracts
- School Board Approval
- Education Code Provisions

Consistency With All Schools

- Elementary
- Middle Schools
- High Schools

Partnership Elements

- Identify Individual Needs Throughout the District
 - Food Service
 - Carbonated/Non Carbonated
 - Special Equipment
 - P.O.S.
 - Vending
 - Innovative Vending Technology
 - Athletics
 - Programs
 - Fund Raising
 - Concessions
 - Special Events
 - i.e.: Hawking Portable Stands
 - Community Involvement
 - Tie-in promotions with local restaurants, Petro, Theatres, QSRs
 - Team Commitment to Maximize Sales Opportunities
- Benefits
 - District Business Reviews
 - Group Involvement

Questions To Ask and Steps To Take Before Making Decisions

1. What contracts exist (when, length of contract. If can't get from sites, get from bottling companies or distributors).
2. What machines currently exist. Inventory all machines. Physically walk every room in every building.
3. Discuss who will be involved and the role of your food services department.
4. Determine quantity of potential customers.
5. Research all eliciting board policies.
6. Competitive food sale policy.
7. Determine existing and potential lock down policies
8. Determine hours of operation of machines.
9. Outline a decision-making process.
10. Determine number of students in AFDC/free lunch categories.
11. Research Existing volume.
12. Survey current vendors for and search for contracts unknown to district office.
13. Count schools and potential district office sites.
14. Survey night use of facilities and number of people on site.
15. Estimate growth over five and ten years.



Appendix G - San Bernar- dino City Unified School Dis- trict Forms

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
_____ **A.S.B.**

_____ **New Charter**
_____ **Charter Renewal**

APPLICATION
for
CLUB CHARTER

The _____ hereby applies for a charter to be
(name of club)

recognized as a club on the _____ campus. We plan to
(name of school)

meet _____ at _____ in _____ on the _____
(day(s) of week) (time) (room #) (name of school)

campus. We enclose:

1. A copy of our club constitution
2. A list of our officers and members

Our members are familiar with the club code and have agreed to abide by its provisions.

Signed: _____
Club President

Date: _____

Signed: _____
Club Sponsor(s)

Date: _____

Charter granted _____
Date

Charter denied _____
Date

A.S.B. President

Student Council Advisor

Vice-Principal, Student Activities

Assigned Account Number

Comments: (I.C.C. Use only)



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

CLUB CONSTITUTION

Name of Club _____

Purpose of Club _____

Meeting Time _____ **Meeting Place** _____

Eligibility for Membership

List Requirements for Membership _____

Title and Duties of Officers

How are Officers Elected? _____

What is the Term of Office? _____

Signature of Club's Certificated Sponsor

Financial Activities _____

Due and Fees _____

Club constitutions shall in no way conflict with the constitution of the Associated Student Body.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
_____ **A.S.B.**

TRANSFER OF FUNDS REQUEST

Date: _____

Number _____

Amount: \$ _____

TRANSFER FUNDS TO:

TRANSFER FUNDS FROM:

Club Name: _____

Club Name: _____

Club Advisor: _____

Club Advisor: _____

Club Officer: _____

Club Officer: _____

Purpose of Transfer Request: _____

APPROVED BY STUDENT COUNCIL/DATE: _____

A.S.B. Treasurer

Motion Moved by

Seconded by

Site Administrator

To Be Completed by Student Body Bookkeeper:

Transfer Amount: \$ _____

To:

From:

Account Name

Account Number

Account Name

Account Number

Student Body Bookkeeper

Date



PURCHASE REQUISITION

Number

Date Required _____

[illegible]

Account Name	Account Number
--------------	----------------

Account Number

Purpose of services or items to be purchased: _____

<p>Complete this section if Club</p> <p>This request has been approved by the:</p> <hr/> <p style="text-align: center;">Club</p> <p>Appears in the minutes _____</p> <p style="text-align: right;">Date</p> <hr/> <p style="text-align: center;">President of Club</p> <hr/> <p style="text-align: center;">Club Advisor</p>	<p>THIS SECTION MUST BE COMPLETED</p> <p>I hereby certify this request has been approved by the A.S.B. and appears in the minutes of _____</p> <p style="text-align: right;">Date</p> <hr/> <p style="text-align: center;">A.S.B. Treasurer</p> <hr/> <p style="text-align: center;">A.S.B. Advisor</p> <hr/> <p style="text-align: center;">Principal</p>
---	--

Balance in account after purchase: \$ _____

Date _____

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

TICKET LOG

Date _____
 Color of Roll of Tickets _____
 This Roll Contains # From _____ To _____

[illegible]

COMMENTS: _____

STUDENT BODY BOOKKEEPER

DATE _____



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

REVENUE POTENTIAL AND SALES ANALYSIS

Number _____

Organization or Club _____
 Account No. _____
 Date Approved _____
 Type of Activity _____

Prepared by _____
 Date Prepared _____
 Activity Dates _____

	ESTIMATED	ACTUAL	DIFFERENCE
REVENUE:			
Sales Quantity _____ x Sales Price _____ (Item 1)	\$ _____	\$ _____	\$ _____
Sales Quantity _____ x Sales Price _____ (Item 2)	\$ _____	\$ _____	\$ _____
Sales Quantity _____ x Sales Price _____ (Item 3)	\$ _____	\$ _____	\$ _____
OTHER REVENUE:			
Cash Donations, Sale of Ads, etc.	\$ _____	\$ _____	\$ _____
Product Donations - Quantity _____ x Sales Price _____	\$ _____	\$ _____	\$ _____
TOTAL REVENUE (A)	\$ _____	\$ _____	\$ _____
EXPENSES:			
Product Costs:			
Quantity _____ x Cost _____ (Item 1)	\$ _____	\$ _____	\$ _____
Quantity _____ x Cost _____ (Item 2)	\$ _____	\$ _____	\$ _____
Quantity _____ x Cost _____ (Item 3)	\$ _____	\$ _____	\$ _____
Other Costs:			
Freight	\$ _____	\$ _____	\$ _____
Advertising	\$ _____	\$ _____	\$ _____
Tax	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____
TOTAL EXPENSES (B)	\$ _____	\$ _____	\$ _____
MISCELLANEOUS EXPENSES:			
Items Donated or Given as Prizes			
(Not Included in Expenses) Quantity x Price	\$ _____	\$ _____	\$ _____
Items Donated or Given as Prizes			
(Included in Expenses) Quantity x Profit	\$ _____	\$ _____	\$ _____
Total Cash Prizes - Quantity _____ x Amount _____	\$ _____	\$ _____	\$ _____
Quantity _____ x Amount _____	\$ _____	\$ _____	\$ _____
Items Unsold - Quantity _____ x Profit _____	\$ _____	\$ _____	\$ _____
Items Lost/Stolen - Quantity _____ x Profit _____	\$ _____	\$ _____	\$ _____
TOTAL MISCELLANEOUS EXPENSES (C)	\$ _____	\$ _____	\$ _____
TOTAL PROFIT (A-B-C)	\$ _____	\$ _____	\$ _____

PURPOSE OF THIS ACTIVITY: _____

REVENUE POTENTIAL
 APPROVED BY STUDENT COUNCIL _____ DATE _____



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
_____ **A.S.B.**

TRANSFER OF FUNDS REQUEST

Date: _____

Number _____

Amount: \$ _____

TRANSFER FUNDS TO:

TRANSFER FUNDS FROM:

Club Name: _____

Club Name: _____

Club Advisor: _____

Club Advisor: _____

Club Officer: _____

Club Officer: _____

Purpose of Transfer Request: _____

APPROVED BY STUDENT COUNCIL/DATE: _____

A.S.B. Treasurer

Motion Moved by

Seconded by

Site Administrator

To Be Completed by Student Body Bookkeeper:

Transfer Amount: \$ _____

To:

From:

Account Name

Account Number

Account Name

Account Number

Student Body Bookkeeper

Date



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

STUDENT COUNCIL MEETING

Date and Time of Meeting: _____

Location of Meeting: _____

The meeting was called to order by: _____

The minutes of the previous meeting were: ☐ **Read and Approved**
☐ **Corrected and Approved as Corrected**

The following purchases were approved:

<u>P.O.#</u>	<u>Vendor</u>	<u>Amount</u>	<u>Purpose</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Motion: _____

Moved by: _____ **Seconded by:** _____

The following invoices were submitted for payment:

Check

<u>Request #</u>	<u>Payable To</u>	<u>Amount</u>	<u>Purpose</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Motion: _____

Moved by: _____ **Seconded by:** _____

Old Business (include discussion/approval and purpose of fundraising activities):

New Business (include discussion/approval and purpose of fundraising activities):

Attendance:

<hr/>	<hr/>
<hr/>	<hr/>
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Respectfully Submitted:

Date

A.S.B. Secretary



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

SUB-RECEIPT LOG

Teacher Name	Sub-Receipt Numbers Issued	Date	Unused Sub-Receipt Numbers Collected	Date

Prepared By _____

Date _____



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

INVENTORY LOG SHEET

Date _____ Teacher/Room _____ Type of Sale _____

BEGINNING INVENTORY

_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
			Total Beginning Inventory = \$ _____

ENDING INVENTORY

_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
_____	_____	Sell @ _____ each	= \$ _____
			Total Ending Inventory = \$ _____

Teacher's Signature in Charge of Sale _____

Total of Sales (deposit) = \$ _____

Student Organization Receipt No. _____



Date _____

Amount

TOTAL _____

DEPOSIT _____

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
_____A.S.B.

STATEMENT OF INCOME AND EXPENSE

From _____ To _____

		<u>Percentage</u>
Student Store Sales:	_____ (a)	_____
Less Cost of Sales		
Beginning Inventory _____	_____ (b)	
Date _____		
Purchases _____	_____ (c)	
Sub-Total _____	_____ (d)	
	(b + c)	
Less Ending Inventory _____	_____ (e)	
Date _____		
Cost of Sales	_____ (f)	_____
	(d - e)	
Gross Profit	_____ (g)	_____
	(a - f)	
Student Store Expense:		
Supplies	_____ (h)	
<u>Student Store Net Gain/(Loss)</u>	_____ (i)	_____
	(g - h)	

This form should be prepared after each quarterly inventory of the Student Store is completed.

Student Store Advisor

Date



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B

MONTHLY SCHOOL BANK RECONCILIATION REPORT

Month _____

Prior Month Balance per Books	_____	(a)
Additions	_____	(b)
	_____	(c)
Deposits	_____	(d)
Cash Over	_____	(e)
Total Cash Available	_____	(f)
	(a+b+c+d+e)	
Deductions	_____	(g)
	_____	(h)
Cash Short	_____	(i)
Checks	_____	(j)
Balance per Books	\$ _____	(k)
	(f - g - h - i - j)	

Ending Balance per Bank Statement _____
 Add: Deposits in Transit _____

Less: Outstanding Checks

Date	Check #	Amt	Date	Check #	Amt	Date	Check #	Amt	Date	Check #	Amt
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Total Outstanding Checks _____

Adjusted Bank Balance \$ _____

MONTHLY TRIAL BALANCE REPORT

End of Month Balance

Date _____

\$

Prepared by

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

POST-CLOSING TRIAL BALANCE REPORT

Date _____

[illegible]

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

BALANCE SHEET

Date _____

ASSETS

Current Assets

Cash in Bank-Checking _____

Cash in Bank-Savings _____

Certificate of Deposit _____

Petty Cash _____

Total Cash _____

Accounts Receivable _____

Stores Inventory _____

Total Current Assets _____

Fixed Assets

Equipment _____

Total Fixed Assets _____

TOTAL ASSETS _____

LIABILITIES AND CAPITAL

Current Liabilities

Accounts Payable _____

Sales and Use Tax Payable _____

Temporary Clearing _____

Total Current Liabilities _____

Trust Accounts _____

Capital

Fund Balance 9/1 _____

Year-to-Date New Gain _____

Fund Balance 9/30 _____

TOTAL LIABILITIES AND CAPITAL _____

STATEMENT OF CASH AVAILABLE

Total Cash _____

Less: Trust Accounts _____

P.O.'s Outstanding _____

Total Cash Available 9/30 _____



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
A.S.B.

CASH COLLECTION SHEET

Counted By: _____

Club _____

Counted By: _____

Date _____

Number X Value = Amount	NUMBER	VALUE	AMOUNT	
			DOLLAR	CENTS
Loose & Rolled Coins				
Pennies		0.01		
Nickels		0.05		
Dimes		0.10		
Quarters		0.25		
Half-Dollars		0.50		
Total Coins				
Currency				
Ones		1.00		
Fives		5.00		
Tens		10.00		
Twenties		20.00		
Fifties		50.00		
Hundreds		100.00		
Total Currency				
Checks				
Total Checks				
Cash Over/Short				
GRAND TOTAL				

Student Body Bookkeeper



1

PART I: INCOME

[illegible]

Due to Accounting Services by May 20th

2

[illegible]

Prepared by	Date
-------------	------

Approved by	Date
-------------	------

Due to Accounting Services by May 20th

Student Council
Approval Date:
Comments (if applicable):

1

ADOPTED BUDGET REPORT
AS OF OCTOBER 31, 20__

1) Actual Fund Balance as of July 1, 20__:

[illegible]

Due to Accounting Services by Nov. 20th (D track sites submit by Oct. 20th with data as of 9/30)

PART II: EXPENSE

2

[illegible]

Prepared by	Date
Approved by	Date

Student Council
Approval Date:
Comments (if applicable):

Due to Accounting Services by Nov. 20th (D track sites submit by Oct. 20th with data as of 9/30)



PART II: EXPENSE

2

20__-__

20__-__

20__-__

[illegible]

Prepared by	Date
Approved by	Date

Student Council
Approval Date:
Comments (if applicable):

Due to Accounting Services by Feb 20th.



**SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT
DISTRICT GIFT ACCEPTANCE FORM**

_____ A.S.B.

Complete Either Section A or Section B:

SECTION A: Complete this section if gift is money in the amount of \$100.00 or more.

Step 1: Accepting school completes the information below:

Name of Donor(s): _____

Address of Donor(s): _____

Attention: _____

Amount of money received \$ _____ Cash ☐ Check ☐ Other _____
(if \$100.00 or more)

Purpose of Gift: _____

Date of Acceptance: _____

A.S.B. Advisor / Vice-Principal: _____
Signature

Principal (if applicable): _____
Signature

**SECTION B: Complete this section if gift is equipment or grounds/building improvements
and is valued at \$100.00 or more.**

Name of Donor(s): _____

Address of Donor(s): _____

Description of gift. If equipment, include serial #, age, etc. If buildings or grounds improvements, include location and submit installation plans:

Value of Gift: _____

Purpose of Gift: _____

This gift has been accepted _____ denied _____ by the Assistant Superintendent, Business Services Division.
Initial Initial

Business Services Department

Date

This appears as a resolution in the agenda for the Board of Education meeting held on: _____



Appendix H - Board Policies

Business and Non-Instruction Operation Policy 3312a

ASSOCIATED STUDENT BODY

The Superintendent or designee, shall have the responsibility and authority to implement all policies and procedures pertaining to supervision and administration of student activity funds. The Superintendent or designee shall periodically review the organizations' general financial structures and accounting procedures. The site principal, as trustee, shall have ultimate responsibility for the conduct of student financial activities and the overall operation of the fund.

- A) The constitution and bylaws of each student body organization shall contain a budget philosophy, and general rules and regulations for management of student body funds, including provisions for an annual budget. Student organizations may raise and spend money in order to promote the general welfare, morale and educational experiences of the students. Student funds shall finance worthwhile activities, which go beyond those provided by the District. Minutes shall be kept of student organization meetings and shall properly reflect all financial activities.

Student funds shall be managed in accordance with sound business procedures designed to encourage the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.

Student funds shall be disbursed according to procedures established by the student organization. All disbursements must be approved by a Board-designated official, the certificated employee who is the student organization advisor and a student organization representative.

1. Projects and activities of student bodies shall have only two purposes:
 - a) to promote the general welfare, education, and morale of the majority of students; and
 - b) to finance approved extracurricular activities
2. With Governing Board approval, student funds shall be held or invested in one of the following ways:
 - a) Deposited or invested in a federally insured bank or savings and loan: or in a state or federally insured credit union.
 - b) Invested in U.S. savings bonds or obligations.
 - c) Loaned to other district student organizations or invested in district property improvements pursuant to Education Code 48936

- B) All student clubs shall be composed entirely of students enrolled in schools of the District. Any group of students shall apply for permission to form a club by submitting for approval to the board authorized authority, a proposed constitution which specifies among other things, a) the title, power and duties of various officers, and how elected, b) the scope of proposed activity and c) the name of the advisor. The class or club accounts shall be subject to the same standard procedures for cash receipting and disbursement as the general associated student body and shall be handled through the associated student body bookkeeper. Proper records shall be maintained and minutes showing approval for all transactions shall be kept.
- 1) No disbursement shall be made from class or club accounts that will result in a deficit of the club account.
 - 2) All club funds shall be for the benefit of the club and shall not be used for any purpose other than established in the charter of the club.
- C) Fund-raising activities held at a school for the benefit, in whole or in part, of that school, or of any organization directly under control of school authorities, must be sponsored by an organization directly under the control of school authorities.

1. Solicitation of Funds From and By Students

The Governing Board recognizes that student participation in fund-raising activities of the schools and nonprofit, nonpartisan charitable organizations can help develop a sense of social responsibility in students, enhance the relationship between the school and community, and contribute to the improvement of the school program.

Whether solicitations are made on behalf of the school or on behalf of a charitable organization, students shall not be barred from an event or activity because they did not participate in fundraising. Potential donors, including parents/guardians and members of the community, should not be unduly pressured to contribute to the school system or charitable organization. Staff is expected to emphasize the fact that donations are always voluntary.

The Superintendent or designee shall ensure that parents/guardians are informed of the purpose of the fund-raisers.

2. Solicitations on Behalf of the School

With the prior written approval of the Superintendent or designee, official school-related organizations may organize fund-raising events involving students.

After the fund-raiser has been held, parents/guardians shall be informed how much money was raised and how it was spent.

3) Solicitations on Behalf of Charities

When approved in advance by the Superintendent or designee, nonprofit, nonpartisan organizations that are properly chartered or licensed by state or federal law may solicit students on school grounds during school hours and within one hour before school has opened and one hour after school has closed.

- D) The Board of Education policies and guidelines govern food sales by student organizations on school premises, including vending machine sales.
- E) Books and accounts of associated student body funds shall be audited in conformance with legal and district requirements. Auditing cost shall be paid from district funds.
- F) Fraud Prevention and Investigation

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

The Superintendent or designee shall be responsible for developing internal controls, which aid in the prevention and detection of fraud, financial impropriety or irregularity within the district. Each member of the management team shall be alert for any indication of fraud, financial impropriety or irregularity within his/her area of responsibility.

An employee who suspects fraud, impropriety or irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. The Superintendent or designee shall have primary responsibility for any necessary investigations in coordination with legal counsel and other internal or external departments and agencies as appropriate.

The Board of Education adopted manuals: *Associated Student Bodies Legal Aspects for Hands On Accounting for Organized Associated Student Bodies* and *Associated Student Bodies Legal Aspects and Hands On Accounting for Unorganized Student Bodies* shall be the established procedures for operating the ASB funds of the District. (Approved 11/15/2005.)

Adopted by the Board of Education: February 21, 2006.



Appendix I - Business Services Bulletins

Prohibited Fees and Student Body Fund Expenditures

Bulletin No. 05-040

Date: November 23, 2005

SUBJECT: Prohibited Fees and Student Body Fund Expenditures

It is time to remind sites of the importance of closely monitoring Associated Student Body Fund expenditures and fees charged to students

Expenditures of the Associated Student Body funds must be made to enhance the welfare of the general student body and not for items that are expressly prohibited.

There is a legal requirement to comply with the policies and procedures adopted by the Board under the authority vested to it by Education Code sections 48930 and 48938. These policies and procedures are compiled in the District ASB manuals. Information on Allowable and Prohibited Expenditures is listed in the new manuals as follows: On pages 6.4 through 6.6 of the Associated Student Bodies Legal Aspects and Hands On Accounting Manual for Organized Student Bodies and on pages 6.4 through 6.5 in the Manual for Unorganized Student Bodies.

Please review these sections with your designated ASB staff.

All sites are encouraged to review the court case of *Hartzell v. Connell* (1984) and the information provided on fees, deposits and other charges in Appendix D of the new manuals.

If you have any questions, please call Karen Linner at 381-1307 or Gene Fortajada at 381-1148.

New ASB Budget Submissions Requirements

Bulletin No. 05-045 (Revised)

Date: December 13, 2005

SUBJECT: New ASB Budget Submissions Requirements

Action Required: Budget submissions to Accounting Services are due as follows: a Preliminary Budget by May 20th, an Adopted

Budget by November 20th and a Final Revised Budget by Feb.20th of each school year. These requirements become effective with your 2005-06 Final Revised Budget which will be due Feb. 20th, 2006.

ASB advisors, along with the student council, are responsible for the completion and monitoring of the ASB budgets. These forms, at the prescribed times indicated below, are to be sent to the District office for submission to Board along with the District budgets.

Required Budget Submissions: Each school year, budgets should be prepared and submitted to Accounting Services as follows:

1. **May:** A Preliminary Adopted Budget should be prepared for the following year for submission to the Board with the District Adopted Budget. This must be submitted to Accounting Services by **May 20th**.
2. **November:** An Adopted Budget and the year to date income and expenditures should be in place and forwarded to Accounting Services by **November 20th** for Board submission at the First Interim Financial reporting period by the District.
3. **February:** A Final Revised Budget and the year to date income and expenditure data should be completed and forwarded to Accounting Services by **February 20th** for Board submission at the Second Interim Financial reporting period by the District.

Guidelines for Budget Completion:

Chapter 3 of both the new Organized Handbook and the Unorganized Handbook provides information and guidelines for the preparation of your budgets. Appendix pages G20 through G25 of the Organized Student Body handbook contains the standard District forms for Middle and High School use. Budget forms, along with completed sample forms, are also attached to this bulletin.

Individual ASB clubs should also have a spending and fundraising plan in place in the form of budgets that are submitted to the student council. These will provide valuable information toward the preparation of the overall ASB budget.

If you have any questions, please contact Gene Fortajada at 381-1148 or Karen Linner at 381-1307 or by e-mail.



ASB and District Gift Acceptance

Bulletin No. 05-068

Date: May 5, 2006

SUBJECT: ASB and District Gift Acceptance

This bulletin is to serve as a guide for processing gifts received at sites.

Prescribed Acceptance Procedure:

1. Money, material, or equipment valued at less than \$100.00 may be accepted by the principal or the student governing body. The items received shall have a legitimate use by the Student Body and shall not conflict with the instructional program.
2. Gifts of cash in excess of \$100.00 must be disclosed by completing a Gift Acceptance Form, Section A, which is forwarded to the Assistant Superintendent, Business and Finance. The gift will then be presented for Board approval and upon approval, a signed copy will be returned to the site.
3. Gifts in the form of equipment or grounds and building improvements:
 - a. Must be approved by the Assistant Superintendent, Business and Finance **before** acceptance by the principal or student body. To present these proposed gifts for acceptance, complete a Gift Acceptance Form, Section B, and forward to the office of the Assistant Superintendent, Business and Finance. All necessary description of the asset should be included.
 - b. If equipment, the form should describe the article, give serial numbers, age, etc. If the gift is in the form of buildings or grounds improvements, location and installation plans shall be submitted.
 - c. If the item or improvement is not standard to the schools of the District, an adequate justification must be given for introducing the gift into the District's inventory or assets.
 - d. The Assistant Superintendent, Business and Finance will notify the principal of acceptance or rejection of the donation.
 - e. Acceptance of gifts which are standard to the schools of the District will be assumed under the insurance, maintenance and replacement programs in existence for all similar District assets. If nonstandard items are accepted, any special conditions pertaining to insurance, maintenance and replacement will be made a part of the acceptance action.

4. The receipt, use and disbursement of gifts and grants are subject to the same accountability as other receipts and disbursements.

Gifts to ASB:

District prescribed gift acceptance rules apply with the additional criteria as indicated below:

1. Gifts received at middle and high schools require acceptance by the student governing body.
2. Equipment and other similar student body assets should be only those assets needed to conduct the organizational affairs of the student body. Student bodies are not allowed to possess vehicles, real property, or any permanent improvement to real property.

If you have any questions, call Linda Masters at 381-1163 or Karen Linner at 381-1307.

ASB Constitutions and By-Laws

Bulletin No. 05-070

Date: May 12, 2006

SUBJECT: ASB Constitutions and By-Laws

This bulletin is to serve as a reminder that site ASB Constitution and By-Laws are mandatory for operating an Organized Associated Student Body.

Each organized student body association shall adopt a constitution and a set of by-laws for the overall organization as well as constitutions and charters for each club. The student council and

each club must prepare and adopt a constitution. This document should clearly state all of the policies and rules for student governance of the student organization or club. A set of by-laws that identifies operational regulations is also required for the student organization and each club.

Chapter 2, pages 2.6 - 2.7 and 2.13 – 2.15 of the organized student body handbook provide guidance on both the constitutions and charters. Each club within the student organization must have a valid charter which is to be renewed each year by October 15th and approved by student council.



The following outline may be used in developing a constitution:

Article 1.Organization

- a. Name of organization
- b. Purposes and how it is to be accomplished
- c. Time, place and frequency of meetings of officers
- d. Definition of quorum

Article 2.Membership

- a. Eligibility for membership

Article 3.Officers and elections

- a. Titles and duties of officers
- b. Election of officers
- c. Term of office
- d. Eligibility, scholastic, etc.
- e. Appointment of committees

Article 4.Representatives to Student Governing Body other than officers

- a. Method of selection
- b. Qualification for eligibility
- c. Term of office

Article 5.Adult advisors

- a. Appointed by Superintendent, principal, faculty or Student Governing Body.

Article 6.Financial activities

- a. Budgets
- b. Revenues
- c. Disbursements
- d. Statements and reports

Article 7.Clubs within the student body organization

- a. Purposes of clubs
- b. How clubs may be organized and discontinued
- c. Financial activities
- d. Constitution or bylaws

Article 8.Amendments to constitution

- a. Method of origination
- b. Requirements for adoption

If you have any questions, please call Karen Linner at 381-1307 or Gene Fortajada at 381-1152.

ASB Fund- raising Approval Requirement

Bulletin No. 05-071

Date: May 17, 2006

SUBJECT: ASB Fundraising Approval Requirement

This bulletin serves as a reminder that approval of fundraising activities by the Accounting Services Director is required **before** the event takes place, per the new Student Body manuals. Please review carefully Chapter Four of the ASB manuals which provides fundraising guidelines.

This is an area that is closely reviewed by the District's internal auditor for compliance, therefore, effective 2006-07 all fundraising must conform to the approval process stipulated in the ASB manuals. All requests for fundraising activities are to be approved by the Principal and Superintendent (or designee). Additionally, all fundraising activities at middle and high schools should be first approved by the applicable club and/or the associated student body. Revenue potential forms must be completed for all fundraisers and are to be submitted with the fundraising activity approval request.

The forms to be used are provided in the manuals as follows: In chapter 4, Figure 4.4 *Request for Fundraising Activities* and Figure 4.5 *Revenue Potential Form* or the SBCUSD *Revenue Potential and Sales Analysis Form* in Appendix G of the manuals.

If you have any questions, please call Karen Linner at 381-1307 or Gene Fortajada at 381-1152.

