

LOS ANGELES UNIFIED SCHOOL DISTRICT

*School Fiscal Services
Student Body Finance Section*

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STUDENT BODY FINANCE POLICIES GOVERNING

- *COMMUNITY ADULT SCHOOLS*
- *REGIONAL OCCUPATIONAL CENTERS*
- *SKILLS CENTERS*
- *EMPLOYMENT PREPARATION CENTERS*

FOREWORD

This edition of the "Policies Governing Student Body Finance" is to provide in one publication financial policies and accounting procedures as they apply to Student Body Finance for Community Adult Schools, Regional Occupational Centers, Skills Centers and Employment Preparation Centers.

These policies are based on the California Education Code, Sections 48930-48938; the Rules of the Los Angeles Board of Education, Sections 2501-2554; administrative practices set forth in the Principals' Handbook; and opinions of the County Counsel and the Los Angeles Unified School District (LAUSD) General Counsel.

School administrators and other personnel will find this publication of value in the supervision of student body finance.

Sincere appreciation is extended to all members of the committee for their participation in this effort.

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY - STUDENT BODY FUNDS

Principal's Responsibility

The principal is the trustee of student body funds, and is responsible for ensuring that funds are spent in accordance with the California Education Code, Board Rules, and District policies.

The principal reviews financial reports and monthly bank reconciliations prepared by the financial manager to ensure that the financial condition of the student body is sound.

Audits of student body funds are performed regularly by the Office of the Inspector General. If an audit determines that a particular expenditure of funds does not comply with policies, the principal is responsible for restoring that amount to the student body fund. In general, the monies may be restored in one of the following ways:

1. If the expenditure would be a legal expenditure for the District, the school may use some of its District funds to reimburse the student body. (e.g., Instructional Material Account #4174 and #4175)
2. If the expenditure is not a legal expenditure for the District, the principal is responsible for reimbursing the student body.

If a former principal authorized the improper expenditure, the current principal should notify the Assistant Superintendent/Division of Adult and Career Education and the Student Body Finance Section.

Bank Accounts

Student body funds shall be deposited in an insured bank account in the name of the (name of school) student body. Consideration should be given to the possibility of using interest earning accounts. Signatures of at least three district employees should be authorized at the bank. Two signatures are required on all checks, one of which must be a school administrator.

All monies collected from students on school grounds, student body activities, and proceeds of fund-raising activities must be deposited in the student body account.

RECOMMENDATIONS FOR PRINCIPALS TO REVIEW **FINANCIAL CONTROLS**

The following methods can assist to assure principals of the status of school site financial operations:

1. COMMUNICATION

Conduct a monthly meeting with the school's financial manager to keep up to date on current financial transactions, record keeping, and potential problems.

2. CASH CONTROLS

- a. Principals should spot check some deposit slips and the bank statement. Examine the deposit slips to be sure they contain the master receipt numbers included in the deposit and verify that the beginning number picks up from the prior deposit slip.
- b. Deposit slips must be prepared daily regardless of amount. Any cash for deposit in the safe without any master receipt or that is over a day old should be questioned.
- c. Separate cash boxes must be used for petty cash and change funds. At no time should cash collections be commingled with the petty cash or change fund.

3. PURCHASE ORDERS AND CHECKS

- a. Review all outgoing purchase orders.
- b. Do not sign checks without viewing the appropriate supporting documents, such as original invoices, and/or receipts. Request for check forms are not supporting documents.
- c. Be particularly careful when checks are made payable to the financial manager or other office employees.

4. BANK STATEMENTS

- a. Spot check the bank statement before turning it over to the financial manager; thumb through the checks to verify that the signatures are genuine; check endorsements and payees; verify that deposits have been recorded as per duplicate deposit slips.
- b. Insist on bank reconciliation being prepared promptly each month.
- c. The imprest fund and its checking account, should also be reconciled each month. Observe the same procedures for deposit slips and bank statements as with the student body account.
- d. Review the bank statement for debit items; request physical evidence to support those items.

5. RECORDING IN BOOKS

Postings should be made daily or at least weekly. Physically check accounting records, and computer printouts to insure that records are kept up to date.

6. CASH FROM TEACHERS

- a. All collections must be supported by auxiliary collection receipts, such as: class receipt records, cash register tapes, student body membership cards, auxiliary receipt books, etc.
- b. Request teachers to insist on a cash register or master receipt each time collections are turned into the finance office.
- c. Request teachers to turn in collections at least weekly, and on the last day of the month.

7. EQUIPMENT RECORDS

Insure that the physical inventory of equipment is verified to the computerized spreadsheet or database records or record cards at least once each year.

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1. POLICIES GOVERNING STUDENT BODY FINANCE

A. Legal Basis

Student body organizations in California public schools are governed by the Education Code and the rules and regulations of the district in which the school system is located. Sections 48930 to 48938, inclusive, of the Education Code provide the Board of Education with authority in student body finance matters. The policies governing student body finance as related to the Community Adult Schools, the Regional Occupational Centers, the Skills Centers, and the Employment Preparation Centers are set forth herein. These policies are based on the Rules of the Los Angeles Board of Education, Sections 2501 to 2554, inclusive.

B. Definition of Student Body Funds

Student body funds are those funds which have been earned or received by the students as a group. These funds are held in the name of the student body organization for the benefit of the student body as a whole; the funds and other assets are under the direct supervision of the principal, to be administered in accordance with the rules and regulations approved by LAUSD.

C. General Principles

1. The major purpose for the expenditure of student body funds must be to promote or assist a student body activity. This may be done by the following:
 - a. Financing activities for non-instructional programs.
 - b. Assisting District authorized student body activities.
2. Since the funds are property of the students, expenditures should be for the benefit of all students.
3. Projects for the raising of student body funds shall contribute, in general, to the educational experience of students and shall not conflict with the instructional program.

D. Definition of Student Body Activities

Student body activities are those activities designed to yield benefits to all students. They may not fall within the scope of the services that should be normally provided by the District.

2. ADMINISTRATIVE RESPONSIBILITIES

A. Principal's Responsibilities

1. The principal, as trustee, is responsible for the conduct of student body financial activities and shall be governed by the California Education Code, Board Rules, and District policies.
2. The principal informs and explains regulations and procedures affecting student body financial affairs to the faculty, staff, and student council.
3. The principal is responsible for responding to audit reports on student body funds.
4. The principal is responsible for the replacement of funds spent improperly. In general, monies may be restored in one of the following ways:
 - a. If the expenditure is a legal expenditure for the District, the school may use its District funds to reimburse the student body (i.e., Instructional Material Account #4174 and #4175).
 - b. If the expenditure is not a legal expenditure for the District, the principal is responsible for reimbursing the student body from his/her funds.

If a former principal authorized the improper expenditure, the current principal should notify the Assistant Superintendent/Division of Adult and Career Education and Student Body Finance Section.

5. Please refer to Section 15-A on page 63, regarding the acceptance of checks.
6. Limits on Undesignated Equity

It is the responsibility of the principal to see that the amount of undesignated equity held by the student body does not exceed the following prescribed limits. Saleable inventories, and accounts receivable are not included in the computation of undesignated equity as stated below.

- a. Community Adult School

The maximum amount of undesignated equity which may be held by a Community Adult School student body as of June 30 of each year shall not exceed \$50 per unit of A.D.A. based on the annual A.D.A. of the previous year.

b. Regional Occupational Center

The maximum amount of undesignated equity which may be held by a Regional Occupational Center student body as of June 30 of each year shall not exceed \$100 per unit of A.D.A. based on the annual A.D.A. of the previous year.

c. Skills Centers/Employment Preparation Centers

The maximum amount of undesignated equity which may be held by a Skills Center/Employment Preparation Center student body as of June 30 of each year shall not exceed \$50 per unit of A.D.A. based on the annual A.D.A. of the previous year.

B. School Fiscal Services /Student Body Finance Section Responsibilities

The Student Body Finance Section of the School Fiscal Services Division is responsible for the administrative supervision and management of student body financial activities which include:

1. Implementation of state laws and Board of Education policies and regulations.
2. Technical supervision, training and technical evaluation of financial managers assigned to the schools.
3. Offering assistance to the school principal to correct any exceptions noted in the audit report. Unresolved exceptions are referred to the Assistant Superintendent/Division of Adult and Career Education.

Gross or consistent deviation from policies or approved procedures shall be reported to the Fiscal Resources and Training Manager of School Fiscal Services for further action. If resolution is not forthcoming at this level, the matter will be referred to the Director, School Fiscal Services for discussion with the Assistant Superintendent/Division of Adult and Career Education.

The Financial Manager shall be subject to disciplinary action in the event of deviation from technical policies or approved procedures.

C. Responsibilities of the Office of the Inspector General

The Office of the Inspector General is responsible for the auditing of funds relating to student body activities.

D. The Assistant Superintendent/Division of Adult and Career Education's Responsibilities

The Assistant Superintendent/Division of Adult and Career Education is responsible for ensuring that schools conform to policies and rules pertaining to student body funds and may assist principals in correcting problems identified by Student Body Finance Section or the Office of the Inspector General.

E. Financial Manager's Duties and Responsibilities

1. General Duties

- a. Acts as accountant/bookkeeper for student body funds.
- b. Acts as business adviser for student body activities and all student organizations.
- c. Is responsible for maintaining adequate controls governing collecting and banking of all funds including those of the student body, and Board of Education.
- d. Is responsible for supervision of students and adult assistants working under the financial manager's direction.

2. Duties Performed for the Board of Education

- a. Establishes collection procedures under the direction of the principal.
- b. Supervises collection of funds from the following sources and remits to the Board of Education.
 - (1) Damage to District equipment, buildings, grounds, and supplies
 - (2) Loss or damage to library books or textbooks
 - (3) Sale of sanitary supplies
 - (4) Pledges and contributions to Board of Education authorized drives such as LAUSD Consolidated Charitable Campaign
 - (5) Registration fees
 - (6) Material/Fee-Based Class fees
 - (7) ROC/Skills Centers Sales

(8) Book or Video Deposits

c. May be assigned the following responsibilities by the principal:

(1) IMA Funds

(2) Imprest Funds

(3) Bus passes

(4) Other duties acknowledged to be within the class concept

3. Duties Performed for the Student Body

- a. Purchases and sells textbooks, photo ID cards, and school supplies to students.
- b. Sets up and maintains distribution and collection control procedures for all cash collected at branches and main location. (See Bookkeeping and Accounting Procedures - Section 12, on page 52.)
- c. With the approval of the principal, assigns, and supervises student body adult assistants. Parking lot attendants are supervised by the principal or his designee.
- d. Has responsibility for receipting, banking, disbursing, recording, and reporting of all monies obtained through student body activities as required by the Board of Education.
- e. Opens, maintains, and closes ledger accounts; verifies records and corrects discrepancies; makes monthly bank reconciliations and financial reports.
- f. Reviews with the principal the financial aspects of financial reports as submitted.
- g. Keeps the principal informed with verbal and/or written reports when certain accounts or activities warrant such action.
- h. Budgetary Controls
 - (1) May furnish the necessary financial data in the preparation of a sound student body budget plan.
 - (2) Sets up controls so that the budget plans are not exceeded.

(3) Keeps the principal informed as to budgetary conditions during the school year.

- i. Prepares monthly, quarterly and annual tax returns including sales tax, federal, and state payroll taxes. (Withholding tax, state employee training tax, FICA/Medicare, SUI, SDI, W2's and 1099's.)
- j. Maintains exact control of all tickets, checks, receipt books, and other financial stationery. The control shall include a procedure to ensure that faculty members return and account for all tickets, receipt books, class receipt sheets, and other financial stationery entrusted to them. The principal shall be notified if a faculty member fails to return any item.
- k. May have the responsibility for procurement and disposition of student supplies such as caps and gowns, graduation announcements, programs, industrial arts (shop) supplies, and student store merchandise.
- l. Coordinates or performs accounting and financial management functions for Student Body activities.
- m. Coordinates with the principal to maintain a secure location for storage of all resale items (books), equipment and financial records.
- n. Is NOT responsible for collections and records of staff professional organizations.

4. Responsibilities for Fund Raising Activities

- a. No expenditures may be paid out of undeposited receipts. Expenditures should be paid by check or from petty cash.
- b. Distribution of earnings shall be made as soon as possible after the event.
- c. All sales tax must be paid through the student body books to the State Board of Equalization.
- d. Cash controls must be established for admissions.
- e. The financial manager is responsible for obtaining authorization from Student Body Finance Section and the appropriate office (Operations Branch, or School Police) whenever payment for custodial, or school police services is needed.
- f. An Income Statement of Student Body Fund Raising Activity must be prepared. (See form on next page)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 School Fiscal Services
 Income Statement of Student Body Fund Raising Activity

School _____ Telephone No. _____

Fund Raising Activity (Event) _____ Date of Event _____

Vendor _____

Cost Per Unit: Wholesale \$ _____ Retail \$ _____ Profit Margin \$ _____

1. Sales (Per Student Body Ledger) \$ _____

2. Merchandise Available for Sale

<u>Add:</u>	<u>Units</u>
3. Beginning Inventory	_____
4. Purchases	_____
5. Gratis from Vendor	_____
6. Total available for sale	_____

<u>Deduct:</u>	<u>Units</u>
7. *Returns	_____
8. *Damaged	_____
9. *Gratis to Student Helpers, etc.	_____
10. *Thefts - SS# _____	_____
11. *Accounts Receivable	_____
12. *Other _____	_____
13. Total Deductions	_____

14. Net Total Available for Sale _____ x Retail Sales Price = \$ _____

15. Cash Over or (Short) subtract 14 from 1 above \$ _____
 Number of units short (____) over _____

Prepared by: _____

Date: _____

*Must be supported by appropriate documents.

3. CLASS/CLUB RESPONSIBILITIES

A. Definition of Class/Club Accounts

1. Class/club accounts must be carried on the student body books.
2. No off-campus organization may be permitted to carry accounts on student body books.
3. Every school-sponsored class/club shall have a constitution approved by the principal. A copy of the constitution shall be kept on file in the finance office.
 - a. The constitution shall contain a statement that all members must be students who are presently enrolled in the school of sponsorship.
 - b. The constitution shall contain a statement that there is no affiliation with any non-school organization, political or religious organization, or with any organization which denies membership on the basis of race, color, creed, or political belief (Board Rule 2262-2).
4. No class/club accounts may be overdrawn.
5. A remaining balance in the account of a graduated class, after the class has had an opportunity to determine the disposition of the balance, shall be closed out to the student body prior year adjustment account. All class accounts should be closed no later than one year after graduation.
6. A remaining balance in the account of a disbanded organization shall be closed out to the student body prior year adjustment account.

B. Class/Club Sponsor's Responsibilities

1. All school class/club organizations shall be sponsored by a member of the faculty and approved by the principal.
2. The sponsor shall approve the time and place of all meetings and events.
3. The sponsor shall attend and supervise all meetings, events, and activities.
4. The sponsor is responsible for the supervision of the collection of all funds by students or other personnel. This applies to membership dues, activity fees, fund raising activities, etc.
5. The sponsor is responsible for seeing that all money collected for the class/club is supported by approved collection forms. All monies collected must be

deposited with the student body office and acknowledged on a cash register receipt.

6. Request for the expenditure of funds must be submitted by the sponsor, in advance, to the financial manager by using a Request for Purchase Order/Check Payment. Expenses may be paid only by check. The principal's approval is required on all expenditures.

C. Money Collection Controls

1. When sponsors/teachers/staff are required to collect money from students for various purposes, the money may be collected by using two kinds of receipts as follows:

- a. Auxiliary Receipts:

Auxiliary receipts are to be completed by the teacher. One copy is given to the student; the other remains in the book as a permanent record.

- b. Class Receipt Forms:

Class record receipts may be used by class/clubs for purchases of \$50 or less or where all paid amounts are the same. Students sign the class record receipts and indicate the amount paid. Care should be taken to insure that this amount is correct.

Auxiliary receipts and class receipt forms are to be obtained from the financial manager.

2. Receipts and cash should be submitted prior to any weekend or holiday and on the last school day of every month, or daily when large sums of money are collected. Money not turned in to the financial manager and acknowledged on a cash register receipt is not covered by insurance.
3. All money and receipts turned in to the finance office must be acknowledged with a cash register receipt (preferably with a validated receipt on the slip printer), which is given to the teacher.
4. The master and class or auxiliary receipts will be cross-referenced by the financial manager.

D. Student Body Shops, Art and Craft Classes (Does not Include ROC Sales)

Instructors in classes (e.g., shop, art, and craft classes) who sell and order items which will later be used as the personal property of their students have the following responsibilities:

1. To see that the shop or class does not operate at a loss.
2. To protect all funds until they are turned in.
3. To prepare an annual inventory of student body-owned materials. Additional inventories during the year may be required.
4. To require that students pay a substantial part of the cost in advance before starting any major project.
 - a. Student bodies may purchase material for resale to students in shop, art, and craft classes for use in producing items to be retained as personal property.
 - b. All purchases of material for resale should be based upon purchase orders issued by the financial manager.
 - c. All payments should be supported by approved invoices in addition to the purchase orders.
 - d. A mark-up of at least 10% plus sales tax is suggested to cover expenses and salaries.

E. Class/Club Fund Raising Activities/Disbursements

1. Class/club organizations may be credited with funds raised by the following:
 - a. Income from entertainment, dances, parties, etc., attended by members only.
 - b. Special sales limited to members and immediate family.
 - c. Dues and donations from members.
2. Class/club organizations must be self-supporting and cannot be subsidized by the general student body.
3. All monies collected must be deposited through the student body office.
4. Class/clubs may earn up to 50% of the net profit for services provided to the student body at such authorized student body functions as festivals, concession sales, popcorn sales, etc. This does not apply for public appeal fund-raising activities such as candy drives or similar sales.
5. Collections and disbursements are subject to the standard procedures governing student body funds. Expenditures must be approved by the class sponsor and the principal.

6. Expenses must be paid by check.
7. Gifts to the student body from classes or clubs follow these guidelines:
 - a. To give gifts of money, materials, or equipment from classes/clubs requires authorization on Form 34-EHJ-8.
 - b. Gifts of materials or equipment identified as coming exclusively from particular pupil groups must be financed entirely by those groups, including installation and other incidental expenses, if any.
 - c. Classes/clubs may contribute toward a project undertaken by the student body.

[These forms may be downloaded from the LAUSD website \(Inside LAUSD\).](#)

FORM 34 -EHJ -8 *Request for Authorization for Student Body Expenditures and Receipts*

FORM 63 -HN -61 *Perpetual Inventory of Tickets*

FORM 79.43 (Bul C -66) *Request for Processing of Donated Cash, Materials, Equipment or Services*

FORM 30.10 (Ref -2633) *Inventory of Student Body Equipment*

4. NON-SCHOOL FUND RAISING GROUPS

Non-School fund raising clubs and other non-school organizations/groups, are considered to be separate entities.

The procedures for a non-school fund raising club are listed as follows:

1. Student bodies may not participate in joint venture fund raising activities with the non-school fund raising club.
2. Non-school fund raising clubs wishing to use District facilities must obtain a "No Cost" Civic Center Permit under provisions of Board Rule 1303. Any services of classified staff must be paid by the non-school fund raising club.
3. Non-school fund raising club funds may not be kept or processed through the student body office.
4. Non-school fund raising clubs wishing to donate money or materials to the student body must use Form 34-EHJ-8.
5. The providing of information or advertising of activities or the selling of non-school fund raising club products shall not interfere with student body fund raising activities or other student body activities.
6. Students or staff assisting with a non-school fund raising club activity shall not interfere with the instructional program.

5. MANAGEMENT OF STUDENT BODY FUNDS

A. Monies Collected

All monies collected from students on school premises, all receipts for the student body, and all drive collections shall be deposited through the student body finance office.

B. Loans and Accommodations from Student Body Funds (Board Rule 2545)

1. Student body funds shall not be used for any purpose which represents an accommodation, loan, or credit to Board of Education employees or persons other than students.
2. Emergency loans for lunches, bus fare, and like items may be made to students at the discretion of an administrator.
3. Post-dated checks shall not be cashed for anyone.
4. Personal checks shall not be cashed for anyone.
5. Board of Education employees or others may not make purchases through a student body in order to take advantage of student body purchasing privileges.

C. Security

1. The principal should carefully consider security when large sums of cash are being handled.
2. The financial manager should review all accounting controls on collections of cash at the source.
3. All student body employees are covered by a fidelity bond, but should be carefully screened before being allowed to handle cash. A fidelity bond protects the District and the student body organization against loss of money or other property due to the dishonest act of an employee. There is a \$50,000 deductible per occurrence.
4. Issuance of finance office keys should be:
 - a. Kept to an absolute minimum.
 - b. Documented on the key inventory.
 - c. Unissued keys should be placed in a secure place.
5. A safe should be strapped or bolted to the floor or to a concrete block in such a manner as to discourage or prevent its removal.

6. Bank deposit slips must be prepared daily. All collections should be included in the deposit. Daily (bank) deposits should be made if collections are \$1,000 or more.
7. The principal should determine the appropriate time when the finance office shall be open.
8. Alarm systems may be installed in the student body store or library at student body expense.
9. In case of loss, immediately contact the local law enforcement office serving your school and the School Police Department (Available 24 hours: See LAUSD directory for telephone number.)
10. Losses should be followed up immediately with a written school police report to the Auxiliary Services and Trust Fund. This report must identify losses as "Student Body" for insurance claims to be considered.
11. Equipment removed from student body offices for repair should be taken only by a properly identified person.
12. Protection of Equipment
 - a. Student body equipment should be properly identified in order that stolen property can be easily identified and returned to the school.
 - b. Acceptable Methods of Identification
 - (1) Wooden or metal objects may be effectively marked with electric engraving tools.
 - (2) Expensive items, such as computers and cameras, can be marked with the school location code or initials which is not easily detected.
 - (3) Stenciling
 - (a) May be done by the school.
 - (b) May be requested to be done by District maintenance personnel by writing a letter to the Maintenance and Operations Branch. The charge is payable from the student body funds.
13. The principal should consider the security and accessibility of inventories of various resale items (books) whether in the main site or in other sites.

6. BANK ACCOUNTS AND STUDENT BODY ACCOUNTS

A. Bank Accounts

1. It is the responsibility of the principal to establish bank accounts and to provide signatures as indicated below. The account shall be in the name of the (name of school) student body.
2. Signatures on the accounts shall be as follows:
The principal shall designate two or more persons, in addition to himself/herself, who shall be authorized to withdraw funds from the bank account or accounts provided.
 - a. Preferably one signature shall be that of a certificated administrative employee.
 - b. The other signature shall be that of the financial manager.
 - c. Two signatures of such persons acting jointly shall be required for all withdrawals.
3. Blank checks should never be signed.
4. Security checks should be purchased and used to prevent illegal duplication of checks.
5. Persons signing checks should require adequate supporting evidence that payment is justified. The supporting documents should be marked "PAID" to preclude duplicate payments.

B. Authorized Deposits or Investments (Board Rule 2542 and E.C. 48933)

Education Code Section 48933 requires that student funds be deposited or invested in accounts as follows:

1. Deposits in a bank or banks whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC.)
2. Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations provided such associations are doing business in California and have their

accounts insured by the Federal Savings and Loan Insurance Corporation (FSLIC).

3. U.S. Savings Bonds - Series EE and HH.
4. Shares or certificates in any California credit union insured by the administrator of the National Credit Union Administration or a comparable agency as provided by the State of California.
5. Bonds, notes, bills, certificates, debentures, or any other obligations issued by the United States of America.

C. Federal Insurance Protection

Student body funds on deposit in banks insured by the FDIC or on deposit in savings and loan institutions insured by the FSLIC have insurance protection to a maximum of \$100,000.

Funds held in trust (scholarship, etc.) are considered separate valid trusts. As such, they may be carried in the same bank or savings and loan association in separate trust accounts, with insurance protection up to \$100,000.

All funds in excess of the \$100,000 amount should be moved to another federally insured financial institution.

D. Checking Account Operating Funds

Schools should keep a maximum of 60 days of operating funds in their checking accounts. Funds in excess of 60 days operational needs should be invested in the manner outlined in B and C of this section.

E. Investment Accounts

1. Signatories of savings and investments accounts should be the same as the signatories of the checking account. Signature cards should be updated whenever there is a change in any signatory.
2. There should be NO direct expenditure against savings/investment accounts. Any withdrawal should be for deposit or a transfer to the student body checking account.
3. Except for interest credits, any deposits should only come as a transfer or withdrawal from the student body checking account.

F. Types of Student Body Accounts

Student body funds are channeled through four types of accounts: general student body, designated equity accounts, trust accounts, and clearing accounts.

1. General Student Body Fund consists of monies which have been earned or received by student body participation. It is held in the name of the student body organization for the benefit of the students as a whole.
2. Designated Equity Accounts are student body funds which are allocated and earmarked for certain specific purposes. Designated Equity accounts may also be established when gifts are given to the student body to accomplish certain purposes.
3. Trust Accounts are amounts in the student body bank account which are held for a special group or organization -- e.g., class or club, and contributions received from outside sources for special interest or scholarship purposes.
 - a. Trust funds may be used only for the purpose for which they are held, and at the discretion of the truster.
 - b. A signed "letter of purpose" should be on file that explains how the funds are to be used. The letter should be signed by the truster or donor of the funds.
 - c. A trust fund balance should never be considered as part of the available cash of the general student body funds.
4. Clearing Accounts are a form of trust account, temporary in nature, and represent amounts received which are to be remitted promptly to appropriate payee/s, such as LAUSD Consolidated Charitable Campaign.

G. Student Body Designated Equity Account Procedures

1. With the principal's approval, the student body may set aside funds for a specific future project which may reasonably be expected to materialize within a two-year period.
2. Designated equity must be authorized by Student Body Finance Section. (Use Form 34-EHJ-8.)
3. A designated equity account may be set up from earned undesignated equity and added to from time to time from current earnings.

4. Designated equity accounts are excluded from the amount of the maximum undesignated equity allowed.
5. Disbursements are subject to standard procedures governing student body funds. After purchases have been made, the designated equity account should be closed into the student body undesignated equity.
6. Once a designated equity account is approved and established, it may not be drawn on for other purposes. If the original purpose becomes invalid, funds in the designated equity account are to be returned to the student body undesignated equity.

H. Scholarship Accounts

There are two types of scholarship accounts that can be established:

1. "A" Scholarship Accounts
 - a. An "A" scholarship account is one from which an allowance is provided to a student for the purpose of enabling him/her to remain in the school that provides the scholarship.
 - b. It may be established by transfer of student body funds through the welfare expense account of up to \$1,000 per year. Any amount unspent at the end of the fiscal year should be credited back to the welfare expense account.
 - c. It may be established by gifts from individuals or groups within the active student body. All student trust organizations are considered as groups within the active student body organization.
 - d. Money given to students from "A" scholarship accounts shall constitute a gift but may be repaid at the will of the recipient.
2. "B" Scholarship Accounts
 - a. A "B" scholarship account is one established to assist a student to attend a school of higher learning or the school he/she is attending.
 - b. It may be established from donations by individuals or groups outside the active student body.
 - c. It may be established by designated fund raisers by the student body.

- d. Money given to students from "B" scholarship accounts shall constitute a gift unless the scholarship account was accepted by the student as a loan.
- e. Proof of registration in school may be required to receive the scholarship award.
- f. The interest earned by "B" scholarship accounts shall be credited to the "B" scholarship account, if funds are in a separate bank account.

I. Board of Education Accounts

Trust accounts are established to record collections for the Board of Education such as registration, and material class fees, video, and book deposits, lost/damaged textbooks. These funds are deposited to the student body bank account and remitted to the Board of Education at specified dates or intervals. No expenditure may be made out of these funds except through regular District approved procedures.

7. STUDENT BODY INCOME AND FUND RAISING ACTIVITIES

A. Student Body Income

1. Student Store
 - a. Student body sales of merchandise should offer a minimum of competition to local merchants.
 - b. Merchandise offered for sale shall be limited to articles needed for school use such as the following:
 - (1) Confections and Beverages
 - Candy
 - Salted nuts, packaged
 - Popcorn
 - Non-carbonated drinks or fruit juices and snacks
 - Carbonated drinks
 - (2) Graduating Classes
 - Caps and gowns
 - Cards and announcements
 - Class pictures
 - Tassels
 - (3) Jewelry
 - School rings, necklaces, and pins
 - (4) Student Store Merchandise
 - Binders/Portfolios
 - Book Covers
 - Computer Supplies
 - Erasers/Pencils/Pens
 - Folders/Notebooks
 - Instructional Materials
 - Paper Supplies
 - Textbooks/Workbooks

Merchandise should be purchased only if it can be expected to be sold in the course of one school year. Do not buy multi-year quantities of any item.

(5) Shop and Craft Materials for Student Use

Art, craft, leather, jewelry, and upholstery materials
Auto, metal, radio, electronics, and wood shop materials
Ceramic and pottery materials
Homemaking materials

2. Student Body Membership Cards

Student Body may sell Student Body Membership Cards at \$2 each on a voluntary basis. No authorization required

3. Photo I.D. Cards

- a. Student Body may sell photo I.D. cards on a voluntary basis. No authorization required
- b. Student Body may purchase materials used to produce photo I.D. cards for resale
- c. Photo I.D. cards should be priced for resale with appropriate mark-up added

4. Rental of Student Body Owned Equipment

- a. No authorization required
- b. No rental fee may be charged for Board of Education equipment.
- c. It is recommended that rental fees be charged to outside groups for the use of student body owned equipment to cover reasonable depreciation and maintenance costs in accordance with a fixed schedule of fees. Equipment should not be made available indiscriminately, and its use should be supervised. Deposits should be required to guarantee payment.

5. Student Body Dances

6. Miscellaneous Income

- a. Commissions, e.g., Catering, Vending Machines (authorization required)

- b. Interest on student body bank accounts
- c. Purchase discounts
- d. Schools may hold free drawings which would not constitute a raffle as follows:
 - (1) Forms to win a prize are made available to anyone who wants one, at a specified location, without charge.
 - (2) No price may be printed on the form.
 - (3) Anyone who wishes to donate to the school student body may do so voluntarily. This record must be on a receipt separate from the form for a chance to win a prize. This donation is not required to obtain an entry form or to win a prize.
- e. Advertisement in school newspaper, yearbook, or various event programs

B. Policies

1. Projects for the raising of student body funds shall contribute, in general, to the educational experience of students and shall not conflict with the instructional program.
2. Fund raising drives are conducted by the student body to increase its funds. The type, frequency, and scheduling of these drives must be approved by the principal.
3. Contributions and participation in student body fund raising activities by students and employees should be entirely voluntary.
4. Student body fund raising activities shall be subject to the regulations established by the Superintendent.
5. Students under 16 may not solicit on the street or door-to-door unless supervised by an adult. Also a written permission slip is required.
6. Student bodies may not contract with outside groups/vendors to rent/lease District property or District equipment as a money-making source or any other purpose unless the student body has first contacted the Facilities Services Division, paid a rental fee to the District, and provided adequate insurance coverage.
7. School club and classes may earn up to 50% of the net profit from concession sales at on-campus student body events.

8. Non-school based clubs/organizations may sell items to the general student body at school events on a **concession basis only**. A commission must be paid to the student body. The club/organization must have adequate insurance coverage.

C. Procedures

1. Authorization

- a. A Request for Authorization, Form 34-EHJ-8, is required as follows:
 - (1) All student body fund raising drives involving sales of candy/confections, magazines, merchandise, or services.
 - (2) Catering and vending machine commission contracts.
 - (3) To receive gifts of money or materials.
 - (4) To make **contract payments** of \$500 or more such as Dance D.J.'s and entertainers.
- b. Authorization must show date(s) of the event and any division of profits.
- c. Authorization must give complete description, purpose, funds to be paid to/received from, and approximate amount.
- d. Authorization should be signed by the **principal** and **financial manager**
- e. No authorization is required for the following:
 - (1) Equipment rentals (except those of a hazardous nature or requiring inspections).
 - (2) Entertainment events.
 - (3) Photography.
 - (4) Publications. (School newspaper or newsletter)
 - (5) Sale of art, crafts, and shop materials.
 - (6) Service charges and fines.
 - (7) Student store sales (includes the sale of confections).
 - (8) Special sales (not designated as money-making drives).

2. Profits from student body activities which are supported by the general student body organization become general student body funds. They may not be later credited to any trust accounts of special groups.
3. All monies collected from students on school premises, all receipts for the student body, and all drive collections must be deposited through the school student body finance office.
4. The total cash received for an event must be receipted and deposited into the appropriate bank account.
5. Expenses must be paid by check or petty cash and not directly from the proceeds of the event. Supporting invoices and receipts are required for payment and should be marked "PAID" to preclude double payments.
6. Whenever there is an admission charge, admission controls are required, i.e., tickets. Admission tickets must be prenumbered. Tickets, other than admission tickets, may be used as script in connection with sales, festivals, or other events.
 - a. A record must be maintained to provide control of tickets.
 - b. The Perpetual Inventory of Tickets (Form 63-HN-61) must be used to maintain inventory control of tickets. Attach the first ticket of each roll to this form.
7. All sales tax must be paid through the student body books to the State Board of Equalization.

D. List and Guidelines for Income and Fund Raising Activities

1. "A-Thons" (Endurance Contests) Sponsored by the Student Body or School Clubs
 - a. The DACE may conduct walk, jog, cheer, sports, academic, dance, or other "thons" within reason.
 - b. "A-Thons" are to be held on school grounds.
 - c. All "thons" require authorization (use Form 34-EHJ-8).
 - d. All monies collected must be deposited in the appropriate student body account.
 - e. Consideration should be given to the following:
 - (1) Students under 16 must obtain written parental permission prior to participation.

- (2) Activity should be supervised and individual student progress/condition monitored.
- (3) Supervisors should have easy access to current emergency cards.
- (4) The weather should be considered as to how it might affect student safety (e.g., excessive heat, smog, rain, etc.).

2. Concessions

- a. Agreements with firms for concession sales of merchandise on school premises may be negotiated with authorization. Vendors must have adequate insurance and proper licenses.
- b. Concession sales in connection with general student body activities and the profits therefrom shall be general student body funds.

Exception: Club and classes may earn up to 50% of the net profit for services provided to the student body at such authorized student body functions as festivals, concession sales, popcorn sales, etc. This does not apply to public appeal fund raising or similar sales.

3. Confections

Confections may be sold in the student store at the discretion of the principal.

4. Entertainment

- a. Pay assemblies or entertainment, dances. No authorization required **for the event.**
- b. Carnivals or festivals. Authorization required.
- c. Admission charge should be set to permit the maximum number of students to attend.
- d. Door prizes may be given at dances or other activities where the primary benefit to the ticket buyer is the dance or other activity and the prize is secondary.

5. Food Sales

- a. Food should be delivered the same day it is to be served.
- b. A Food Handler's Health Certificate, valid for one year, issued by either a school physician or nurse, is required for all persons preparing, serving, or

selling food for student body fund raising activities on campus. Certificates are to be kept on file in the school office.

- c. All food sales are subject to the health requirements concerning foods prepared outside of schools.

Food prepared in private homes:

Permitted

Cakes
Candy
Cookies
Pies or tarts, fruit
or berry

Salads, fruit or vegetable
(non-egg or non-dairy
product dressing)

Prohibited

Baked beans
Casserole dishes
Cream fillings
Custards
Fish
Foods with dairy products
Sandwiches
Whipped cream

Home-canned foods
Meat
Meat loaf
Products containing:
mayonnaise (e.g., tuna salad,
potato salad, macaroni salad,
deviled eggs) popcorn balls

6. Photography (Outside Vendors)

- a. May be used as a source of income at the discretion of the school principal.
- b. No authorization required

7. Recyclable Drives

- a. Authorization required
- b. Drives are limited to paper, plastic, or metal. No glass drives may be held.
- c. Saturday, Sunday, and holiday collections on school grounds must have a Board employee present to assume responsibility for securing all doors and gates.
- d. Paper and plastic should not be stored on the grounds overnight, within 10 feet of buildings, or on public property (sidewalks, etc.).

- e. School must set a deadline for bringing paper and plastic materials to the grounds so trucks will not be kept waiting.
- f. A sufficient number of bags for plastics and strings for paper must be delivered by the company in advance of the drive. Companies are not expected to furnish bags or strings unless this is part of the written confirmation. Schools are required to return all unused bags and string supplied by the salvage dealer.
- g. Deposits of paper and plastic should be as far away from the recreation areas as practical and remain under supervision until removed by the salvage company.
- h. Companies must agree to remove all debris from the collection area but are required to pay only for acceptable material.
- i. The use of roll-off containers on school grounds is prohibited.

Recycle dealers shall be held responsible for any damage a truck causes to school property, including the blacktop.

Exception: If only scrap aluminum is loaded, because of the lesser weight, the roll-off container may be used if it can be placed where a truck does not have to drive on the recreation areas.

- j. Procedures:
 - (1) At least two weeks before the drive, the company must send the principal a written confirmation of the date and time of the drive, the price to be paid, and what materials are acceptable. This price is a firm commitment and must be carried through unless the company is released in writing by the principal.
 - (2) Within five days after the drive, a check for payment of salvage materials and the accompanying weight slip must be remitted to the school. The check must be made payable to the school student body.
 - (a) The weight slip should be dated and timed appropriately to document the distance from the school to the scales of a weightmaster approved by the County Sealer of Weights and Measures. Trucks shall not be weighed on public scales located on their own property.
 - (b) Weight slips must be issued separately for paper and plastic.
 - (c) School should give the Student Body Finance Section written verification whenever payments for salvage are in arrears or there are weight slip irregularities.

k. Paper Drives

- (1) To prevent injury to students, precautionary measures should be taken to assure that papers be tied in bundles not over 6" thick or weighing over 15 pounds or 12" thick or weighing over 30 pounds.
- (2) The loading of papers onto salvage dealer's vehicle shall be the responsibility of the salvage dealer. Students, parents, or school personnel may not be used.

l. Car Washes

- (1) May not be held on campus
- (2) Site used must have a "hold harmless agreement" for insurance
- (3) May be student body, class, or club activity

E. Prohibited Activities

1. Raffles or games of chance
2. Rides - mechanical or animal
3. Use of darts or arrows
4. Objects thrown at a live target
5. Use of water tanks into which a person is "dunked"
6. Destruction of old cars or similar objects by hammer, etc.
7. Sales of cosmetics, used jewelry, or used clothing, manicure or makeup booth
8. Trampolines or mini-trampolines
9. Car washes unless off campus with written "hold harmless" agreement
10. Rental to outside persons or groups of District-owned facilities, grounds, or equipment, unless the student body has rented the grounds, facilities, or equipment from the District for that intent. Liability insurance must be obtained by the student body.

8. GIFTS AND DONATIONS

A. Gifts to the Student Body

Gifts may be made to either the District for use at a specific school related to the instructional program, or to the student body for student activities. In either case, the gift should be accompanied by a letter or other instructions that describe the gift and purpose or intent of the gift.

For gifts to the student body, the following applies:

1. Cash Donations for Student Body Activities
 - a. Requires authorization on Request for Authorization for Student Body Expenditures and Receipts, Form 34-EHJ-8. Cash donations may be received and held in custody of the school student body pending authorization.
 - b. Must be recorded in the student body books.
 - c. When expended, is subject to all proper procedures for expenditure of funds.
2. Other Gifts
 - a. Requires authorization on Request for Authorization for Student Body Expenditures and Receipts, Form 34-EHJ-8. Items may be stored on school site pending authorization.
 - b. Equipment items also require a Request for Inspection and/or Installation of Student Body Equipment.
 - c. Gifts of intrinsic value, if not acceptable for student body use, may be traded or sold provided that two or more bids are obtained. This requires authorization on Request for Authorization for Student Body Expenditures and Receipts, Form 34-EHJ-8. The sale is subject to sales tax. Advice on such sales may be obtained from the Student Body Finance Section.

Note: Donation for other than student body purposes should be processed by completing Form 79.43 (Loan or Donation of Educational Materials) and then submitted to DACE Fiscal Services.
(This will be credited to the School's Donation account)

B. Gifts to the Student Body from Classes or Organizations

1. To receive gifts of money, materials, or equipment from classes requires authorization on Request for Authorization for Student Body Expenditures and Receipts, Form 34-EHJ-8.
2. Gifts identified as coming exclusively from a particular student group must be financed entirely by the group, including installation and other incidental expenses, if any.
3. Classes may contribute toward a project undertaken by several classes or by the student body.
4. Gifts of equipment from outside sources may also be given directly to the District.
5. Schools receiving gifts or anticipating expenditures of student body funds for equipment which will require the services of the Business Services Division for approval should submit their request for authorization prior to May 1 so that transactions may be completed before school closes.

DIVISION OF ADULT AND CAREER EDUCATION (DACE) STUDENT BODIES MAY NOT DONATE MONEY TO THE DISTRICT TO PURCHASE ITEMS FOR USE IN THE INSTRUCTIONAL PROGRAM.

9. CHARITABLE DRIVES/FUND RAISING ACTIVITIES

A. Charitable Drives Approved by the Board of Education

Charitable drives for some outside agencies, such as LAUSD Consolidated Charitable Campaign are approved and authorized by the Board of Education.

1. They do not require authorization on Form 34-EHJ-8.
2. Specific instructions for each collection for these drives are issued currently in bulletin form.

B. Other Charitable Fund Raising Drives Initiated by the School

Additional charitable/fund-raising drives are allowed as follows:

1. Schools are permitted to hold additional charitable/fund-raising drives for an out-of-school project which is initiated by the faculty and students and which is one that can serve an educational purpose.
2. It requires authorization on Form 34-EHJ-8
3. Basic purposes for such a drive are as follows:
 - a. To permit support of a worthy project of local or national interest.
 - b. To retain at the school level the right of the staff and/or students to initiate projects.
4. Participation is entirely optional at each school
5. Student bodies may hold a dance or other entertainment or sale, the proceeds of which may be donated to charity. **Designation of the charity must be made before the event.**

C. General Principles for Collections for Outside Agencies

1. As far as practical, administrators shall confine collections of money from students and employees to one week for any charitable drive.
2. Contributions and participation by students and employees shall be entirely voluntary.

3. No contests shall be held or rewards or prizes be offered or accepted in connection with charitable drives.
4. An approved program in appreciation for the total effort may be held for the entire student body.
5. No quota for any individual, school, group, or the District as a whole shall be established or accepted in a charitable drive.

D. Other Charitable/Fund Raising Activities Initiated by Non-School Groups

1. Schools participation in the publicizing of any outside activity is optional, at the discretion of the principal.
2. Any oral or written publicity at the local school level must include an appropriate disclaimer indicating that the activity is not sponsored, authorized, or in any way endorsed by either the school or District.
3. Principals who choose to publicize outside activities should be advised regarding the following:
 - a. Printed materials advertising specific activities may be made available for interested students in some convenient location such as the counter in the main office.
 - b. Posters may be displayed in appropriate locations approved in advance by the principal.

Such posters must be accompanied by a note which states: "This activity is not sponsored or endorsed by either this school or the Los Angeles Unified School District. Pupils who participate in this activity may only do so as individuals and not as students attached to, or in any way representing, either the school or the school district."

- c. Student attendance at any meeting or assembly to publicize an outside activity must be optional. Such meetings or assemblies are not to be held during the instructional period.
- d. Sponsor sheets may be circulated only by students and at times and locations designated as free speech times and locations.
- e. There are to be no monetary transactions at any school. District employees are not to be involved in any way in such transactions.

10. EXPENDITURE OF STUDENT BODY FUNDS

A. General Principles

1. All expenditures of student body funds must be approved by the principal, or person designated by the principal.
2. All authorizations are valid only for the school year in which authorization was received. Verbal authorizations cannot be granted.
3. No student body shall be obligated to pay for any expenditure made by a student, teacher, or by any other person who had not first received a written purchase order issued by the financial manager.
4. Reimbursement of money spent improperly shall be the responsibility of the school principal as trustee of student body funds.
5. District employees or others may not make purchases through a student body for the purpose of deriving advantage of the student body purchasing privilege (Board Rule 2545).

B. Request for Check or School Purchase Order

To expend class/club or student body funds, the activity sponsor shall submit IN ADVANCE a Request for Purchase Order or Check to the financial manager for issuance of a purchase order, check, or cash. This request must include the following information:

1. To whom, where, and how payment is required
2. Purpose for which the purchase is to be used
3. Which account is to be charged
4. Description of the item
5. Quantity desired
6. Unit and total price
7. Signed approval by the principal.
8. Signed approval by class/club sponsor when appropriate.

No student body shall be obligated to pay for any expenditures made by a student, sponsor, or any other person who has not received a purchase order in advance from the financial manager.

C. Permitted Expenditures

Expenditures that MAY BE MADE from student body funds are as follows:

Authorization From Student Body Finance Section Required Prior to Purchase/Expenditure (Form 34-EHJ-8)

1. Adult assistant, parking lot attendants, and Photo ID salaries
2. Alarm systems may be installed in the student store or library and paid for with student body funds
3. Armored car service
4. Buildings or other structures related to student body activities
5. Bulletin boards/signs
6. Computer Software (over \$500.00)
7. Curtains and draperies (materials must be fire proofed)
8. Designated Equity Accounts
9. Equipment
10. Equipment, whether purchased, rented, or borrowed which is to be attached to the building, connected to the utilities systems; or motorized vehicles/equipment (See Section E on page 37)
11. Gifts or loans to other District student bodies
12. Office accounting machines (Computer, Printer, Adding Machine, Typewriter, etc.) for student body office use only
13. Pictures, art objects, statuary

14. Plants and trees for student areas
15. Police or security protection for student body activities
16. Purchase made from any District employee (Board Rule 2554)
Only the Principal's Approval Required Prior to Purchase/Expenditure
 1. Awards in recognition of achievement, for groups or individual for service or honor to the school other than instructional
 2. Books for the library
 3. Cleaning, repairing, moving, and maintaining student body owned equipment or facilities
 4. Entertainment (Including DJ's up to \$500)
 5. Graduation expenses which enhance the District program such as increasing the seating capacity, purchasing flowers, printing of program
 6. Hospitality not to exceed \$1500 per year. (Hospitality is a token of appreciation extended by the student body to guests or those who perform a service for, or bring honor to, the student body. It should not be construed to include courtesy meals or refreshment for District employees. This amount may be adjusted periodically by Student Body Finance Section)
 7. Materiel for sale in shop, art, and craft classes
 8. Memorial expenditures only for deceased students or personnel of the school
 9. Membership are permitted in local Chambers of Commerce, Coordinating Council, Kiwanis, Rotary, Lions, Optimist, and industrial associations. Membership must be of benefit to the student body. Total expenditures for membership participation is limited to \$1500 per year and excludes memberships in professional and educational organizations. Membership must be in the name of the student body
 10. Merchandise to be sold in student store

11. Open house (Basic) or similar activity. Student body funds may be used to enhance or upgrade the program. Refreshments may be sold or provided free to all students and parents.
12. Publications such as school student newspaper
13. Supplies, forms, and postage for student body use only.
14. Supplies and replacement parts for student body owned equipment
15. Student body handbooks provided they are not the primary source for instructional or administrative information. Such information must also be available from District sources at the school

D. Prohibited Expenditures

Expenditures that MAY NOT be made from student body funds are as follows:

1. Expenditures to augment or enrich the instructional program.
2. Any purpose which represents an accommodation, loan, or credit to District employees or persons other than students (Board Rule 2545).
3. Articles for the personal use of District employees or other persons.
4. Contributions to fund raising drives from general student body funds, except as requested by the Superintendent and/or Board of Education (Board Rule 1255).
5. Contributions to out-of-school organizations, except for memorial expense. (In some cases, expenditures may be shared by the student body and the District. Please call the Student Body Finance Section for assistance).
6. Expenditures for faculty meetings, District employees, accreditations, etc.
7. Repair and maintenance of District equipment and buildings.
8. Textbooks
9. Student Body and/or individual memberships in professional organizations.
10. Advertisement of the school classes and/or educational opportunities.

11. Salary for employees doing district work, like general office workers, T.A.'s, and S.I.S. operators, etc.

E. Expenditures/Procedures for Special Student Body Equipment Purchases

1. Prior to submitting a request for authorization (Form 34-EHJ-8) for equipment that will be attached to the building or ground, or which requires permanent connection to the public utilities, the school should determine the needs and obtain plans and specifications.

It is also desirable to obtain tentative approval from the Assistant Superintendent before detailed planning of the project is initiated.

F. Contracts (Authorization Required)

1. The principal and/or financial manager shall solicit competitive bids from at least three firms for vending and catering contracts. Evidence should be on file that at least three bids were solicited. As much as possible, these contracts should be limited to one year unless there is sufficient justification to enter into a long-term contract, but in no way should the contract exceed more than five years.
2. Student bodies may obligate themselves for the purchase of equipment, supplies, maintenance contracts or services for a period not exceeding three years.
3. Contracts that exceed three years must be approved by the Assistant Superintendent of DACE and Student Body Finance Section.

11. STUDENT BODY EQUIPMENT

A. General Guidelines

1. It is the principal's responsibility to protect the student body's investment in equipment.
 - a. By providing supervision for proper use and care.
 - b. By obtaining approval on Form 34-EHJ-8 when required, before permitting purchase, installation, and use.
 - c. By seeing that an adequate perpetual inventory is maintained, and a periodic physical inventory is taken.
2. The use of student body funds will be limited to those projects which supplement basic expenditures of the District and which represent expenditures for recreation, culture, morale building activities, and projects which increase the income of the student bodies.

B. Equipment Purchase Contracts

1. Before any contract is let, sufficient funds to meet contract requirements must be earmarked at the school. These funds shall be subject to withdrawals for progress and/or completion payments.
2. Available funds may be used to purchase equipment; this requires authorization on Form 34-EHJ-8.
3. A designated equity account may be established from undesignated equity for the purchase of equipment at a later date.
 - a. Setting up a designated equity account requires authorization on Form 34-EHJ-8
 - b. When sufficient funds have been accumulated in the account, a second request for authorization to purchase the equipment must be submitted on Form 34-EHJ-8. This second authorization request must include the following:
 - (1) Purchase price and estimated cost to install and inspect
 - (2) Two copies of a plot plan location, or line drawing giving reference to adjacent buildings, and plans and specifications which indicate size, materials, mounting, or installation details. Pictures or brochures from the vendor are helpful in expediting the processing of request.

- c. Designated equity account for a specific project must be expended within a three-year period, returned to the student body general fund, or may be renewed for a specific period.

C. Gifts of Equipment to the Student Body

See Section 8, pages 38-39.

D. Inspection of Student Body Equipment

1. When installation is completed by a vendor, the school will be billed for the cost of inspection by the District.
2. No work should be considered complete nor final payments made until the Maintenance and Operations Branch has determined that District standards, specifications, and requirements have been met and red tag is removed.

E. Insurance Coverage for Student Body Equipment

Insurance coverage on student body equipment is as follows:

1. Self insurance is carried on student body equipment listed on the current annual student equipment inventory, Form 30.10.
2. Items purchased after the annual student body equipment inventory has been submitted are automatically covered by the self insurance program.
3. Student body funds may not be used to insure District owned equipment.

F. Inventory

1. Equipment owned by the student body shall be labeled to indicate ownership.
2. Inventory records on all student body owned equipment must be maintained on a current basis for insurance coverage.
 - a. Add new items as they are received.
 - b. Delete equipment that has been transferred, sold, traded, or discarded.
3. Periodic physical inventory of equipment will be required to keep the record current.

4. Equipment purchases are NOT capitalized. For insurance and control purposes, only equipment worth \$500 or more are to be recorded on the student body books. Equipment Inventory Control account is debited while Equipment Inventory Reserve account is credited. To write off any lost, damaged or obsolete equipment, reverse the entries. To document the write-off, a journal entry with the principal's approval is required.
5. An annual report will be required by the Student Body Finance Section and/or the Auxiliary Services Trust Fund.
6. Equipment card/file or a computerized spreadsheet/database file should be prepared for all student body equipment. See form 63.H-69 Record of Student Body Equipment for use or computer formatting.

G. Maintenance of Student Body Equipment

1. Student body owned equipment shall be maintained by using student body funds.
2. Student body funds shall not be used to maintain, service, repair, or move District owned equipment.
3. District funds shall not be used to maintain, service, repair, or move student body equipment.

H. Rental and Loan of Student Body Equipment

1. Rentals and loans of student body equipment are made at the discretion of the principal.
2. Rentals and loans may be made for use on school grounds to any organization which functions as part of the District or to an organization which holds a Civic Center Permit.
3. Rentals and loans may be made to another District school or its student body for use on its grounds.
4. No authorization is required, but a written agreement is advised.
5. No rental fee may be charged for District equipment.

6. It is recommended that rental fees be charged to outside groups for use of student body owned equipment to cover reasonable depreciation and maintenance costs. Equipment should not be made available indiscriminately and its use should be supervised. A deposit should be required to guarantee payment.
7. Loan of student body equipment may be made under the following conditions:
 - a. Student body equipment should not be loaned to individuals or outside organizations.
 - b. Loans of equipment to other schools should occur only after written approval of the principal of the lending school and written acceptance of responsibility by the principal of the borrowing school are given.

I. Sale or Trade of Student Body Equipment

Sale or trade of student body obsolete equipment may be made under the following conditions:

1. Authorization on Form 34-EHJ-8 is required
2. No District equipment may be sold or traded in lieu of student body equipment.
3. To Sell Equipment
 - a. Two bids are recommended or other procedure that will assure the best return to the student body. Amount should be stated on the authorization request.
 - b. Payment of sales taxes is required.
4. To Trade Equipment

Description of the transaction including trade allowance must be shown on the authorization request.
5. Obsolete equipment may be discarded at the discretion of the principal **with appropriate documentation.**
6. Equipment which is disposed of should be removed from the inventory list.

7. Transactions with District employees may be made under the following conditions:
 - a. The purchase, sale, exchange, or repair of equipment from, to or by District employees or members of their families is discouraged and should be entered into only after thorough and documented investigation and appraisal by acknowledged competent neutral persons.
 - b. Such transactions must be authorized on Form 34-EHJ-8.

J. Transfer of Student Body-Owned Equipment to the District

1. Equipment still in use by the student body for the majority of the time may not be donated to the District.
2. Equipment may be offered to the District only after 51% of its estimated usable life at the time of acquisition (gift or purchase) has expired. Call Maintenance and Operations Branch for a determination of usable life. This applies to both new and used equipment.
3. Application for transfer of student body-owned equipment to the District should be made on Form 34-EHJ-8.
4. When the District has accepted the equipment, the item should be deleted from the student body inventory and marked to indicate ownership by the Los Angeles Unified School District.
5. The District assumes no obligation for replacement.
 - a. In case of loss, replacement of District owned equipment is dependent upon availability of equipment replacement funds.
 - b. After equipment has been transferred to the District, it may not be turned in by the student body to purchase new equipment.
6. District owned equipment may be moved by the District from one location to another.
7. Student body funds may not be used to maintain or repair equipment that has been transferred to the District.

12. BOOKKEEPING AND ACCOUNTING PROCEDURES

A. Monies Collected

All monies collected from students on school grounds, all monies for the student body, and all fund raising collections shall be deposited through the student body finance office.

Collections by teachers, class sponsors, librarian, and textbook clerk shall be turned into the finance office at least once a week and on the last calendar day of the month.

TO ASSURE THAT ALL COLLECTIONS ARE TURNED IN, A SYSTEM SHOULD BE ESTABLISHED TO DETERMINE UNSOLD ITEMS/INVENTORIES AT THE CLOSE OF THE MONTH.

1. **All monies should be rung up on the cash register BEFORE being deposited in the bank.**
2. If a cash register is not in use:
 - a) Prenumbered master receipts, prepared in triplicate, must be completed as cash or checks are received. One copy is given to the payer; two copies are retained for the student body records.
 - b). Never erase or alter a receipt. If an error is made, mark the receipt "Void", retain all copies, and write a new receipt.
3. Checks should be endorsed, immediately upon receipt, with an endorsement stamp with the wording "For Deposit Only."
4. Credit cards may be accepted for payment for student body book or photo ID sales, for registration or class fees, and for other miscellaneous receipts. Presentation of proper identification is required.

B. Disbursements

1. Policies governing student body expenditures apply regardless of whether payment is made by check or petty cash fund.
 - a. Evidence supporting all expenditures must be kept on file and marked "PAID" to preclude duplicate payments.
 - b. Properly approved invoices or receipts are required. Canceled checks do not meet this requirement.

2. Reimbursement may be made for expenditures for student body purchases only upon presentation of:
 - a. An approved Petty Cash Voucher or Request for Check or Purchase Order identifying the expenditure.
 - b. The invoice or receipt.
3. Salary expenditures of student body workers should be made against duly approved and certified time sheet.

C. Bank Deposits

1. Deposit slips should be prepared daily to include all receipts on hand. Deposits to the bank should be made daily when collections/receipts total \$1000 or more. Regardless of amount, deposits to the bank should be made at the end of the week, and on the last day of the month. A copy of the deposit slip should be attached to the daily receipt record (Cash Register Master Receipt (CRMR) summary.)
2. Care should be taken that large sums of money are not kept on hand.
 - a. A special trip to the bank may be necessary when large collections are received.
 - b. Money or securities taken from school premises to a bank or other destination should be entrusted only to a person authorized by the principal.
 - c. Friday deposits are most important because of weekend hazards.
3. If a check which has been deposited is returned by the bank, a journal entry must be made. Steps must be taken to immediately collect cash from the maker. These steps should be documented. The collection shall include any service charges imposed. A school may also charge the maker an additional fee to cover handling cost to the finance office for returned checks.

D. Armored Car Service

1. For most schools, the District contracts with armored car service companies to provide bank deposit service. The cost of this service is charged to student body funds. For schools located on the campus of a senior high school, arrangements may be made with the high school to have your bank deposit picked up with their bank deposit. The arrangements would be made between the school principals. Payment may be requested by the senior high school student body.

E. Petty Cash

1. A petty cash fund may be established for making small cash expenditures. Issue a check payable to the employee responsible (financial manager or principal) to establish the fund.
2. Evidence supporting all petty cash expenditures must be kept on file, including all invoices and/or receipts.
3. When the petty cash balance becomes low, the fund should be replenished for the amount expended by issuing a check payable to (school name) petty cash fund or to the employee responsible for the fund. These expenditures should be debited to the appropriate ledger accounts.

F. Financial Reports

1. The following financial statements are required to be completed and retained in the school at the close of each month: Trial Balance, Balance Sheet, and Bank Reconciliation. A copy of each must be provided to the principal monthly.
2. The financial statements as of December 31, March 31, and June 30, are due not later than the third Friday of the following month. Copies should be sent to the Student Body Finance Section. The Assistant Superintendent will be notified of schools whose financial reports are over five days past due.
 - a. Trial Balance
 - b. Balance Sheet
 - c. Profit and Loss Statements
 - d. Ending Inventory Reports
 - e. Bank Reconciliation including a copy of the Bank Statement.
 - f. Imprest Fund Reconciliation.

See Quarter end procedure handouts for complete list of all required reports.

3. Quarterly Tax Reports must be prepared and submitted to the State or Federal agencies. Reports must be submitted by the due date in order to avoid penalties and interest charges.
4. Remittances to the District for damaged property and lost or damaged textbooks must be made by June 30.
5. Remittances to the District for registration fees, class/material fees, video deposits, and book deposits must be made at specified intervals.
6. Copies of all financial reports should be provided to the principal for review.
7. Special reports may be requested by the principal, Student Body Finance Section, or may be initiated by the financial manager.
8. Collect all outstanding tickets, receipt books, class receipts and all financial stationery from faculty members before the close of school.
 - a) Notify the principal if any faculty/staff member fails to return the above items.

G. Year-End Procedures

See the annual year-end closing bulletin issued by the Student Body Finance Section.

H. Audits

1. Student body funds are regularly audited by the Office of the Inspector General.
2. Periodic checks are also made by Student Body Finance Section, contract auditors employed by the District, or representatives of the state or federal government.

I. Sales Tax

1. The student body is required to pay tax on the sale of all taxable articles.
2. A Retail Seller's Permit should be obtained from the State Board of Equalization, by each school selling taxable articles. This permit is valid until revoked.
3. The sales tax is computed at the current tax rate for the combined state and local taxes.

4. Sales and Use Tax Report must be prepared and submitted to the State Board of Equalization periodically, usually on a quarterly basis. To avoid penalties and interest charges, this report must be submitted on or before the due date.
5. Tax payments must be made on gross sales of all taxable items whether sold by the student body or vendor, even though the items may have been donated. Exceptions are outlined in 7 below.
6. Sales tax collected from all activities held on school grounds by the student body and/or class/club should be carried on the student body books until remitted to the State Board of Equalization.
7. When 100% of the profit is retained by the class/club, sales tax is paid to the vendor on the purchase price of the taxable articles. These sales are not reportable on the State, Local and District Sales and Use Tax Return. Sales of merchandise to other schools for resale is not taxable. Final sale to the consumer/user is taxable.

J. Preservation and Destruction of Records

1. Fiscal year end reports including the pre-fiscal year end backup must be kept permanently.
2. All other records are to be destroyed in accordance with bulletins issued each year regarding the destruction of student body records. However, records over five years may be destroyed only after they have been audited.
3. Disposal should be supervised by the financial manager in order to ensure complete destruction.

K. Writing Down the Value of Obsolete Merchandise

1. Inventories should be reviewed periodically.
2. Efforts should be made to salvage obsolete or damaged merchandise. The following steps may be taken:
 - a. An effort must be made to return unsold merchandise to the vendor.
 - b. Other schools should be contacted to make known the availability of the merchandise. Negotiations then can be made to either sell or trade the merchandise.
 - c. The sales price can be reduced to cost or below cost, whichever allows the merchandise to be sold.

- d. If all efforts to return or sell the merchandise fail, the merchandise should then be written off and can then be used as promotional prizes, donated to a worthy cause, or discarded, at the discretion of the principal.
3. A journal entry properly approved by the principal, to remove the merchandise from the student body books, must be made.
4. Records of disposition of the merchandise must be maintained for auditing purposes.

13. INSURANCE

A. Self Insurance (Including Fire)

1. Schools are self-insured for losses on equipment, and cash.
2. Coverage up to \$10,000 is provided by the self-insurance program. Each school contributes annually an equal amount to the program.

The self-insurance fund pays 75% up to \$5,000 less \$500 on equipment losses and 100% up to \$10,000 less \$200 on cash losses. Claims are initiated with the theft/loss report from the School Police Department.

3. If money, or equipment are recovered, notify the School Police Department and the Auxiliary Services Trust Fund Unit. Schools will be asked to reimburse the self-insurance fund if a loss payment has occurred for recovered stolen property.
4. Notify the Maintenance and Operations Branch if repairs need to be made because of damage from forcible entry or vandalism.
5. Safes damaged by burglary will be repaired by Maintenance and Operations Branch.

B. Comprehensive Liability Insurance

1. Coverage for comprehensive liability is carried by the District to protect the District, student body organizations, and all their employees, while acting within the scope of their employment, against liability for negligence involving personal injury or damage to property.
2. Claim procedures are as follows:
 - a. The District's liability insurance contract requires that adjustment of claims shall be negotiated only between the insurance company and the claimants. Employees should make no statements concerning the settlement of claims.
 - b. All claims and communications filed at schools should be forwarded to the Insurance Section immediately with notation of time and place of filing and the name and title of the person served.
 - c. Accidents on school grounds should be discussed only with authorized representatives of the District or the District's insurance carrier. Any correspondence, telephone calls, or visits from any other persons should be referred to the Insurance Section.

C. Fidelity Bond

A fidelity bond protects the District and the student body organizations against loss of money or other property because of the dishonest act of an employee. There is a \$50,000 deductible per occurrence. Claims are initiated with a report by the school administrator to the Auxiliary Services Trust Fund Unit and School Police Department.

D. Premium Payments

Each year, based on the previous year's losses and available funds, the Auxiliary Services Trust Fund Unit determines the amount schools will contribute to the self-insurance fund. School student bodies are billed by the Auxiliary Services Trust Fund Unit. Every attempt is made to limit collections to once a year, though subsequent collections may be needed as losses/claims increase and funds decrease.

E. Workers Compensation Insurance

Student body employees are automatically covered by Workers Compensation Insurance.

14. STUDENT BODY EMPLOYEES AND INDEPENDENT CONTRACTORS

A. Payments to Student Body Employees from Student Body Funds

1. Student bodies may hire student or adult employees needed to perform work involved in the conduct of student body activities, and to supplement those services performed by the financial manager for the student body. Student body employees may include: assistants for student body clerical duties and sales, photo ID picture taking, parking lot attendants and assistants for other student body activities. Prior authorization is required for all student body employees.
2. Employment of adults including the financial manager by the student body requires authorization on Form 34-EHJ-8.
3. Work permits are required for all employees under the age of 18.
4. Salaries paid students must meet the minimum wage law.
5. Withholding and other tax regulations must be followed with respect to all salaries or wages paid to adult and student employees.
6. Adult student body employees are automatically covered by a fidelity insurance and workers compensation insurance.
7. Accidents to student body employees are handled in the same manner as that prescribed for District employees.
8. Student body employees may not be directly supervised by any person who is a relative.

B. Payments to Certificated Personnel from Student Body Funds

1. In the following situation, certificated personnel SHALL NOT receive payment(s) from student body funds:
 - a. Persons on the District Master Salary Schedule assigned to administrative positions for performing any duty related to their position. An example would be: Administrators shall not receive salary payments from Student Body Funds for supervision of any school-sponsored activity related to the school where they are assigned.

C. Hospital-Medical Program for Student Body Employees

1. Financial managers are covered as employees of the District.
2. For purposes of the Hospital-Medical program, the following shall apply:
 - a. Eligibility:

Every student body employee who is regularly assigned and works 20 hours or more a week shall be eligible to participate in the program.
 - b. Contributions:

All such contributions shall be made by the student body employee and/or the student body organization.
3. Premiums
 - a. A portion of the premium may be paid from student body funds, since the student body is the employer. The student body contribution is determined at the site level by the principal and the financial manager.
 - b. The employee assumes the remaining cost of the premium.

D. Taxes

1. Withholding Taxes (Federal and State)
 - a. Withholding tax regulations must be followed with respect to all salaries and wages. A W-2 form is issued annually to all student body employees.
 - b. Employer's Tax Guide (Circular E) should be obtained from the Internal Revenue Service for instructions relating to withholding, deposit, payment, and reporting of federal taxes.
 - c. Employer's Tax Guide, obtained from the California Department of Benefit Payments, contains instructions relating to withholding, deposit, payment, and reporting of state withholding taxes.
 - d. Form W-4 – Employee's Withholding Allowance Certificate should be kept on file for each student body employee.
2. F.I.C.A. (Social Security)
 - a. F.I.C.A. regulations must be followed with respect to all salaries and wages.

- b. A report is required quarterly on Form 941. See Employer's Tax Guide (Circular E) for instructions.

3. Medicare

- a. F.I.C.A. regulations must be followed with respect to all salaries and wages.
- b. A report is required quarterly on Form 941. See Employer's Tax Guide (Circular E) for instructions.

NOTE: In some instances, monthly deposit is required if the combined F.I.C.A., Medicare, including the student body's share plus any federal withholding tax exceeds a specified amount.

4. SUI/SDI, State Employee Training Tax

Student bodies are subject to state unemployment and state disability insurance and state employee training tax on all employees earnings in a quarter. (Except students who are qualified as exempt)

- a. SUI/State Employee Training Tax - This is the portion paid by the student body (employer) and is computed on a quarterly report at the rate prescribed.
- b. SDI - This is the portion paid by the employee. A percent is deducted from wages of employees. The rate is prescribed by the California Employment Development Department (EDD).

E. Independent Contractors

- 1. Independent contractors are those businesses or individuals who perform certain work for the student body on a contract basis. They are not employees of the student body. Examples would be a D.J., or a band for a student body dance.
- 2. Independent contractors are responsible for their own payroll taxes. No payroll taxes are withheld from the independent contractor.
- 3. A 1099 (Miscellaneous Income) form is issued to the independent contractor who receives compensation of \$600 or more annually.
- 4. Form W-9 – Request for Taxpayer Identification Number and Certification, for each independent contractor should be kept on file.

15. MISCELLANEOUS

A. Check Cashing And Acceptance

1. Personal checks WILL NOT BE CASHED for anyone.
2. Post-dated checks or two-party checks will not be accepted from anyone.
3. Student body payroll checks may be cashed for payee.
4. Student body refund checks may be cashed for the payee.
5. Checks may be accepted for sales of student body items, if approved by school policy.
6. Checks to establish change funds or to establish and replenish petty cash may be cashed by the financial manager.
7. The financial manager will attempt to obtain payment for all returned checks accepted for purchase of student body items. If the financial manager is unable to receive payment on returned checks, follow-up responsibility lies with the principal. All fees charged by the bank for handling such checks are to be paid by the maker of the check.

B. Long Outstanding Checks

As part of the fiscal year end closing procedure, checks outstanding for 6 months or more shall be taken off as reconciling items and credited to *Accounts Payable-Stale Checks*. A list of the items indicating the date of the check, the check number, the payee, and the amount should be prepared and kept in a separate file. At the end of the next fiscal year, any item remaining in accounts payable – stale check should be closed out to Prior Year Adjustment.

C. Services Provided For The District Through The Student Body Office

1. All collections for the District are deposited with student body funds to the credit of the appropriate District account and are sent at regular intervals as specified in other bulletins to the Accounting and Disbursements Division by student body check, made payable to the Los Angeles Unified School District. Collections from sanitary supply machines, and other similar activities should be sent in each month.
2. Forms used for the collection of fines and deposits of District owned books and equipment may be requisitioned from the standard District Supply List.

3. Collections for the District include payment received from the following sources and will be credited to the school's IMA by the Accounting and Disbursements Division.
 - a. Lost and damaged library books.
 - b. Lost and damaged textbooks.
 - c. Library fines.
 - d. Broken or damaged equipment.
 - e. Damage to buildings (e.g., windows, doors, walls, etc.).
 - f. Miscellaneous collections.
 - (1) Sanitary supplies vended in District owned machines.
 - (2) District supplies used for student body purposes or personal projects.
 - (3) Personal telephone calls.

D. Student Body Shops Used For Extra-Curricular Production

1. Student body funds may not be used to print forms or make other items for District use.
2. School student bodies may not use any shop print forms or make other items for outside groups/organizations. This eliminates the use of any shop as a fund-raising source.
3. No printing or making of other items is permitted for any organization other than the student body, or class/club, school-related activities, or other schools/districts as determined by the principal.
4. All shop services should carry a minimum of 10% service charge plus tax to cover student body expenses.
5. Keys to District property to permit operation of school shops outside regular school hours will be issued only to shop teachers employed by the District.

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