



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

**FORM 1 -- NOTICE OF A PUBLIC HEARING OR COMMENT PERIOD ON A PROPOSED RULE
(Page 1)**

AGENCY

Education

TITLE NUMBER

126

RULE TYPE

AMENDMENT TO EXISTING RULE

CITE AUTHORITY

Legislative Exempt

Yes

**W. Va. Code §§29A-3B-1, et
seq.; W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

SERIES NUMBER OF RULE BEING AMENDED 002

COMMENTS LIMITED TO

Written

DATE OF PUBLIC HEARING

LOCATION OF PUBLIC HEARING

DATE WRITTEN COMMENT PERIOD ENDS

Monday, June 11, 2012 4:00 PM

WRITTEN COMMENTS MAY BE MAILED TO

Amy Willard, Coordinator

WVDE Office of School Finance

Capitol Building 6, Room 215

1900 Kanawha Boulevard, East

Charleston, West Virginia 25305-0330

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes

**Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in
accordance with West Virginia Code §29A-3-11 and §39A-3-2.**



Title-Series: 126-002



Rule Id: 8619



Document 23687



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

**FORM 1 -- NOTICE OF A PUBLIC HEARING OR COMMENT PERIOD ON A PROPOSED RULE
(Page 2)**

AGENCY

Education

RULE TYPE

Legislative Exempt

SERIES NUMBER OF RULE BEING AMENDED 002

AMENDMENT TO EXISTING RULE

Yes

TITLE NUMBER

126

CITE AUTHORITY

**W. Va. Code §§29A-3B-1, et
seq.; W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

PROVIDE A BRIEF SUMMARY OF YOUR PROPOSAL

The new manual clarifies areas where questions existed in the prior manual and included some new issues that have arisen since the previous manual was issued or that were not covered in the older manual. The changes include: clarification that only one checking account may be maintained per fund; clarification of how to handle student activity funds of classes that have graduated; the requirement that outside groups must have liability insurance before they can use school property; and the requirement that schools must report any unclaimed property to the State Treasurers Office. The updated version of the manual provides more comprehensive guidance for school personnel who perform the accounting duties, which should result in stronger internal accounting controls for the schools. The updated manual also allows for the acceptance of computer generated schedules in place of manually prepared reports, which should reduce the amount of clerical time it takes to complete such required reports.

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

Yes

Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in accordance with West Virginia Code §29A-3-11 and §39A-3-2.



Title-Series: 126-002



Rule Id: 8619



Document 23687



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 1)

AGENCY

Education

RULE TYPE

AMENDMENT TO EXISTING RULE

Legislative Exempt

Yes

SERIES NUMBER OF RULE BEING AMENDED 002

TITLE NUMBER

126

CITE AUTHORITY

**W. Va. Code §§29A-3B-1, et
seq.; W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

**SUMMARIZE IN A CLEAR AND CONCISE MANNER WHAT IMPACT THIS MEASURE WILL HAVE
ON COSTS AND REVENUES OF STATE GOVERNMENT.**

**The policy revision will not have an impact on the costs and revenues of state government, nor will it have
an impact on the costs and revenues of the Local Education Agencies.**

**Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in
accordance with West Virginia Code §29A-3-11 and §39A-3-2.**



Title-Series: 126-002



Rule Id: 8619



Document 23687



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 2)

AGENCY

Education

RULE TYPE

AMENDMENT TO EXISTING RULE

Legislative Exempt

Yes

SERIES NUMBER OF RULE BEING AMENDED 002

TITLE NUMBER

126

CITE AUTHORITY

**W. Va. Code §§29A-3B-1, et
seq.; W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

**FISCAL NOTE DETAIL -- SHOW OVER-ALL EFFECT IN ITEM 1 AND 2 AND, IN ITEM 3, GIVE AN
EXPLANATION OF BREAKDOWN BY FISCAL YEAR, INCLUDING LONG-RANGE EFFECT.**

Effect Of Proposal	Current Increase/Decrease (use ' - ')	Next Increase/Decrease (use ' - ')	Fiscal Year (Upon Full Implementation)
ESTIMATED TOTAL COST	0	0	0
PERSONAL SERVICES	0	0	0
CURRENT EXPENSES	0	0	0
REPAIRS AND ALTERATIONS	0	0	0
ASSETS	0	0	0
OTHER	0	0	0
ESTIMATED TOTAL REVENUES	0	0	0

**Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in
accordance with West Virginia Code §29A-3-11 and §39A-3-2.**



Title-Series: 126-002



Rule Id: 8619



Document 23687



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 3)

AGENCY

Education

RULE TYPE

AMENDMENT TO EXISTING RULE

Legislative Exempt

Yes

SERIES NUMBER OF RULE BEING AMENDED 002

TITLE NUMBER

126

CITE AUTHORITY

**W. Va. Code §§29A-3B-1, et
seq.; W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

**3. EXPLANATION OF ABOVE ESTIMATES (INCLUDING LONG-RANGE EFFECT). PLEASE INCLUDE
ANY INCREASE OR DECREASE IN FEES IN YOUR ESTIMATED TOTAL REVENUES.**

N/A

**Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in
accordance with West Virginia Code §29A-3-11 and §39A-3-2.**



Title-Series: 126-002



Rule Id: 8619



Document 23687



**WEST VIRGINIA
SECRETARY OF STATE**

NATALIE E. TENNANT

ADMINISTRATIVE LAW DIVISION

eFILED

5/10/2012 4:23:56 PM

OFFICE OF
WEST VIRGINIA SECRETARY OF STATE

FORM 11 -- FISCAL NOTE FOR PROPOSED RULES (Page 4)

AGENCY

Education

RULE TYPE

AMENDMENT TO EXISTING RULE

Legislative Exempt

Yes

SERIES NUMBER OF RULE BEING AMENDED 002

TITLE NUMBER

126

CITE AUTHORITY

**W. Va. Code §§29A-3B-1, et
seq.: W. Va. Board of
Education v. Hechler, 180
W. Va. 451; 376 S.E.2d 839
(1988)**

**PLEASE IDENTIFY ANY AREAS OF VAGUENESS, TECHNICAL DEFECTS, REASONS THE
PROPOSED RULE WOULD NOT HAVE A FISCAL IMPACT, AND OR ANY SPECIAL ISSUES NOT
CAPTURED ELSEWHERE ON THIS FORM.**

N/A

BY CHOOSING 'YES', I ATTEST THAT THE PREVIOUS STATEMENTS ARE TRUE AND CORRECT.

**Charles K Heinlein -- By my signature, I certify that I am the person authorized to file legislative rules, in
accordance with West Virginia Code §29A-3-11 and §39A-3-2.**



Title-Series: 126-002



Rule Id: 8619



Document 23687

EXECUTIVE SUMMARY

WEST VIRGINIA DEPARTMENT OF EDUCATION

Policy 1224.1, Accounting Procedures Manual for the Public Schools in the State of West Virginia

Background:

County boards of education are authorized under the West Virginia Code §18-5-13 to control and manage all schools and school interests in a county, including the requirement that the schools keep records of all funds collected and disbursed by the schools, or any organization or body connected with a school. To assist with the endeavor, the State Board has developed an *Accounting Procedures Manual for the Public Schools in the State of West Virginia* to be used by all school personnel or school support organizations to ensure that the schools' financial records are maintained in a prescribed and uniform manner, consist with sound accounting principles. The manual is an inherent part of State Board Policy 1224.1 but is designed in such a manner as to be user friendly.

The previous version of the Accounting Procedures Manual was developed using the concept that a separate chapter would be provided for each different fund that a school could maintain, with the thought that each chapter would be complete and stand on its own so that users could "lift" and use as a reference just the chapters that pertained to them. However, in the past decade, schools have started consolidating financial activities for efficiency and have started maintaining the financial records of various activities, such as collections in the child nutrition program, gate receipts to athletic and music events, and faculty senate funds, as sub-accounts in the General Fund, rather than separate funds; therefore, the need to provide separate chapters has diminished.

Consequently, in this version of the manual, the various chapters have been condensed to just two chapters. Chapter 1 covers the financial activities of all school operations and Chapter 2 covers the financial activities of the school support organizations. This required a complete rewrite of the previous manual, so rather than try to do a strike and insert version of the manual, the previous version has been deleted and replaced completely with this version. All of the same accounting principles have been maintained, but this change eliminated the need to repeat those principles under each chapter.

Proposals:

The new manual clarifies areas where questions existed in the prior manual and included some new issues that have arisen since the previous manual was issued or that were not covered in the older manual. The changes include: clarification that only one checking account may be maintained per fund; clarification of how to handle student activity funds of classes that have graduated; the requirement that outside groups must have liability insurance before they can use school property; and the requirement that schools must report any unclaimed property to the State Treasurer's Office.

Impact:

The updated version of the *Accounting Procedures Manual for the Public Schools in the State of West Virginia* provides more comprehensive guidance for school personnel who perform the accounting duties, which should result in stronger internal accounting controls for the schools. The updated manual also allows for the acceptance of computer generated schedules in place of manually prepared reports, which should reduce the amount of clerical time it takes to complete such required reports.

Although this update of the manual does not make any substantial changes to the basic accounting procedures that have been in existence, county board personnel should provide training for all school personnel and school support organization personnel who perform accounting functions at the start of the new school year to familiarize them with the new format and ensure that they are aware of the accounting requirements that are contained within.

Response to Comments:

Policy 1224.1 – Accounting Procedures Manual for the Public Schools in the State of West Virginia

Revision

Stakeholders:

WV Department of Education:

- Joseph Panetta, Assistant Superintendent , Division of Student Support Services
- Lisa Wilcox, Coordinator, Office of School Finance
- Amy Willard, Coordinator, Office of School Finance

Office of School Finance Accounting Committee Members:

- Laura Matheny, CSBO, Jackson County Schools
- Steve Peer, CSBO, Mineral County Schools
- Connie Roberts, CSBO, Wood County Schools
- George Carver, CSBO, Upshur County Schools
- Jody Lucas, CSBO, Cabell County Schools
- Melanie Meadows, Chief Financial Officer, RESA III
- Kevin Hess, CSBO, Nicholas County Schools
- Darrin Butcher, CSBO, Raleigh County Schools
- Kim Thompson, Coordinator, Kanawha County Schools
- Stan Keller, Director of Accounting, Kanawha County Schools
- David McClure, CSBO, Greenbrier County Schools
- Karen Cummings, CSBO, Wirt County Schools
- Keith Butcher, CSBO, Raleigh County Schools
- Sharon Haddix, CSBO, Harrison County Schools
- Tracy Gunter, Coordinator of Accounting/Auditing, Putnam County Schools
- Michael Click, Director of Accounting/Internal Auditor, Raleigh County Schools
- David Harris, West Virginia State Auditor's Office

126CSR2

TITLE 126 LEGISLATIVE RULE BOARD OF EDUCATION

SERIES 2 ACCOUNTING PROCEDURES MANUAL FOR THE PUBLIC SCHOOLS IN THE STATE OF WEST VIRGINIA (1224.1)

§126-2-1. General.

1.1. Scope. -- This legislative rule prescribes the accounting requirements and establishes the minimum system of accounting practices and procedures that are to be used by the public schools throughout the State of West Virginia. County boards of education are to develop local policies and regulations that supplement the provisions specified herein.

1.2. Authority. -- W. Va. Constitution, Article XII, § 2; and W. Va. Code §§18-2-5, 18-5-13(a)(1), 18-9A-17 and 18-9B-1 et seq.

1.3. Filing Date. --

1.4. Effective Date. --

1.5. Repeal of Former Rule. -- This legislative rule repeals and replaces W. Va. 126CSR2, West Virginia Board of Education Policy 1224.1, "Accounting Procedures Manual for the Public Schools in the State of West Virginia," filed July 15, 1996, and effective August 14, 1996.

§126-2-2. Incorporation by Reference.

2.1. A copy of the Accounting Procedures Manual for the Public Schools in the State of West Virginia is attached and incorporated by reference. Copies may be obtained in the Office of Secretary of State and in the West Virginia Department of Education Division of Student Support Services.

2.2. Summary of the rules and regulations.

2.2.a. County boards of education, subject to the provisions of statute and the rules and regulations of the West Virginia Board of Education, have the authority and responsibility to require that records be kept of all receipts and disbursements of all funds collected or received by any principal, teacher, student, or other person connected with a school, and all programs, activities or other endeavors of any nature operated or carried on by or in the name of the school, or any organization

126CSR2

or body directly connected with the school, to audit such funds, and to conserve such funds. All such funds so collected shall be deemed quasi-public moneys, and shall be expended for the benefit of the students of the school.

§126-2-3. Severability.

3.1. If any provision of this rule or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this rule.

ACCOUNTING PROCEDURES MANUAL
FOR THE PUBLIC SCHOOLS IN THE
STATE OF WEST VIRGINIA

Office of School Finance
West Virginia Department of Education

Accounting Procedures Manual for the Public Schools in the State of West Virginia

Foreword

This manual prescribes the basic accounting requirements that have been established by the State Board of Education for the public schools in West Virginia. It revises the previous version of this policy.

The manual has been updated to provide guidance for contemporary banking and electronic signatures. It also clarifies areas previously unaddressed in the preceding edition.

Principals, secretaries, teachers, volunteers, and members of school support organizations will find this manual invaluable in discharging their duties as it relates to the financial operation of their organization.

The procedures described in the manual were developed by the Office of School Finance in cooperation with the Accounting Procedures Committee comprised of representatives from the Chief Inspector Division of the State Auditors' Office, RESA finance officers, and county Chief School Business Officials.

Jorea M. Marple, Ed. D.
State Superintendent of Schools

TABLE OF CONTENTS

Introduction	1
Chapter 1 – School Operations	2-28
1-1 Accounting System	3
1-2 Internal Control Structure	3
1-3 Separate Entity	3-4
1-4 Responsibility	4
1-5 Fund Accounting	4-5
1-6 Basis of Accounting	5
1-7 Accounting Records	5
1-8 Transaction Journal	5-6
1-9 Signatures	6
1-10 Bank Accounts	6-7
1-11 Investments	7
1-12 Collections	7-8
1-13 Accounts Receivable	8
1-14 Child Nutrition Accounts	8
1-15 Issuance of Receipts	8-9
1-16 Bank Deposits	9-10
1-17 Checks Returned by Bank for Insufficient Funds	11
1-18 Authorized Expenditures	11
1-19 Purchase Orders	12
1-20 Itemized Claim for Payment	12-13
1-21 Travel Expenses	13-14
1-22 Payment for Personal Services	14-15
1-23 Disbursement	15-16
1-24 Posting Disbursements	16
1-25 Tuition Remittance	16
1-26 Petty Cash	16-17
1-27 Stop Payments and Cancellation of Outstanding Checks	17
1-28 Reconciliation of Bank Statements	17-18
1-29 Event Receipts	18
1-30 Starting Cash	19
1-31 SSAC Tournaments	19
1-32 Uniforms, Equipment and Team Merchandise	19
1-33 Class Activity Accounts	19-20
1-34 Fund Raisers	20-21
1-35 Concession Sales	21
1-36 Vending Machine Sales	21-22
1-37 Faculty Senate Funds	22-24
1-38 Consumer Sales Tax on Sales	24-25
1-39 Consumer Sales Tax on Purchases	25
1-40 Business Registration Certificate	25-26
1-41 Monthly Financial Statements	26
1-42 Annual Financial Statements	26-27
1-43 Annual Examination	27-28
1-44 Records Retention	28

TABLE OF CONTENTS (cont'd)

Chapter 2 – Parent-Teacher Associations, Booster Groups and Other School Support Organizations	29-37
2-1 General	30
2-2 Organization.....	30-31
2-3 Transaction Journal	31
2-4 Bank Accounts	31-32
2-5 Collections	32
2-6 Disbursements	32-33
2-7 Posting Disbursements.....	33
2-8 Concession Sales	33
2-9 Fund Raisers.....	33-34
2-10 Event Receipts.....	34
2-11 Reconciliation of Bank Statements.....	34-35
2-12 Annual Financial Statements.....	35
2-13 Consumer Sales Tax on Purchases	35
2-14 Consumer Sales Tax on Sales	35-36
2-15 Business Registration Certificate.....	36
2-16 Review of Financial Records	37
2-17 Records Retention	37
Appendixes	
Appendix A – Sample Forms	39-51
Bank Reconciliation	40
Employee Travel Expense Reimbursement Request.....	41
Faculty Senate Teacher Allotment Itemized Expenditure Schedule	42
Faculty Senate Budget	43
Fund Raiser Profit/(Loss) Statement	44
Teacher's Cash Receipts Report.....	45
Ticket Log	46
Individual Ticket Seller's Report	47
Composite Ticket Sales Report	48
Statement of Revenues, Expenditures, and Changes in Fund Balance	49
Balance Sheet	50
Appendix B – Sales Tax Information.....	51-61
ABC's of Sales and Use Tax for Public Schools	52-54
Special Sales and Use Tax Rules for Nonprofit Organizations	55-57
Sales and Use Tax Exemptions	58-61
Appendix C – Authorized and Unauthorized Expenditures	62-64
Authorized and Unauthorized Expenditures.....	63-64
Appendix D – Employee or Independent Contractor	65-71
Control Factors Used in Determination	66
Factors that Suggest Employee Status	67
Factors that Suggest Independent Contractor Status	68
Independent Contractor Checklist	69
Attorney General's Opinion on Game Officials (March 3, 1986)	70-71
Appendix E – School Financial Review Checklist	72-80
School Financial Review Checklist.....	73-80

Accounting Procedures Manual For the Public Schools in the State of West Virginia

INTRODUCTION

Purpose: The purpose of this manual is to describe the minimum system of accounting practices and procedures that is to be followed by the public schools in the State of West Virginia. The manual is an integral part of West Virginia Board of Education Policy Number 1224.1, Individual School Accounting Policy. This manual revises the previous version of this policy.

Fiduciary Responsibility: Inherent in the governing process of this State, public officials and employees entrusted with public funds are expected to safeguard those funds and expend them in a manner that is efficient, economical and effective to achieve the purpose for which they were provided. Officials and employees who handle such funds must provide a full accounting of their activities to the public and to other levels of government.

County boards of education, subject to the provisions of statute and the rules and regulations of the State Board of Education, have the authority and responsibility to require that records be kept of all receipts and disbursements of all funds collected or received by any principal, teacher, student, or other person connected with the school, and all programs, activities or other endeavors of any nature operated or carried on by or in the name of the school, or by any organization or body directly connected with the school, to audit such funds, and to conserve such funds. All such funds so collected shall be deemed quasi-public moneys, and shall be expended for the benefit of the students of the school.

The accounting practices and procedures prescribed in this manual apply to every public school in the State, including multi-county vocational centers. County boards of education are encouraged to develop local policies and regulations that supplement the provisions specified herein.

Chapter 1

School Operations

SCHOOL OPERATIONS

CHAPTER 1 SCHOOL OPERATIONS

1-1. Accounting System:

An accounting system is comprised of the forms, records, procedures and controls used to process financial data and produce reliable reports. An accounting system includes three basic functions:

1. The recording of transactions.
2. The summarizing of transactions.
3. The reporting and interpreting of summary information.

1-2. Internal Control Structure:

An integral part of any effective accounting system is a well-designed internal control structure. A school's control structure consists of the overall attitude, awareness and actions of the principal and other management personnel.

A good internal control structure is a key factor in the effective management of a school. Internal controls encompass both accounting and administrative control procedures.

The purpose of internal accounting and administrative controls is to provide a means for safeguarding a school's assets, checking the reliability of its accounting records, promoting operational efficiency and encouraging adherence to prescribed accounting practices and procedures.

Some of the characteristics of a good internal control system include:

- \$ Proper authorization of transactions and activities
- \$ Adequate segregation of duties
- \$ Adequate documentation and records
- \$ Adequate safeguards over use and access
- \$ Independent checks over performance

1-3. Separate Entity:

Each school is considered to be a separate and distinct **financial** accounting entity. As such, a complete set of accounting records must be maintained for each school in which is recorded all financial activities of the school. Separate monthly and annual financial statements are to be prepared by each school, including multi-county vocational

centers.

Only financial activities of the school are to be recorded in the school's accounting records; personal transactions of the staff, such as coffee or flower fund collections, are not to be entered in the school's accounting records or mixed in with the revenues of the school.

Schools are not **legal** entities and school personnel, including principals, do not have the statutory authority to enter into contracts or obligate board funds.

1-4. Responsibility:

The school principal is responsible for the financial management of the school. The principal must ensure that all provisions of this manual and local board policies and procedures are complied with, that all accounting records are maintained accurately, and that all financial reports are prepared and submitted in a timely manner.

1-5. Fund Accounting:

A fund is a separate group of self-balancing accounts in which all cash, revenues, expenditures and residual balances are recorded and segregated for a specific purpose or objective. For an efficient system of operation, only the minimum numbers of funds necessary for sound financial management should be maintained.

Each county board of education shall establish by local policy the number of funds the schools within the county are authorized to maintain. In establishing such policy, the board should consider the size of the school, the benefits to be derived from maintaining separate funds, and the availability of adequate personnel at the school to perform the accounting tasks required in maintaining separate funds.

The different funds that may be maintained at a school are limited to the following:

- General Fund - The fund used to account for the general operations of the school and all other financial resources of the school except those accounted for in another fund. Every school is required to maintain a General Fund.
- Faculty Senate Fund - A fund used to account for the revenues and expenditures of the school's faculty senate.
- Athletic Fund - A fund used to account for the revenues and expenditures of the athletic programs at each school.

Note: Activities for Faculty Senate and Athletics may be recorded as sub-accounts of the General Fund rather than in separate funds.

A school may establish as many separate sub-accounts within each fund as is considered necessary to accurately account for the financial activity of the school. A sub-account is defined as a group or particular activity with a claim against the assets of the school without regard to the specific asset (checking, savings, certificate of deposit (C.D.), etc.)

1-6. Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounting records and reported in the financial statements. Specifically, it relates to the timing of the measurements made.

All schools are to maintain their accounting records on the cash basis of accounting, modified at year end to reflect any receivables or payables that may exist. Revenues are to be recognized when received and expenditures when checks are issued.

1-7. Accounting Records:

The following accounting records must be maintained for each fund:

- Pre-numbered receipt forms
- Transaction (Receipts and disbursements) Journal
- Requisition and purchase orders
- Bank checkbook
- Bank deposit slips
- Monthly financial statements
- Annual financial statements

1-8. Transaction Journal:

A transaction (receipts and disbursements) journal is to be maintained for each fund established at a school to record all receipts and disbursements of the fund. It is recommended that all county boards require a standardized electronic accounting system for all schools within a county to use.

Regardless of whether a computerized or manual system is used, the following transactions must be posted to the transaction journal on a daily basis: all receipts; all disbursements; all voided receipts; all voided checks; all interest earned; all bank charges; all transfers between accounts within a fund; all transfers between different funds; and all transfers between depository and investment bank accounts.

Each posting must include the following: the date of the transaction; receipt or check

number listed in numeric order, name of payor or payee; and individual account(s) for which the collection or disbursement was made.

A cash control/balance column must be maintained to reflect the cash balance available at any time in the fund.

The transaction journal for each fund is to be footed and cross-footed (added down and across) each month to ensure that errors have not been made. If errors are found to exist, they must be identified and corrected as soon as possible, using correcting journal entries. Do not write over or use correcting fluid to make corrections. Make the necessary journal entries and include a brief explanation of why the adjusting entries were made.

1-9. Signatures:

Signatures are generally required to be manual handwritten signatures; however, the use of electronic signatures is acceptable so long as the signature is password protected. Signature stamps or preprinted signatures do not satisfy the requirements in this manual.

Two signatures are required on every check issued by the school, regardless of the fund from which issued. Both signatures cannot be by the same individual.

1-10. Bank Accounts:

Every bank account in which school funds are deposited must be insured or the bank must provide adequate bond to cover the maximum amount that may be deposited at any one time. The account must contain the name of the county board of education, the name of the school, the name of the fund, and the county board's Federal Employer Identification Number (FEIN). Any funds deposited in an account with the county board's FEIN number must be accounted for in the school's general ledger and must follow the procedures in this manual.

Bank signature cards for individuals that have signature authority on local bank accounts must be maintained current at all times. The school principal must have signature authority for every account in which school funds are deposited. In addition, the chief school business official of the county must also have signature authority on all accounts, including C.D. and investment accounts. This will ensure that the schools have access to school funds during circumstances in which the principal and his/her designee, if applicable, are absent unexpectedly or for an extended period of time. Signature stamps are not acceptable.

All checks must have pre-printed on them the name of the school, the fund, the school address, the check number and two blank spaces for signatures.

Only one (1) checking account per fund may be maintained. An exception to this is that the Vocational and Adult Education Centers are permitted to have a separate checking account for Pell Grants.

The total of all cash and investment accounts should be equal to the total of all activity sub-accounts.

1-11. Investments:

Good fiscal management dictates that all excess funds be invested to maximize the amount of funds available to a school. Each principal or designee should closely monitor the available cash balance of each fund for investment possibilities.

The types of investments that schools are permitted to make are:

- Interest bearing checking accounts
- Savings accounts
- Certificates of deposit
- Money market certificates
- State Consolidated Investment Fund

Every account in which school funds are deposited must be insured or the bank must provide bond to cover the maximum amount that may be invested at any one time.

1-12. Collections:

All moneys collected from school activities, including child nutrition, must be remitted daily to the school principal or to the individual designated by the principal to be responsible for the fund. In situations where the moneys are collected after normal school hours or on weekends, the funds are to be remitted the following school day.

The total amount of money remitted to the principal or designee must be reconciled to the detailed records that support the collections.

Any checks collected by the school must be made out to the school. Checks may not be made payable to an employee or school group representative. Checks may be made payable to an approved third party vendor providing a commission to the school in the form of cash or merchandise (ex: school pictures, scholastic, etc.).

Certain types of collections from students, such as for field trips and meals, will require the preparation of a detailed record in which is listed each student's name and amount remitted.

Detailed records are also to be maintained for all fund raisers conducted in the name of the school. See Appendix A for sample copies of the forms to be used.

To decrease the risk of theft, each check received by a school is to be stamped on the back with a restrictive endorsement at the time of receipt. The endorsement stamp should state the following:

- For deposit only
- The name of the school
- The name of the fund
- The account number

1-13. Accounts Receivable:

The school principal or designee is responsible for ensuring that all unpaid charges are collected. This includes not only recovering the actual amount due, but all court costs or other charges incurred by the school as a result of the collection effort. Local procedures should be established to provide guidance. When the funds are recovered, a receipt is to be issued for the total amount recovered and the total is to be deposited.

If accounts receivable are determined to be uncollectible, the school is to file an annual report with the chief school business official showing the names of the individuals from whom the bills are due and the total amount that has not been collected or provide a computer report with similar information. A file should be maintained for each individual to show the actions taken to collect the funds due.

1-14. Child Nutrition Accounts:

Prior to allowing charge privileges for meals provided by the child nutrition program, an approved county board policy must be in place regarding collections of outstanding balances for meal charges. If charge privileges are extended to employees, the county board approved collection policy must be enforced.

1-15. Issuance of Receipts:

A pre-numbered receipt must be issued for all collections at the time the funds are collected, regardless of whether the collections are in cash or by check. This includes, but is not limited to, all revenues collected from students and parents; vending machine sales, concession stand and cafeteria sales; gate receipts from competitive events; proceeds from carnivals, book fairs and other student activities; fund drive collections; donations; refunds from vendors; tuition payments; and reimbursements from the central board office. The total amount of receipts issued must equal the total amount of funds received.

Receipts are not to be issued for deposits that result from the transfer of funds from savings or investment account or for the initial re-deposit of personal checks that have been returned by the bank for insufficient funds. Receipts, however, are to be issued when the funds are recovered from re-deposited checks that are returned a second time for insufficient funds. See Section 1-17 for the proper accounting procedures to use for checks returned a second time.

Receipts are to be prepared in duplicate (for electronic receipts simply print two copies): the original is to be given to the individual from whom the funds were received at the time the moneys were remitted; the copy is to be retained in numeric order, either in the receipt book or in a file established for this purpose.

Every receipt issued must show the following information: the date, amount received, form of payment (cash or check), name of the individual from whom received, purpose of the collection and the fund and account for which the monies were received.

Every receipt must contain a valid signature. The use of electronic signatures is acceptable so long as the signature is password protected. Signature stamps or pre-printed signatures are not allowed.

In situations where classroom teachers, sponsors, or other individuals are originally collecting fees from a group of students for some student activity, the collections may be recorded on a single list rather than issuing a receipt to each student individually. The list must reflect the student's name, amount being collected, date of collection, whether the collection was by check or cash, the purpose for the collection, and the name of the individual who collected the funds and is remitting the funds to the school. A copy of the list must be provided to the school principal or designee at the time the collections are remitted to the school to support the total amount being remitted. A sample copy of the form is illustrated in Appendix A. The list is to be retained in the receipt file.

If an error is made while preparing a receipt, void the receipt and issue another one. To void a receipt, write the word "VOID" across the face of the receipt and retain the original along with the copy in the receipt file. Do not discard voided receipts.

All receipts written must be posted daily, and in numeric order, including those that were voided. Receipts should normally be posted individually but may be posted in a batch, if the funds received are from the same source and receipted on consecutively numbered receipts. The range of receipt numbers in the batch must be shown in the receipt journal.

1-16. Bank Deposits:

All funds collected must be deposited intact in a bank depository account. If more than one bank account is being maintained at a school, care must be exercised to be certain

that collections are deposited in the correct bank account. No cash disbursements are to be made from collections and no personal checks are to be cashed.

To minimize the risk of loss or theft, it is recommended that bank deposits be made on a daily basis. However, a bank deposit must be made whenever total collections on hand exceed \$500 or before any extended school holiday. Bank deposits must be made at least weekly, regardless of the amount of collections.

If bank deposits are not made on a daily basis, a bank deposit slip must be prepared on a daily basis, with the total collections for the day sealed in a deposit envelope and placed in a safe or otherwise safeguarded until the deposit is actually delivered to the bank. In this manner, daily collections can be easily reconciled to individual bank deposits on the bank statement.

Undeposited receipts must be safeguarded against theft, loss or unauthorized use. Undeposited receipts are the responsibility of the custodian of the funds and the principal.

Each bank deposit slip must contain the following information:

- The name of the school
- The bank account number
- The date the deposit slip was completed
- The series of receipt numbers comprising the deposit
- The total amount of cash included in the deposit
- A list of the individual checks included in the deposit
- The total amount of the deposit

Bank deposit slips are to be prepared in duplicate. The original is to be remitted to the bank with the funds being deposited the copy must be retained at the school to ensure that there is a detailed record of the deposit in the event that the deposit is altered or lost prior to being remitted to the bank.

All checks being deposited must be listed separately either on the deposit slip or on a separate schedule attached to the school's copy of the deposit slip. The beginning and ending receipt numbers for the deposit must be listed on the deposit slip.

Non-sufficient fund checks that are being redeposited for the first time are to be clearly identified on the deposit slip or they are to be listed on a separate deposit slip. On all such redeposits, the original receipt number is to be clearly written on the bank deposit slip.

1-17. Checks Returned by the Bank for Insufficient Funds:

At times, checks received by the school for various activities may be returned by the bank for insufficient funds. Normally, banks allow such checks to be redeposited at least once, because in many cases, sufficient funds are available to pay the checks upon redeposit.

If the checks are returned for insufficient funds a second time, however, they should be considered worthless and steps must be taken to recover the funds. In addition, an adjusting entry must be posted to the transaction journal to reduce the amount of funds recorded as having been received.

The principal or designee is responsible for collecting all worthless checks. This includes not only recovering the face value of the check but all bank fees, court costs or other charges incurred by the school as a result of the check. Local procedures should be established to provide guidance. When the funds are recovered, a receipt is to be issued for the total amount recovered and the total is to be deposited in the school's depository account.

If any checks are determined to be uncollectible, the school is to file an annual report with the chief school business official showing the names of the individuals from whom the checks were received and the total amount that has not been collected. A file should be maintained for each individual to show the actions taken to collect the funds due.

1-18. Authorized Expenditures:

All moneys received by a school are considered quasi-public funds and are to be expended for the benefit of the students at the school. See Appendix C for a listing of unallowable expenditures.

W. Va. Code §18-5-13 allows schools to expend funds for student, parent, teacher and community recognition programs using funds generated through a fund-raiser or donation-soliciting activity. Prior to commencing the activity, the school must publicize that the activity will be for this purpose and must designate the funds generated for this purpose. Any funds generated must be accounted for in a separate account in the General Fund and not co-mingled with other school funds.

Schools and school clubs may not make contributions to charitable or private non-profit organizations unless a fundraiser is conducted specifically for that purpose.

All monies received for the child nutrition program must be expended only for the operation of the child nutrition program.

1-19. Purchase Orders:

A purchase order system is to be maintained at each school whereby all purchases of materials, equipment, supplies and services are made through a pre-numbered purchase order approved in writing by the principal or designee before the purchase is made. Schools are required to follow the bid thresholds outlined in State Board Policy 8200, Purchasing Procedures for Local Educational Agencies.

Purchase orders, however, are not required for utilities, executed contracts, maintenance agreements, remittances to the central board office, refunds, reimbursement of travel expenses, payments to game officials, or the allocation of faculty senate funds to individual teachers and librarians. Purchase orders are required for the remaining faculty senate funds beyond the individual allocation required by state statute. If an individual other than the principal is designated to approve purchase orders, that individual cannot be the same one who initiated the requisition.

The purpose for maintaining a purchase order system at each school is to provide the principal with a means of maintaining control over purchases to ensure that: maximum value is obtained for each dollar spent; funds are available before the purchase is made; and unauthorized purchases are not made.

Purchase orders are to be prepared in duplicate with the original being provided to the vendor and a copy retained in a file by the school.

All purchase orders must be approved in writing by the school principal or his/her designee and approval can only be made when sufficient funds are available.

No purchases may be made from a fund in excess of the funds available within the current fiscal year as long as designated funds are not utilized. Purchases may not be made which will obligate the funds of a subsequent year.

Blanket purchase orders may be issued in situations where there is normally a large volume of small dollar purchases of a repetitive nature and it is difficult to determine in advance exactly which products are needed, such as in facility or vehicle maintenance activities. Whenever practical, blanket purchase orders should be issued, with consideration of the bidding requirements, on a periodic basis throughout the year, such as on a monthly or quarterly basis, to maintain budgetary controls.

The use of a credit card is permitted by State Board Policy 8200 and all requirements for use are outlined in the policy.

1-20. Itemized Claim for Payment:

Schools are not permitted to expend any funds unless an itemized claim (invoice) for payment is filed by the claimant. If the claim is for services rendered, the invoice must

identify the kind of service, the date performed, the person performing the service, address and the amount due. If the claim is for materials, equipment or supplies, the invoice must identify in detail the vendor, address, phone number, the items provided, the quantity, the date provided, to whom provided and the amount due.

Schools are permitted to make “deposit” payments for items such as charter buses or destinations for field trips, vendors performing school plays, etc. Payment of such deposits shall require a written document with the vendor indicating the amount of the required deposit, and the terms for refunding the deposit.

All invoices must be verified for clerical and mathematical accuracy when received. Any errors noted should be brought to the vendor’s attention. Use of a stamp and initials certifying the invoice was verified is an acceptable way to prove that the required verification occurred.

All invoices must be approved for payment by the principal or designee prior to the payment being made. Invoices should be marked as paid at the time payment is made to prevent paying an invoice twice. A convenient way to accomplish this is to use a cancellation stamp with the following information imprinted:

- Check Number _____
- Date Paid _____
- Amount Paid _____
- Approved By _____
- Verified By _____

Schools must pay all invoices in a timely manner to remain in good credit standing with the vendor and to avoid late payment fees or interest.

Schools must maintain a completed W-9 form for all vendors. If the county maintains a centralized vendor file, the W-9 forms may be maintained at the central office. Blank W-9 forms can be obtained from the IRS website at www.irs.gov.

1-21. Travel Expenses:

Schools may reimburse employees for all reasonable and necessary travel expenses actually incurred in the performance of their official duties upon presentation of an itemized statement signed by the employee and approved by the principal. Such reimbursements, however, are subject to the policies, procedures, and limitations prescribed by the county board of education. Any travel expenses submitted to the county level for reimbursement requires the signature of the principal to verify the reimbursement was not already made at the school level. Any travel by the principal must be approved at the county level even if the travel expenses will be paid by the school.

Schools may also pay all reasonable and necessary travel expenses actually incurred by students on trips authorized by the principal or designee. Such payments are to be supported by an itemized statement which lists the date and purpose of the trip, the names of all students and employees on the trip and the amounts paid.

If funds are paid to students in order that they may pay their own expenses, each student's signature is to be obtained as verification of receipt of the funds. If payment is made directly to a vendor, such as to a motel or restaurant, receipts must be obtained to support the disbursement.

Each travel statement must be signed and dated by the staff member in charge of the trip. The statement and all supporting receipts are to be turned in to the school principal or designee as soon as possible upon return. See Appendix A for a sample copy of the form.

If cash is needed for a trip, it is to be provided by check made payable to the staff member in charge of the trip. Checks are not to be made payable to cash and pre-signed blank checks are not allowed. Upon return from the trip, any remaining cash is to be deposited into the school's depository account. If a staff member uses the cash to purchase a prepaid credit card in lieu of carrying large amounts of cash on a school trip, all receipts and documentation must still be maintained and unused cash must be returned to the school.

If authorized by local board policy, schools may obtain credit cards in the name of the school to be used for the payment of official travel expenses. Such cards are to be safeguarded against theft or unauthorized use. All credit cards must comply with State Board Policy 8200, Purchasing Procedures for Local Educational Agencies.

1-22. Payment for Personal Services:

All payments made by a school to an individual for services rendered are to be considered wages and are to be paid through the normal payroll process at the central board office, unless it can be clearly shown that the individual is an independent contractor in accordance with the criteria established by the Internal Revenue Service. See Appendix D for a listing of the criteria to be used for making such a determination.

This includes payment for part-time or temporary help for office secretaries, library assistants, cafeteria helpers, concession stand workers, ticket takers, or other workers at athletic events, carnivals, or other activities, regardless of whether the individual is a full-time employee of the board or not.

The only exceptions are payments made to athletic officials, as permitted by the Internal Revenue Service (IRS) and a State Attorney General's Opinion, dated March 3, 1986. See Appendix D.

County boards are to establish by local policy the procedures to be used by the individual schools in the county for the reporting and payment of wages to all individuals who perform services for the schools.

For all payments made to individuals who are determined to be independent contractors, schools are required to report such payments to the central business office on an annual basis so that a determination can be made of whether an IRS Form 1099 MISC. is to be filed for the individual. All independent contractors, including game officials, must complete a W-9 form.

1-23. Disbursements:

All disbursements must be made by check, except for those from petty cash. The check must be made payable to the individual or vendor to whom the payment is being made, not to another party that is subsequently making payment on behalf of the school. Every check and check stub must be completely filled out at the time the check is issued.

Checks are not to be made payable to cash. If starting cash is needed for an event from which to make change, the check must be made payable to the individual who will be cashing the check.

If an error is made while preparing a check, void the check and issue another one. Never write over an original entry to make a correction or use correcting fluid to cover a mistake on a check.

To void a check, write the word "VOID" across the face of the check and check stub. Retain the voided checks and check stubs.

Two signatures are required on every check issued by the school, regardless of the fund from which issued. Both signatures cannot be by the same individual.

One of the required signatures must be either that of the school principal or other individual(s) designated to act in the place of the principal in his/her absence. The second signature is to be that of an individual designated by the principal or by the faculty senate, if the disbursement involves the faculty senate fund in a separate checking account and fund. The second signature cannot be that of an individual who is the spouse, child, grandchild, parent or sibling of the school principal or chief school business official. The chief school business official of the county must also have signature authority on all accounts, including C.D. and investment accounts. This will ensure that the schools have access to school funds during circumstances in which the principal and his/her designee, if applicable, are absent unexpectedly or for an extended period of time. Blank checks are never to be pre-signed.

The following information must be imprinted on the check form:

- Name of the school
- Name of the fund
- School address
- Check number
- Account number

The check form must also provide spaces for two signatures. The memorandum line is not to be used as the second signature line.

1-24. Posting Disbursements:

All checks issued must be posted daily, to the general journal of the fund from which the disbursement is being made. The checks are to be posted individually to the journal in numeric order. Checks may not be posted in a batch.

The amount of the check must be classified to the account from which the disbursement is being made. Proper classification is based on the nature of the disbursement. Proper classification may require that a disbursement be posted to more than one account. The total amount posted to all accounts must equal the total disbursement.

1-25. Tuition Remittance:

For receipts written for tuition for adult students in secondary vocational programs, adult students in adult vocational programs, and students in community education classes, the funds must be remitted to the school board central business office on a monthly basis. Also, the school must prepare a reconciliation that compares the tuition money receipted to the course registration listing. A copy of the course registration listing must be provided to the school board central business office along with the tuition remittance.

Schools are permitted to issue student tuition refunds and then invoice the central business office for reimbursement of the refunds. Alternatively, schools may deduct any refunds issued to students from the next month's tuition remittance to the central business office.

1-26. Petty Cash:

If authorized by county board policy, schools may establish a petty cash drawer to be used for the purchase of incidental items of nominal value. The maximum amount that may be authorized is \$50. The cash and receipts in the petty cash drawer must always equal the amount established. Personal checks are not to be cashed from petty cash.

The petty cash drawer is to be replenished periodically by a check made payable to the

school principal for the amount required. The itemized receipts and/or invoices obtained as a result of the purchases made from petty cash are to be used as supporting documentation for the check.

1-27. Stop Payments and Cancellation of Outstanding Checks:

At times it may become necessary to stop payment on a check that was issued by the school or cancel a check that has been outstanding for an extended period of time. In either situation, proper journal entries need to be posted to the transaction journal to accurately reflect the account balances.

If the check is canceled during the same fiscal year in which it was issued, a negative expenditure is to be posted to the proper account in the transaction journal to reduce total expenditures recorded and increase the cash balance.

If the check is canceled in a subsequent year from when it was issued, a receipt must be written for the amount of the canceled check and posted to the transaction journal to increase the cash balance to the correct amount. The receipt must indicate that it was written for a prior year check that was canceled. The canceled check is to be removed from the outstanding check list. If the school utilizes an electronic accounting system, this process may be accomplished through journal entries.

Any unclaimed property, including outstanding checks, must be reported to the Unclaimed Property Division of the State Treasurer's Office

1-28. Reconciliation of Bank Statements:

For an effective system of internal accounting control, all bank statements are to be presented to the school principal unopened as soon as they are received through the mail. The principal is to open the envelope and review the bank statement and canceled checks for any possible irregularities, such as checks made payable to cash or unauthorized individuals, checks presented for payment without the proper signatures, or bank deposits not made in a timely fashion.

After this review, the bank statement must be signed and dated by the school principal and the bank statement and canceled checks are to be forwarded to the individuals who will be preparing the bank reconciliation. Every bank account must be reconciled monthly as soon as possible after the bank statement is received, including any CD and investment accounts. See Appendix A for a sample bank reconciliation form. The total of all cash and investment accounts must equal the total of all activities in the subaccounts.

Any differences noted between the balance reflected in the school's financial records and the bank statement must be resolved immediately. After the bank reconciliations

are completed, the bank reconciliations are to be signed and dated by both the individual who performed the reconciliation and the principal.

All bank statements are to be filed in chronological order. Canceled checks are to be filed either in numeric order with the monthly bank statements or in a separate canceled check file in numeric order by school year. In situations where a bank is providing only an image of the canceled checks to the school with the bank statements rather than returning the actual canceled checks, the bank must be able to provide an image of both the front and back of every check upon request.

Voided checks are to be retained and filed in the correct numeric sequence with the canceled checks.

1-29. Event Receipts:

Pre-numbered tickets are to be used at any event where an admission fee is charged or a donation accepted for admittance. Event examples include dances, sporting events, theater productions and show choir performances. Unused ticket stock should be kept in a secure location and issued to the ticket collectors immediately prior to the event. Whenever practical, separate individuals should be used to sell and collect the tickets and no individual should be used more than five times per year. As tickets are collected from fans, they should be torn in half; one half should be returned to the individual as a receipt and the other half should be retained.

Cash disbursements are not allowed from event collections. All proceeds from school sponsored events must be deposited intact into the school account.

A ticket reconciliation report must be prepared for each event to reconcile tickets sold to cash collected. The report must show the following: beginning cash balance; first and last numbers of each type of ticket sold (student, adult, other); total number of tickets sold by type; price of each type of ticket; total sales; ending cash balance; total cash in cash box; and differences, if any. In addition, total sales from tickets sold prior to the event must be shown. The reconciliation report must also show the activity and date, and must be signed by the preparer and the principal. See Appendix A for sample copies of the forms to be used.

A ticket log must be maintained by the school to account for all ticket stock used by the school. The ticket log should be updated as tickets are distributed for each event. Each roll of tickets sold during the school year must be reconciled to the ticket log on an annual basis to ensure that all ticket numbers are accounted for. See Appendix A for a sample form.

1-30. Starting Cash:

If authorized by county board policy, schools may establish a change drawer to be used as starting cash for athletic events, concession stands or other school activities. The maximum amount that may be authorized is \$500 per gate. Anything above this amount must be approved in writing by the county's chief school business official.

The cash in the change drawer must equal the amount established at all times. Personal checks are not to be cashed from starting cash. The balance in the change drawer is to be deposited in the school's depository account at times when it is not needed. Cash in the change drawer in excess of \$500 must be deposited in the school's depository account after each event. All start up cash must be deposited in the school's depository account at the end of the school year.

1-31. SSAC Tournaments:

All schools that enter into an agreement to conduct tournaments (sectionals, regionals, or state) on behalf of the West Virginia Secondary School Activities Commission (WVSSAC) are to deposit all proceeds received from the tournament intact into a school depository account and pay all expenses associated with the event by check from that account. A separate sub-account must be established in the school's transaction journal to account for all collections and expenditures made as a result of the tournament.

All payments made by a school to an individual for services rendered during the tournament are to be considered wages and are to be paid through the normal payroll process at the central board office, as discussed in Section 4-13, unless it can be clearly shown that the individual is an independent contractor in accordance with the criteria established by the Internal Revenue Service. See Appendix D for a listing of the criteria to be used for making such determination.

1-32. Uniforms, Equipment and Team Merchandise:

All uniforms, equipment or other team merchandise purchased with school funds belong to the school. An inventory is to be maintained of all such items. Uniforms provided to athletes and coaches are to be returned to the school at the end of the season.

1-33. Class Activity Accounts:

If a school has established separate sub-accounts within the General Fund to account for the activities of a particular class of students (ex: Class of 2020), one of the following procedures must be followed to account for the remaining balance in the sub-account when that class of students is no longer at the school:

- A. The monies are transferred to a sub-account in the school's General Fund for use in the general operations of the school.
- B. The monies are transferred to a sub-account in the school's General Fund for a specific purpose such as a public improvement to the school.
- C. The monies are transferred to a sub-account for a subsequent class of students.

Under no circumstances should the monies in a sub-account of the General Fund be transferred to an entity or bank account outside of the school's General Fund.

1-34. Fund Raisers:

If fund raising activities are conducted by a school, local procedures must be established to regulate such activities to ensure that they are conducted in a proper manner and that all proceeds are receipted and deposited correctly. Fund raising activity is defined as a school activity which will potentially generate a profit for the school or a specific school group or club. Typically a fundraiser involves purchasing and reselling some sort of inventory; however, some fundraisers (such as bake sales or car washes) might not require the purchase of inventories. Additional examples of fund raising activities include candy sales, sales of holiday items, and school pictures.

All proceeds from fund raisers conducted by a school are to be receipted and deposited intact into one of the school's depository accounts. Merchandise purchased for resale is to be purchased by checks issued for that purpose. The purchase invoices are to be retained as supporting documentation for the disbursements.

A profit and loss statement must be prepared and made available for public inspection for each fund raising activity conducted by a school that shows gross proceeds, cost of goods sold and net proceeds. See Appendix A for a sample copy of the form to be used. Schools are allowed to use alternate forms, such as those generated by the school's computer system, so long as the information contained is substantially the same as that in the sample form. All forms must be signed by both the preparer and the school principal.

In addition, certain fund raising activities are subject to the collection and remittance of consumers' sales tax. See Appendix B for more information.

Fundraising activities must be covered by liability insurance. The school board's Commercial General Liability Policy through the Board of Risk and Insurance Management (BRIM) generally includes elected or appointed officials, faculty members, employees, volunteers and student teachers acting within the scope of their duties, regardless of whether on school grounds. Volunteers must be acting on behalf of the school board and not a separate entity. Therefore, volunteers working for a school support organization with a separate FEIN number and/or IRS 501(c)3 status may not be covered by the school board's policy but volunteers working for a school support

organization that is not a separate legal entity and that runs all funds through the school are considered covered.

1-35. Concession Sales:

If concession stands are operated by a school, local procedures must be established to safeguard the inventory of goods sold to protect against pilferage or unauthorized use and to ensure that the sales proceeds are being receipted and deposited correctly.

All proceeds from concession sales operated by a school are to be receipted and deposited intact into the school's General Fund. Merchandise purchased for resale is to be purchased by check issued for that purpose. The purchase invoices are to be retained as supporting documentation for the disbursements.

Periodically, a profit and loss statement is to be prepared to compare actual sales proceeds to the expected sales totals that should have been recognized from the amount of merchandise sold. At a minimum, the profit and loss statement must be prepared at the end of the semester or the end of the activity. See Appendix A for sample copies of the forms to be used. Schools are allowed to use alternate forms, such as those generated by the school's computer system, so long as the information contained is substantially the same as that in the sample form. All forms must be signed by both the preparer and the school principal.

Schools may operate concession stands on their own or they may authorize booster organizations or other clubs to operate the concessions during school functions.

Regardless of which group operates the concession stand, a profit and loss statement must be prepared periodically. See section 2-8 for more information.

1-36. Vending Machine Sales:

If vending machines are maintained at a school, it is recommended that the vendors be required to stock the machines and remove all sales proceeds. In this manner, the school will not be responsible for purchasing, storing and safeguarding the inventory, removing and accounting for the sales proceeds or remitting the corresponding consumer sales tax.

Items included in vending machines must comply with State Board Policies and federal regulations governing nutritional guidelines.

If the school stocks the machine and removes the sales proceeds, local procedures must be established to ensure that the stock is safeguarded and that all proceeds are receipted and deposited into the appropriate school depository account(s).

According to W. Va. Code §18-2-6a, seventy-five percent (75%) of the profits from the sale of soft drinks and healthy beverages in high schools, regardless of the location of the machine, shall be allocated by a majority vote of the faculty senate of each school and twenty-five percent (25%) of the profits from the sale of soft drinks and healthy beverages shall be allocated to the purchase of necessary supplies by the principal of the school.

All proceeds from vending machine sales are to be receipted and deposited into the appropriate school fund and account. Merchandise purchased for resale is to be purchased by check issued for that purpose. The purchase invoices are to be retained as documentation for the disbursements.

Periodically, a profit and loss statement is to be prepared to compare actual sales proceeds to the expected sales totals that should have been recognized from the amount of merchandise sold. See Appendix A for sample copies of the forms to be used. Schools are allowed to use alternate forms, such as those generated from the school's computer system, so long as the information contained is substantially the same as that in the sample form. All forms must be signed by both the preparer and the school principal.

1-37. Faculty Senate Funds:

A faculty senate is to be established at every public school operated by a board of education, including vocational and multi-county vocational centers (W. Va. Code §18-5A-5). Each faculty senate is to be comprised of all permanent, full-time professional educators employed at the school. Permanent, full-time professional educators should be considered to be those professional educators as defined in W. Va. Code §18A-1-1 who are employed on at least a 200 day contract, regardless of whether they are employed for a half day or a full day.

The professional educators who are assigned to more than one school should be considered to be a member of the faculty senate of their choice.

Faculty senates are to control the funds allocated to each school from the legislative appropriations of \$200 per professional instructional personnel, funds from the proceeds of soft drink and healthy beverage sales, and funds donated to the faculty senate. County boards are required to distribute the faculty senate funds received from legislative appropriations to each faculty senate during the month of September each year.

Of the total allocation received by each faculty senate, \$100 is to be allocated to each classroom teacher, counselor and librarian based on an FTE basis for expenditure during the instructional year for academic materials, supplies or equipment which in the judgment of the teacher, counselor or librarian will assist him or her in providing instruction in his or her assigned academic subjects. Nothing contained in W. Va. Code

18-5A-5 prohibits the funds from being used for programs and materials that, in the opinion of the teacher, enhance student behavior, increase academic achievement, improve self-esteem and address the problems of students-at-risk.

The remaining funds are to be expended only for academic materials, supplies or equipment in accordance with a budget approved by the faculty senate.

If the amount allotted to each classroom teacher, counselor and librarian is not expended during the instructional year, it is to be returned to the faculty senate at the end of the school year. If the faculty senate wishes to allow individual teacher balances to carry over from a prior year, a vote must be taken at the beginning of the new school year when the annual budget is prepared. The vote must be recorded in the minutes of the meeting, and the individual teacher balances may be reestablished.

Every faculty senate is to prepare an annual budget approved by the membership which reflects how the faculty senate funds are to be expended. The budget is to be made a part of the minutes. (See Appendix A for a sample form.)

Expenditures are to be made only in accordance with the budget. Revisions to the budget may be made as frequently as necessary. Revisions are to be approved by the membership in the same manner as the original budget. See Appendix A for a sample budget form.

The allotment to each classroom teacher, counselor and librarian may be made in one of several ways. Local procedures should be established by each county board. Two suggested methods are:

- (1) A check could be issued to each classroom teacher, counselor and librarian at the beginning of the school year with the understanding that the individuals receiving the allotment are to submit receipts by the end of the school year to show how the funds were expended or refund any difference.

If this method is selected, recipients should be instructed that funds would have to be refunded: if the entire amount were not expended during the school year; if funds were expended for unauthorized purposes; or if itemized receipts were not submitted by the deadline established by the county.

- (2) Require each individual to submit a request for reimbursement after the purchase is made. Individuals could be allowed to submit requests for reimbursements after each purchase or be required to wait until a certain dollar amount is reached.

If the reimbursement method is selected, an account balance would need to be maintained for each individual.

With either method, local forms should be developed for each individual to use to list the items purchased. This makes it easier to ascertain that the expenditures were for an authorized purpose. See Appendix A for a sample copy of the form to be used.

If the amount allotted to each classroom teacher and librarian is not expended during the instructional year, the unexpended amount is to be returned to the faculty senate. This also applies if a classroom teacher or librarian resigns or transfers to another school during the course of the school year.

Funds allocated to classroom teachers or librarians are to remain with the faculty senate to which the individual was originally assigned; the funds are not to be transferred among faculty senates.

Items purchased with faculty senate funds are the property of the school to which the faculty senate funds were originally allotted. Such items are not to follow an individual classroom teacher or librarian in the event that he/she transfers to another school.

1-38. Consumer Sales Tax on Sales:

Public schools are required to collect and remit consumers sales tax on all sales that are considered taxable. Unless there is a specific exemption in the tax law, all sales of goods and services are taxable, even sales by or through public schools.

The following sales of items other than food by public schools are exempt for sales tax:

- (1) Sales of textbooks, workbooks instructional aids, and standardized test materials required by a school;
- (2) Sales of school newspapers and yearbooks, compiled and edited by students of the school when sold to students or school employees;
- (3) Rentals of locks, lockers, storage space, clothing and other materials and equipment owned by the school and furnished solely to students;
- (4) Class dues and library fines;
- (5) Sales of tickets for activities sponsored by the school;
- (6) Casual and occasional sales by a parent-teacher association (PTA) or similar organization if the organization (1) has a current business registration certificate; (2) is exempt from federal income taxes under Internal Revenue Code 501(c)(3) or 501(c)(4); and (3) is an organization with no paid employees and whose gross income from fund raisers, less reasonable and necessary expenses, is donated to the school.

The following sales of food by public schools are exempt:

- (1) Food sold by a school, school sponsored parent-teacher associations or school sponsored student organizations, to students enrolled in the school or to employees of the school during normal school hours;
- (2) Food sold by a school sponsored student or parent-teacher association or similar organization at athletic, cultural, social or fund raising event when the proceeds of such sales, after payment of reasonable and necessary expenses, are donated to the school or used to purchase tangible personal property or services for the school.

The following sales by public schools are taxable:

- (1) Sales of food through vending machines, regardless of where the machine is located, who owns the machine, or when the sale occurs;
- (2) Sales of food to the general public during normal school hours unless such sales meet all of the conditions listed in Item (6) above.

See Appendix B for a more complete explanation of taxable and non-taxable sales.

1-39. Consumer Sales Tax on Purchases:

Public schools are statutorily exempt from the payment of consumer sales and use taxes on all purchases of goods and services (W. Va. Code §11-15-9(f)) as long as a properly completed exemption certificate (Form F0003) is issued to the vendor.

In order to be able to issue a tax exemption certificate, public schools must be registered with the Department of Tax and Revenue and have a current business registration certificate. See Section 1-34 for an explanation of how to apply for a business registration certificate.

All invoices should be reviewed at the time of receipt to ensure that consumer sales tax has not been charged on the purchase. If so, the vendor should be notified and the tax subtracted before payment is made.

1-40. Business Registration Certificate:

As discussed in Section 1-32 of this manual, in order for a public school to be able to issue a tax exemption certificate for purchases, the school must register with the West Virginia Department of Tax and Revenue and obtain a business registration certificate (W. Va. Code §11-12-3(d)). Schools, however, are exempt from payment of the

registration fee.

In applying for a business registration certificate, it is recommended that every school in a county use the same basic Federal Employer Identification Number (FEIN) as the county board, but request that the State Department of Tax and Revenue assign a different three digit suffix. In this manner, each school will not need to apply for a separate FEIN number simply to register with the State Department of Tax and Revenue for a business registration certificate.

1-41. Monthly Financial Statements:

Monthly financial statements are to be prepared for each fund maintained by a school in a timely manner. All accounts maintained by the school within each fund are to be listed separately. The financial statements are to be signed and dated by the preparer and the school principal.

The principal is required to submit at least one signed copy of the financial statements for each fund to the county board's chief school business official and make one copy available for review at the school by anyone who desires to do so. The principal is also required to submit a copy of the balance page of all bank, CD and investment account statements with the financial statements.

Multi-county vocational centers are to provide one signed copy of their monthly financial statements to their fiscal agent. The monthly financial statements are to include all financial activities of the school for the month for which the statements are prepared.

1-42. Annual Financial Statements:

Annual financial statements are to be prepared for each fund maintained by a school on forms provided by the State Department of Education. Schools are allowed to use alternate forms, such as those generated by the school's computer system, so long as the information contained is substantially the same as that in the sample form. The annual financial statements are to be prepared on the fiscal year basis of July 1 through June 30 each year and are to include all financial activities of the school for the year for which prepared.

All accounts maintained by the school within each fund are to be listed separately. The financial statements are to be signed by the preparer and the school principal.

In addition to the annual financial statements, a list must be prepared of all outstanding purchase orders at year end, all invoices that have not been paid and all revenues, if any, that have been earned but not received.

The principal and each multi-county vocational director is required to submit two signed

copies of the annual financial statements for each school fund to the county board's chief school business official by the deadline established by the chief school business official and make one copy available for review at the school by anyone who desires to do so.

1-43. Annual Examination:

County boards of education are responsible for ensuring that an annual examination is conducted of the financial records of every school within the county. The examination is to include all funds maintained by the school and should be completed in accordance with applicable federal, state and local guidelines.

The governing boards of the multi-county vocational centers are responsible for ensuring that an annual examination is conducted of the school activity accounts of the multi-county vocational centers. The examination of the school activity accounts of multi-county vocational centers can be conducted as a separate examination or it can be incorporated into the audit of the general revenue funds of the multi-county vocational center conducted under the audit jurisdiction of the State Auditor's Office.

A report is to be issued for each school individually in which is presented the financial statements of each fund maintained by the school and all instances of noncompliance and other reportable conditions noted during the examination.

The examination of every school must be completed and the individual reports issued within nine months after the end of the fiscal year, except that county boards that have twenty (20) or more schools and conduct the school examinations with their own personnel may have an additional three months in which to complete the examination of all schools and issue the individual reports. The examination may be conducted by the CSBO, or his/her staff under the supervision of the CSBO, by a certified public accountant, or by the State Auditor's Office, Chief Inspector Division.

The financial records may be examined in accordance with agreed upon review procedures developed by the county board. Such procedures, however, must include a review of compliance with the provisions of this manual and policies and regulations of the county board and a review of the school's internal control structure. See Appendix E for a checklist of items which must be included in a school's annual review pursuant to this section.

Copies of the report are to be provided to the county board of education, to the superintendent and to the school principal. A copy of each school's report is to be kept on file at the central board office and made available for public review.

If any reportable conditions are noted in the report for a particular school, the principal is to provide the board with a corrective action plan. All reportable conditions are to be corrected as soon as practical but not later than six months after receipt of the report.

Working papers supporting the examination are to be prepared and retained for at least three years. The working papers are to be made available to the auditor conducting the subsequent year's examination.

The cost for the examination may be paid by the board of education or charged proportionally to each school in an equitable manner.

All transaction journals, bank statements, receipt books, checkbooks, canceled checks, invoices, purchase orders, and other related records which may be requested are to be available to the auditor for examination upon request.

In addition to an annual examination of each school, periodic reviews should be made of each school by the chief school business official or a member of that individual's staff to review internal control procedures, to ensure that transactions are being posted in a timely fashion and to provide assistance during the course of the year if needed.

1-44. Records Retention:

All financial records of the school belong to the county board of education and must be delivered or handed over to the superintendent or designee upon request. The books and records of the school are to be kept at the school in an organized manner and safeguarded at all times, unless directed to do otherwise by the superintendent or designee.

The school's financial records must be retained in accordance with the *Records Retention Schedule for the Financial Records of the Public Schools in the State of West Virginia* published by the Office of School Finance.

Chapter 2

**Parent-Teacher Associations,
Booster Groups and Other
School Support Organizations**

SUPPORT ORGANIZATIONS

CHAPTER 2

PARENT-TEACHER ASSOCIATIONS, BOOSTER GROUPS AND OTHER SCHOOL SUPPORT ORGANIZATIONS

2-1. General:

It is recognized that parent-teacher associations, booster groups and many other school support organizations provide an essential function in the support and funding of various curricular and extra-curricular programs offered by the public schools throughout the State. Countless hours are devoted by teachers, parents and other school supporters in fund raising activities to provide the funds and donate the uniforms and equipment necessary for such programs. Without this support, many schools would not have the financial resources to provide many of the programs that are being provided to their students.

Fundraising activities must be covered by liability insurance. The school board's Commercial General Liability Policy through the Board of Risk and Insurance Management (BRIM) generally includes elected or appointed officials, faculty members, employees, volunteers and student teachers acting within the scope of their duties, regardless of whether on school grounds. Volunteers must be acting on behalf of the school board when participating in fundraising activities in order to be covered by the school board's liability insurance. The monies from fundraising activities undertaken on behalf of the school board must be deposited in to the depository account of the school. Therefore, volunteers working for a school support organization with a separate FEIN number and/or 501(c)3 status are not covered by the school board's policy. It is the responsibility of the school support organization to ensure that adequate liability insurance is obtained for the organization's fundraising activities.

In order for these outside organizations to be effective in their efforts to provide financial support, however, they must maintain the trust and support of the school community. To do this, it is essential that each school and all of the organizations that support the school maintain an accurate accounting of all funds collected and expended.

County boards of education can assist the school support organizations to develop and maintain the trust of the school communities throughout the county by establishing local policies by which such organizations are to operate. A list of all groups that will be collecting funds in the name of any school must be approved by the board in advance. Also, each school support organization must be approved annually by the school's principal. It is strongly encouraged that student support organizations operate as a subaccount of the school's general fund and follow all school accounting procedures.

2-2. Organization:

Every school support organization should be officially organized with a set of published

by-laws and be governed by an elected board of directors consisting of at least a president, a vice president, a secretary and a treasurer. All school support organizations must be approved annually by the county board of education.

Written minutes are to be prepared of each meeting and such minutes are to be made available to anyone interested in them within a reasonable time after the meeting. At a minimum, the minutes should contain the following information:

- The date, time and place of the meeting,
- The name of each member of the governing board present and absent;,,
- All motions, proposals, and resolutions proposed, the name of the individual who made the proposal and their disposition, and
- The results of all votes.

2-3. Transaction Journal:

A transaction (receipts and disbursements) journal should be maintained to record all receipts and disbursements. Each posting should include the following: the date of the transaction; receipt or check number listed in numeric order, name of payor or payee; and individual account(s) for which the collection or disbursement was made.

The transaction journal should be footed and cross-footed each month to ensure that errors have not been made. The entries in each column are added to arrive at a total and the totals of each column are added across to arrive at the grand total for the month. If errors are found to exist, they must be identified and corrected as soon as possible, using correcting journal entries. Proper accounting procedures dictate that errors should not be written over or corrected with correcting fluid. The necessary journal entries should be made and should include a brief explanation of why the adjusting entries were made.

2-4. Bank Accounts:

Every bank account in which the organization funds are deposited should be insured or the bank should be required to provide adequate bond to cover the maximum amount that may be deposited at any one time. The account should contain the name of the organization and the organization's Federal Employer Identification Number (FEIN). The account cannot use the school's FEIN. If the organization does not obtain a separate FEIN, the organization must operate as a subaccount of the school's funds and the organization's monies must be deposited into the school's bank account. In this case, all school accounting policies and procedures must be followed.

The bank signature cards must be maintained current at all times. Two signatures are required on every check issued by the organization. One of the signatures should be that of the organization's president. Both signatures cannot be by the same individual.

All checks should have pre-printed on them the name of the organization, the organization's address, the check number and two blank spaces for signatures.

2-5. Collections:

All moneys collected should be receipted and deposited intact daily into one of the organization's depository accounts.

The total amount of money collected should be reconciled to the detailed records that support the collections.

To decrease the risk of theft, each check received by the organization should be stamped or marked on the back with a restrictive endorsement stating "for deposit only" at the time of receipt.

2-6. Disbursements:

All disbursements must be made by check, except for those from petty cash. The check must be made payable to the individual or vendor to whom the payment is being made, not to another party that is subsequently making payment on behalf of the organization. Every check and check stub must be completely filled out at the time the check is issued.

Checks are not to be made payable to cash. If starting cash is needed for an event from which to make change, the check must be made payable to the individual who will be cashing the check.

If an error is made while preparing a check, void the check and issue another one. Never write over an original entry to make a correction or use correcting fluid to cover a mistake on a check.

To void a check, write the word "VOID" across the face of the check and check stub. Retain the voided check and file in numeric order with all checks paid by the bank. Leave the check stub for the voided check in the checkbook. Never discard voided checks or check stubs.

The following information must be imprinted on the check form:

- Name of the organization
- Organization address
- Check number
- Account number

The check form must also provide spaces for two signatures. The memorandum line is not to be used as the second signature line.

2-7. Posting Disbursements:

All checks issued must be posted daily to the transaction journal. The checks are to be posted individually to the journal in numeric order. Checks may not be posted in a batch.

2-8. Concession Sales:

If concession stands are operated by a school organization, local procedures should be established to safeguard the inventory of goods sold to protect against pilferage or unauthorized use.

All proceeds from concession sales operated by a school support organization should be receipted and deposited intact and in a timely manner into one of the organizations depository accounts. Merchandise purchased for resale should be purchased by check issued for that purpose. In addition, the purchase invoices should be retained as documentation for the disbursements.

Periodically, a profit and loss statement must be prepared to compare actual sales proceeds to the expected sales totals that should have been recognized from the amount of merchandise sold. See Appendix A for sample copies of the forms to be used.

2-9. Fund Raisers:

All school support organizations must obtain prior approval of the school principal before conducting any fund raising activity in the name of a school. See Appendix A for a sample Fundraiser Approval form. Local procedures must be established to regulate all fund raising activities conducted by school organizations to ensure that they are conducted in a proper manner.

All proceeds from fund raisers conducted by a school organization must be receipted and deposited intact into one of the organization's depository accounts. Merchandise purchased for resale should be purchased by checks issued for that purpose. In addition, all purchase invoices should be retained as documentation for the disbursements.

A profit and loss statement must be prepared for each fund raising activity conducted by a school support organization that shows gross proceeds, cost of goods sold and net proceeds. See Appendix A for a sample copy of a fund raiser profit and loss statement.

In addition, certain fund raising activities are subject to the collection and remittance of consumer's sales tax. See Section 1-38 and Appendix B for more information.

Donations to school support organizations are only tax-exempt if the organization has obtained its own tax-exempt designation from the Internal Revenue Service or if the organization's funds are maintained in the school's account. Donors must be made aware of tax-exempt status at the time the donation is received.

2-10. Event Receipts:

If activities are sponsored by school support organizations on school property at which an admission fee is charged or a donation is accepted for admittance, pre-numbered tickets must be used. Whenever practical, separate individuals should be used to sell and collect the tickets. As tickets are collected from patrons, they should be torn in half; one half should be returned to the individual as a receipt and the other half should be retained.

A ticket reconciliation report must be prepared for each event to reconcile tickets sold to cash collected. The report should show the following: beginning cash balance; first and last numbers of each type of ticket sold (student, adult, other); total number of tickets sold by type; price of each type of ticket; total sales; ending cash balance; total cash in cash box; and differences, if any. In addition, total sales from tickets sold prior to the event should be shown.

The reconciliation report should also show the activity and date, and should be signed by the preparer and the individual in charge of the event. See Appendix A for sample copies of the forms to be used.

2-11. Reconciliation of Bank Statements:

Every bank account must be reconciled monthly as soon as possible after the bank statements are received, including any CD and investment accounts.

Any differences noted between the balance reflected in the organization's financial records and the bank statement must be resolved immediately. After the bank reconciliations are completed, the bank reconciliations are to be signed and dated by the individual who performed the reconciliation.

All bank statements are to be filed in chronological order. Canceled checks are to be filed either in numeric order with the monthly bank statements or in a separate canceled check file in numeric order by fiscal year. In situations where a bank is providing only an image of the canceled checks with the bank statements rather than returning the actual canceled checks, the bank must be able to provide an image of both the front

and back of every check upon request.

Voided checks are to be retained and filed in the correct numeric sequence with the canceled checks.

2-12. Annual Financial Statements:

Annual financial statements are to be prepared by each school support organization and a copy is to be provided to the school principal. They should be prepared on either a fiscal year basis of July 1 through June 30 or in accordance with the organization's fiscal year, and are to include all financial activities of the organization for the year for which prepared.

At a minimum, the financial statements should list the organization's cash balance at the beginning of the year, revenues collected during the year, expenditures paid during the year, and the cash balance at the end of the year. If any sub-accounts are maintained by the organization, they should be listed separately.

The financial statements are to be signed by the preparer and the organization's president. See Appendix A for a sample copy of the form to be used.

In addition to the annual financial statements, a list should be prepared which lists all invoices that have not been paid at the end of the year and all revenues, if any, that have not been received.

2-13. Consumer Sales Tax on Purchases:

Private nonprofit organizations such as Parent Teacher Associations, booster groups and other school support organizations, are not exempt from paying the consumer sales and use tax by reason of their nonprofit status alone, but must meet very specific requirements contained in State tax laws and legislative regulations. See Appendix B for an explanation of these specific requirements.

One of the requirements is that the organization must be currently registered with the West Virginia Department of Tax and Revenue and have a business registration certificate. Each organization must have its own business registration certificate; private nonprofit organizations are not to use the school's registration number.

2-14. Consumer Sales Tax on Sales:

Private nonprofit organizations that meet the requirements set forth in the preceding section for making tax exempt purchases may also make casual and occasional sales for fund raising purposes and not be required to collect and remit consumer sales tax on

their sales.

For the purpose of this exemption, “casual and occasional sales” means fund raising events not conducted in a repeated manner or in the ordinary course of repetitive and successive transactions.

These fund-raising events are limited to six events (which last no more than eighty-four consecutive hours each) in any twelve month period. Any fund-raising event which lasts more than eighty-four hours will be considered as two or more events, depending upon the duration of the event.

If an organization holds more than six events during the course of a twelve month period, it must begin collecting and remitting consumer sales tax on all sales made at these succeeding events.

In addition to the exemption for “casual and occasional sales” discussed in the preceding paragraphs, certain other special exemptions may apply. For example, special exemptions apply to certain sales of food by school support organizations:

- Sales of food on an occasional basis, such as a bake sale, by private nonprofit organizations are exempt if the purpose of the sale is to obtain revenue for the functions and activities of the organization and the revenue so obtained is actually expended for that purpose. No exemption certificate is necessary.
- Sales of food by private nonprofit organizations on a recurring basis, such as through concession stands, if the purpose of the sales is to obtain revenue for the functions and activities of the organization and the revenues obtained from selling the food are actually used for that purpose: provided that the food items purchased for resale are not purchased tax exempt.

2-15. Business Registration Certificate:

As discussed in Section 2-13 on a preceding page, in order for a private nonprofit organization to be able to issue a tax exemption certificate for purchases, the organization must register with the West Virginia Department of Tax and Revenue and obtain a business registration certificate (W. Va. Code 11-12-3). Private nonprofit organizations, however, are exempt from payment of the registration fee.

In applying for a business registration certificate, each organization must have its own business registration certificate and identification number; private nonprofit organizations are not to use the school's registration number.

2-16. Review of Financial Records:

Boards of education have the authority, pursuant to the provisions of W. Va. Code 18-5-13(1), to examine the financial records of any parent teacher association, booster group or other school support organization collecting money in the name of a school, or to require the organization to provide the county board with financial statements that have been examined by an independent accountant. Such authority can be delegated to the Superintendent or Chief School Business Official.

The financial records may be examined in accordance with agreed upon review procedures developed by the county board. Such procedures, however, should include a review of compliance with the provisions of this manual and policies and regulations of the county board.

Copies of the report are to be provided to the county board of education, to the superintendent and to the school principal.

If any reportable conditions are noted in the report, the president of the organization is to provide the board with a corrective action plan. All reportable conditions are to be corrected as soon as practical but not later than six months after receipt of the report.

2-17. Records Retention:

All financial records, minute books and other documents maintained by or in the name of a school organization belong to the organization and must be delivered or handed over to the duly elected president of the organization, or to the county superintendent of schools, upon request.

Copies of the organization's annual financial statements and minute books are to be retained permanently. The transaction journal, bank statements, and canceled checks are to be retained for at least five (5) years. All other financial records are to be retained for at least three (3) years.

APPENDIXES

APPENDIXES

APPENDIX A

APPENDIX A

BANK RECONCILIATION

School _____

For the month of _____

BALANCE PER BANK STATEMENT

\$ _____

Deposits in Transit:

Deposit Date	Amount	Deposit Date	Amount

Total Deposits in Transit

+ _____

Outstanding Checks:

Check Number	Amount	Check Number	Amount

Total Outstanding Checks

- _____

Bank Charges (Service Fees, etc.)

+ _____

Adjustments (Bank Errors, etc)

+/- _____

BALANCE PER BOOKS

= _____

Prepared by _____

Date _____

Approved by _____

Date _____

EMPLOYEE TRAVEL EXPENSE REIMBURSEMENT REQUEST

Name: _____

School: _____

Purpose for travel: _____

Date	Destination	Miles Driven	Mileage Amount		Lodging		Meals		Other Expenses		Totals			
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	To:													
	From:													
	Totals													
											Less: Cash Advance			
											Due School ☐			
											Due Employee ☐			

Note: All required receipts must be attached to this request to fully support the travel expenses listed above. Also, the nature of any expenses listed under "Other Expenses" must be fully explained

I certify that the expenses listed above were incurred in connection with my assigned duties, are true and accurate, and do not involve any expenses incurred by anyone else or reimbursed from any other source

I certify that I have personally examined this request, the expenses listed were necessary and agree with reports of work performed.

Traveler

Date

Principal

Date

FACULTY SENATE BUDGET

School _____

For Fiscal Year Ended _____

REVENUES:

Beginning balance _____

Current year Faculty Senate allocation _____

Other Revenue _____

Total Revenues _____

EXPENSES:

Teacher Allocation _____

Classroom Supplies _____

Classroom Equipment _____

Library Supplies _____

Library Equipment _____

Copier Rental/Supplies _____

School Office Supplies _____

School Office Equipment _____

Other _____

Other _____

Other _____

Other _____

Other _____

Total Expenses _____

Total revenues must equal total expenses.

Faculty Senate Treasurer Signature

Date

Faculty Senate President Signature

Date

Principal Signature

Date

FUND RAISER PROFIT/(LOSS) STATEMENT

For The Period ____/____/____ Through ____/____/____

SCHOOL NAME: _____

CLUB OR ORGANIZATION NAME: _____

PRODUCT TO BE SOLD: _____

VENDOR PURCHASED FROM: _____

VENDOR'S ADDRESS: _____

SCHOOL PO NUMBER: _____ INVOICE NUMBER: _____

INVOICE AMOUNT: \$ _____ DATE PAID: _____ CHECK NO. _____

COST PER ITEM: \$ _____

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Cash Receipts:

Merchandise Sales	\$ _____
Donations	_____
_____	_____
_____	_____
_____	_____

TOTAL Cash Receipts \$ _____

Cash Disbursements:

Cost of Goods/Merchandise Sold	\$ _____
Cost of Prizes Awarded	_____
_____	_____
_____	_____
_____	_____

TOTAL Cash Disbursements \$ (_____)

GROSS MARGIN or BALANCE \$ _____

LESS: Sales Tax Collected (If applicable) \$ (_____)

NET PROFIT/(LOSS) ON THIS ACTIVITY \$ _____

Preparer's Signature Date

Principal's Signature Date

TEACHER'S CASH RECEIPTS REPORT

School: _____ **Date:** _____

Activity:

Name of Club or Organization (If Applicable):

	Student's Name	Cash	Check	Amount Collected
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
Total Cash				
Total Checks				
Total Collected				

I hereby certify that this is an accurate and complete record of all transactions for the activity noted above.

Teacher's Signature
Date

Office Personnel's Signature	Date
------------------------------	------

Receipt #

Ticket Log

Ticket Stock Description

Ticket Stock Number Series

[illegible]

INDIVIDUAL TICKET SELLER'S REPORT

School _____ Date _____

Activity _____

_____ vs. _____

<u>TICKET SALES:</u>	<u>Number of Tickets Sold</u>	<u>Price Per Ticket</u>	<u>Amount Collected</u>
----------------------	-----------------------------------	-----------------------------	-----------------------------

Reserved Tickets:

Ending Ticket Number	_____		
Less: Beginning Ticket Number	(_____)		
Total Reserved Tickets Sold	_____	x \$ _____	= \$ _____

Adult Tickets:

Ending Ticket Number	_____		
Less: Beginning Ticket Number	(_____)		
Total Adult Tickets Sold	_____	x \$ _____	= \$ _____

Student Tickets:

Ending Ticket Number	_____		
Less: Beginning Ticket Number	(_____)		
Total Student Tickets Sold	_____	x \$ _____	= \$ _____

Other Tickets:

Ending Ticket Number	_____		
Less: Beginning Ticket Number	(_____)		
Total Other Tickets Sold	_____	x \$ _____	= \$ _____

Total Number of Tickets Sold	=====		
------------------------------	-------	--	--

Gross Monies Collected	\$ _____
------------------------	----------

ADD: Starting Cash	\$ _____
--------------------	----------

TOTAL MONIES RETURNED TO PRINCIPAL	\$ _____
------------------------------------	----------

Seller's Signature _____

Principal's Signature _____

NOTE: All sellers sheets are to be attached to the Composite Game Sales Report.

COMPOSITE TICKET SALES REPORT

School _____ Date _____

Activity _____

_____ vs. _____

	<u>Number of Tickets Sold</u>		<u>Price Per Ticket</u>		<u>Amount Collected</u>
Reserved Tickets Sold at Gate (See Note 1)	_____	x	_____	= \$	_____
Adult Tickets Sold	_____	x	_____	= \$	_____
Student Tickets Sold	_____	x	_____	= \$	_____
Other Tickets Sold	_____	x	_____	= \$	_____
Total Number of Tickets Sold	=====				
Total GROSS Gate Receipts				A. \$	_____
Amount of Starting Cash				B. \$	_____
TOTAL GROSS RECEIPTS DEPOSITED IN BANK (C = A + B)				C. \$	=====

Preparer's Signature _____

Principal's Signature _____

NOTES: (1.) All advanced season tickets are deposited under a separate sheet and not included in game by game report. (2.) Please ATTACH each individual ticket seller's report and a copy of the bank deposit slip to support this report.

**Sample Statement of Revenues, Expenditures, and Changes in Fund Balance
For School Support Organizations**

School Support Organization _____

School _____

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended _____

Revenues:

Gifts & Contributions	_____
Investment Income	_____
Fundraising	_____
Other Revenues	_____
 Total Revenue:	 _____

Expenditures:

Program Services	_____
Fundraising	_____
Filing Fees	_____
General Administration	_____
Other Expenditures	_____
 Total Expenditures:	 _____

Excess (Deficiency) of Revenues over Expenditures	_____
Beginning Fund Balance:	+ _____
Ending Fund Balance:	= _____

Prepared By _____ Date _____

Approved By _____ Date _____

**Sample Balance Sheet
for School Support Organizations**

School Support Organization _____

School _____

Balance Sheet

For the Year Ended _____

Assets:

Cash	_____
Investments	_____
Accounts Receivable	_____
Capital Assets	_____
Other Assets	_____
 Total Assets	 _____

Liabilities:

Accounts Payable	_____
Notes Payable	_____
Long-Term Liabilities	_____
Other Liabilities	_____
 Total Liabilities	 _____
 Fund Balance	 =====

Prepared By _____ Date _____

Approved By _____ Date _____

APPENDIX B

APPENDIX B



West Virginia State Tax Department

Publication TSD-312

(Rev. November 2011)

ABC's Of Sales And Use Tax For Public Schools

In light of major changes to the West Virginia sales and use tax laws that affect elementary and secondary schools, each public elementary and secondary school must review its tax practices to assure proper compliance. Each individual school must register with the Department of Tax and Revenue to establish a sales tax account for remittance of taxes collected upon taxable sales. Schools that directly purchase also must register to claim exemption from tax upon their purchases. Registration forms and information may be obtained by contacting the Taxpayer Services Division as indicated at the end of this publication. This publication provides general information regarding typical transactions of public schools, and is not a substitute for sales and use tax laws or regulations. Publication TSD-312A discusses private elementary and secondary schools.

PURCHASES

All purchases of tangible personal property and services by public schools are exempt from sales tax if the school issues a properly completed Certificate of Exemption (Form F0003) to the vendor.

SALES, GENERALLY

Unlike purchases by public schools, sales by public schools are taxable in many instances. Unless there is a specific exemption in the sales tax law, all sales, leases and services in West Virginia are taxable, even sales by or through public schools. The burden of proving that a sale was exempt from tax is upon the seller. School officials should ensure that sales tax is imposed on all sales of items that are not specifically exempt.

Sales tax applies not only to sales by schools themselves, but to sales by school employees, school related organizations like the PTA, and businesses when the sales are made at or through the schools or school children. As a result of recent changes in the laws, retail sales by many out-of-state businesses (including mail order sales) in this state are now subject to use tax when the out-of-state retail business has agents or other physical presence in the State. When school officials and school personnel assist such businesses in making sales and receive benefits from such sales, they become agents of the businesses. The safest way to ensure that tax is imposed is for the school itself to collect and remit the tax whenever the school, students or other related persons are involved in a nonexempt sale.

The following discussion outlines some of the major sales tax exemptions applying to typical school-related transactions.

SALES OF ITEMS OTHER THAN FOOD

The following sales by public schools are exempt from sales tax:

- (1) Sales of textbooks, workbooks, instructional aids, and standardized examination materials required in any public elementary or secondary school in this State are exempt per se, so no sales tax or use tax is collected upon such sales. However, sales of other school materials, school supplies and books that are not required textbooks are taxable, as are sales of jewelry, candy, clothing items, posters, magazines, greeting cards, and all other items not specifically exempt. The school must keep sufficient books and records to differentiate between taxable and exempt sales.
- (2) School newspapers and yearbooks compiled and edited by students of the school are exempt when sold to students or school employees. However, such sales are taxable when sold to others. Sales of advertising space in school newspapers and yearbooks are exempt from sales tax.
- (3) Rentals of locks, lockers, storage space, clothing and other materials and equipment owned by public schools and furnished solely to students of the school are exempt from sales tax.
- (4) Class dues and library fines are exempt from sales tax.
- (5) Sales of tickets for activities sponsored by elementary and secondary public schools located within this State are exempt from sales tax. This exemption applies only to sales of tickets to such activities; it does not apply to sales of anything else, such as sales of merchandise. Sales of tickets to athletic, cultural and social events, as well as fund raising events, would be exempt as long as they are sponsored by the school. But sales to such events would not be exempt if they are not sponsored by the school, even if the event occurs on school property. For an activity to be sponsored by a school, it should be an activity which is organized solely to benefit the school's

students, and which would not otherwise occur. For example, sales of tickets for admission to a school carnival held by parents to raise money for such things as art supplies and air conditioners for classrooms are exempt as fund raising events if the carnival was held on the school grounds and the carnival was promoted as an activity to raise money for the school or for some school related purpose, such as a school sponsored class trip. On the other hand, sales of tickets to carnivals, concerts, circuses, ball games and other such events are subject to tax when conducted by businesses for profit, even if the school receives a share of the proceeds from the event.

(6) Casual and occasional sales by a parent-teacher association (PTA) or similar organization are exempt if the organization (1) has a current business registration certificate; and (2) is exempt from federal income taxes under Internal Revenue Code § 501(c)(3) or § 501(c)(4); and (3) is an organization with no paid employees and whose gross income from fund raisers, less reasonable and necessary expenses to raise such gross income (or the tangible personal property or services purchased with such net income), is donated to the public school. If any of the foregoing conditions are not met, casual and occasional sales are taxable. For example, sales of such items as class photographs, class rings and school jackets are taxable when sold by for-profit organizations and individuals, because for-profit organizations and individuals are not exempt from federal income taxes under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code. To qualify as a casual and occasional sale, a fund raiser may last no longer than 84 consecutive hours (i.e., three and one half days) and no more than six such fundraisers may occur in any consecutive twelve months period. For more information, see Publication TSD-320, "Sales and Use Tax Considerations for Nonprofit Organizations."

ILLUSTRATION

Moe Doe, a professional photographer, takes class photographs for various schools as part of his photography business, which is subject to sales tax. Moe has a current business registration certificate and employs a secretary/receptionist. Sales tax must be charged on the sales price of the class photographs for each of the following reasons. First, since Moe is in the business of photography, his services are not casual and occasional sales. Second, Moe is not a PTA or similar organization. Third, because he is a professional photographer, Moe is not a qualified Section 501(c)(3) or Section 501(c)(4) organization. And fourth, because taking class photographs is part of his business, Moe does not donate all of his earnings from such activities to the schools. The fact that Moe's services are provided to public school students does not make his services exempt from sales tax. The school should either be sure that Moe is collecting sales tax, or the school itself should collect and remit the tax.

SALES OF FOOD

There are special exemption provisions for sales and purchases of food by public schools. Food sold by public schools, school sponsored parent-teacher associations or school sponsored student organizations, to students enrolled in the school or to employees of the school during normal school hours is exempt per se from sales tax.

Only two types of organizations may make such exempt sales of food during normal school hours:

- (1) Any public school which is subject to regulation by the West Virginia State Board of Education; or
- (2) Any parent-teacher association or student organization which is sponsored by a public school which is subject to regulation by the West Virginia State Board of Education.

The following sales of food during other than normal school hours are also exempt:

Sales of food by a school sponsored student or parent-teacher association or similar organization at athletic, cultural, social or fund raising events when the proceeds of such sales, after payment of reasonable expenses, are donated to the school or used to purchase tangible personal property or services for the school. Examples of such exempt sales are bake sales held by the school's band

boosters to raise money for new uniforms, and concession sales of hot dogs, popcorn and soft drinks by parents at athletic events to raise money for athletic equipment.

The following sales of food are always subject to sales tax:

Sales of food through vending machines, regardless of where the machine is located, who owns the machine or when the sale occurs; and

Sales of food to the general public during normal school hours unless such sales meet all of the conditions listed in Item (6) in the previous section on "Sales of Items Other Than Food."

WHEN SALES ARE TAXABLE

One other aspect of taxable sales should be kept in mind. When a taxable sale occurs, the sales tax generally must be stated separately from the sales price. In some situations, however, such as nonexempt ticket sales, admission fees and food sold at school related events such as ball games, the sale price may include the sales tax. In the case of tickets, either the sales price and sales tax must be separately stated on the ticket, or the ticket or a sign posted in plain view must state that sales tax is included in the ticket price. With respect to admission charges where tickets are not used and sales of food at school related events, a sign may also be posted in plain view stating that sales tax is included in the sales price. When the sign method is used, the sign must be legible and visible to a person with normal vision from a distance of 20 feet. When the sales price includes the sales tax, the amount of sales tax which must be imposed on each sale is as follows:

Divide the total amount received by 1.06 and multiply that amount by .06, then round the resulting amount up to the next highest cent. This last figure is the amount owed to the State on the sale.

West Virginia State Tax Department

Compliance and Taxpayer Services Division
P. O. Box 3784
Charleston, West Virginia 25337-3784

Telephone: (304) 558-3333

Toll free : 1-800-WVA-TAXS (1-800-982-8297)

Visit our website:
<http://www.wvtax.gov>

File online at <https://MyTaxes.wvtax.gov>

TDD service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)



Special Sales And Use Tax Rules For Nonprofit Organizations

Major changes to the consumers sales and service tax and use tax laws affecting nonprofit organizations were enacted by the West Virginia Legislature in 1989. The purpose of this publication is to provide general information concerning these changes. It is not a substitute for tax laws or regulations.

NONPROFIT ORGANIZATIONS ARE NOT EXEMPT FROM THE SALES AND USE TAX BY REASON OF THEIR NONPROFIT STATUS ALONE but must meet the very specific requirements contained in the sales and use tax laws and legislative regulations. Nonprofit organizations which do not meet these requirements are required to pay tax on their purchases and collect and remit tax on their sales (unless their purchases or sales are exempt under some other provision of the law). All sales and purchases are presumed to be taxable. It is the responsibility of both the person making a purchase and the person making a sale to prove that the purchase or sale is for an exempt purpose.

PURCHASES BY CERTAIN NONPROFIT ORGANIZATIONS

Certain nonprofit organizations purchasing tangible personal property or taxable services to be used or consumed in the organization's nonprofit activities are exempt from payment of the consumers sales tax or use tax on those purchases. To qualify for this exemption the organization must meet ALL FOUR of the following conditions:

- (1) The organization must have a current annual registration certificate with the West Virginia State Tax Department; AND
- (2) The organization must be exempt from paying federal income tax under § 501(c)(3) or § 501(c)(4) of the Internal Revenue Code; AND
- (3) The organization must be ONE of the following (A or B or C or D):
 - A. A church or a convention or association of churches as defined in section 170 of the Internal Revenue Code of 1986, as amended; OR
 - B. An elementary or secondary school which maintains a regular faculty and curriculum and has a regularly enrolled body of pupils or students in attendance at the place in this state where its educational activities are regularly carried on; OR
 - C. An organization which receives more than one-half of its support from any combination of gifts, grants, direct or indirect "charitable contributions" or "membership fees"; OR
 - D. An organization which has no paid employees and its gross income from fund raisers, less reasonable and necessary expenses incurred to raise such gross income (or the tangible personal property or services purchases with such net income) is donated to an organization which is exempt from income taxes under § 501(c)(3) or § 501(c)(4) of the Internal Revenue Code; OR
 - E. A youth organization, such as the Girl Scouts of the United States of America, the Boy Scouts of America, or the YMCA Indian Guide/Princess Program, and the local affiliates thereof, which is organized and operated exclusively for charitable purposes and has as its primary purpose the nonsectarian character development and citizenship training of its members; AND
- (4) The items or services purchased by the organization will be used or consumed in the activities for which the organization qualifies for exemption from federal income taxes.

Some important points to remember about this limited exemption for certain purchases by nonprofit organizations follow:

- ° This exemption does not apply to purchases of gasoline and special fuels.
- ° This exemption does not apply to purchases of items or services used or consumed in generating unrelated business income by the nonprofit organization.
- ° To qualify for this exemption, the organization must have a current business registration certificate. To obtain a registration application (BUS APP) contact the West Virginia State Tax Department.
- ° If the nonprofit organization has received a determination from the Internal Revenue Service that the organization qualifies as a § 501(c)(3) or § 501(c)(4) organization and the determination has not been revoked, withdrawn or nullified, the nonprofit organization need not apply to the Tax Commissioner for determination of whether the organization qualifies as a § 501(c)(3) or § 501(c)(4) organization. If the nonprofit organization has not received a determination from the Internal Revenue Service, the organization must receive a prior written ruling from the Tax Commissioner regarding its qualification by filing a copy of its articles of incorporation, bylaws and a sworn statement by an officer of the organization setting forth reasons for qualification.

Examples of this exemption:

"The Cure" is an organization which raises funds for medical research. The organization has a current registration certificate from the Department of Tax and Revenue and has received a written ruling from the Tax Commissioner that it meets the requirements for qualification under section 501(c)(3) of the Internal Revenue Code. All of its support comes from charitable contributions. This organization meets the requirements necessary to make tax exempt purchases and may purchase office supplies and equipment and fund raising materials tax free by presenting a properly completed exemption certificate to its vendors.

"Have Mercy Hospital" is a private nonprofit hospital which has a current registration certificate and has been qualified as a 501(c)(3) organization by the Internal Revenue Service. "Have Mercy Hospital" is primarily funded by charges it makes to its patients for providing medical care. Thus, this hospital does not meet the requirements for making tax exempt purchases and must pay sales or use tax on all of the purchases it makes for use in providing medical care.

In addition to its normal activities a church conducts a community outreach program which provides information and counseling on drug abuse. The church also provides food and clothing to the needy. The church makes no charge for these services. The church may purchase exempt from tax office equipment and supplies, drug abuse literature, the services of a professional or nonprofessional drug abuse counselor, food and clothing which will be given free of charge and any other materials, supplies or equipment (except gasoline or special fuel) which will be directly used or consumed by the church in its normal church activities and in its community outreach program.

The church also operates a Day-Care Center for which it charges a fee of thirty dollars per week per child. The church will not collect sales tax from its customers on the fee because there is a specific exemption in the sales tax law for services provided by Day-Care Centers. The church must pay sales or use tax on all of its purchases for use in providing the day-care service. If the church uses the supplies, equipment, food or materials which were purchased tax free for use in its exempt activities in the nonexempt Day-Care Center, it must pay use tax on these items.

METHOD OF CLAIMING THE EXEMPTION

Persons claiming an exemption for sales or use tax must be registered with the West Virginia Department of Tax and Revenue. Registration is accomplished by completing an application for business license (WV/BUS APP). In an effort to promote efficiency and cost savings, the Department uses this form for all types of registration. Churches and nonprofit organizations are not considered to be "businesses" or engaged in business or subject to any other tax laws by the mere completion of this form.

Churches and nonprofit organizations that meet the requirements set forth above may claim the exemption from sales or use tax on their exempt purchases by providing the vendors from whom they make purchases with a properly completed Certificate of Exemption (Form F0003). When a vendor in good faith accepts a properly completed tax exemption certificate from his customer at the time of the sale, he is relieved of the responsibility of collecting the sales tax from the customer. The vendor must update his exemption certificate file each year and retain exemption certificates for at least three years. When a church or nonprofit organization uses a tax exemption certificate to make purchases, the burden of proof that the purchase was exempt is on the organization. Misuse of the tax exemption certificate is a serious offense and will subject the purchaser to penalties in addition to any tax, interest and additions to tax due on the purchase.

SALES BY CHURCHES AND NONPROFIT ORGANIZATIONS

Churches and nonprofit organizations that meet the requirements (set forth above) for making tax exempt purchases may also make casual and occasional sales for fund raising purposes and not be required to collect the sales tax from the persons to whom they sell. This exemption from the collection of sales tax is "per se" (in and of itself) and does not require any special documentation as proof of the exemption.

For the purpose of this exemption, "casual and occasional sales" means fund raising events not conducted in a repeated manner or in the ordinary course of repetitive and successive transactions. These fund raising events are limited to six events (which last no more than eighty-four consecutive hours each) in any twelve month period. Any fund raising event which lasts more than eighty-four hours will be considered as two or more events, depending upon the duration of the event. If an organization holds more than six events it must begin to collect the sales tax on sales made at the seventh event and any others held thereafter.

Organizations that know at the outset that their fund raisers will exceed the six time/eighty-four hours limit or organizations which regularly and routinely make repetitive sales in the ordinary course of their activities do not qualify for this exemption and must collect sales tax on all of their sales.

In addition to the exemption for casual and occasional fund raisers by churches and nonprofit organizations, certain other special exemptions may apply. For example, the following special exemptions apply to certain sales of food even though in some cases sales may not meet the "casual and occasional" test:

1. Sales of food by a nonprofit organization or a governmental agency under a program funded by a state of the United States to low-income elderly persons at or below cost are exempt. No exemption certificate is necessary.
2. Sales of food in an occasional sale by a charitable or nonprofit organization, including volunteer fire departments and rescue squads, are exempt if the purpose of the sale is to obtain revenue for the functions and activities of the organization and the revenue so obtained is actually expended for that purpose. No exemption certificate is necessary.
3. Sales of food by any religious organization at a social or other gathering conducted by it or under its auspices are exempt if the purpose in selling the food is to obtain revenue for the functions and activities of the organization and revenue obtained from selling the food is actually used in carrying on such functions and activities: Provided, That purchases made by such organizations shall not be exempt as a purchase for resale.
4. Sales of food by little leagues, midget football leagues, youth football or soccer leagues and similar types of organizations including scouting groups and church youth groups if the purpose in selling the food is to obtain revenue for the functions and activities of the organization and the revenues obtained from selling the food are actually used in supporting or carrying on functions and activities of the groups: Provided, that such purchases made by such organizations shall not be exempt as a purchase for resale.

West Virginia State Tax Department
Compliance and Taxpayer Services Division
P.O. Box 3784
Charleston, West Virginia 25337-3784

Visit our website:
<http://www.wvtax.gov>

TDD Service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)



Sales and Use Tax Exemptions

The West Virginia sales and use tax laws contain many exemptions from the tax. This publication provides a brief, general description of sales and use tax exemptions. It does not discuss special rules regarding sales of gasoline and special fuels. It is not a substitute for tax laws or regulations.

When discussing sales/use tax exemptions it is important to consider the following general principles:

- All sales of tangible personal property or taxable services are presumed to be subject to tax.
- Tax **must** be collected unless a specific exemption applies to the transaction and proper documentation of the exempt status of the transaction is established by the purchaser and retained by the seller.
- Most individuals, businesses and organizations must pay tax on their purchases.
- The burden of proving that a transaction is exempt is on the person claiming the exemption and the vendor making the sale.
- Vendors who fail to collect and remit sales tax on taxable transactions or who fail to maintain proper records and documents with respect to such transactions will be held personally liable for payment of the amount of tax owed the State.
- Intentional disregard of the sales/use tax law or regulations is a serious matter and will result in monetary fines or criminal penalties.

There are several distinct types of exemptions and prescribed methods by which the exemptions must be claimed. Failure to follow the proper method in claiming an exemption may result in a transaction being taxable even though an exemption would exist if the proper method and documentation had been used.

“Per se” Exemptions

The term “per se” means by, of or in itself. When used in the context of sales tax exemptions, it refers to exemptions that do not require a separate exemption document as proof of the exempt status. Generally the normal documentation of the transaction is sufficient proof of the “per se” exemption. Vendors who make sales which are “per se” exempt must maintain adequate records to substantiate the exemption.

The following sales and services are exempt “per se” from sales/use tax in West Virginia.

Advertising - Sales of radio or television broadcasting time, preprinted advertising circulars and outdoor advertising space, newspaper and magazine advertising space for the advertisement of goods or services are exempt from sales tax.

College Room and Board - Sales of room and board by public or private colleges or universities are exempt from sales tax when the sale thereof is for more than 30 consecutive days and is on a “contract basis” to students enrolled at the school.

Contracting - The construction, alteration, repair, improvement or decoration of real property is exempt from sales tax, but only when the work performed results in a “**capital improvement**” to the real property. All other construction trade activities are subject to the sales tax unless otherwise exempt. (See Publication TSD-310) **Purchases** made by contractors are generally taxable.

Day Care Centers - Sales of tangible personal property or services by day care centers are exempt from sales tax. Purchases of property or services by day care centers are generally taxable.

Drugs, durable medical goods, mobility enhancing equipment and prosthetic devices dispensed upon prescription - The purchase by a health care provider of drugs, durable medical goods, mobility enhancing equipment and prosthetic devices to be dispensed upon prescription and intended for use in the diagnosis, cure, mitigation, treatment, or prevention of injury or disease are exempt from sales tax. Purchases of non-prescription drugs and other over-the-counter healthcare items remain subject to sales tax just as such items are taxable when purchased by a consumer from a retailer. See Publication TSD-425 for additional information.

Educational Summer Camp Tuition - Tuition charges made for attending **educational** summer camps are exempt from sales tax. This exemption does not apply to sales of tangible personal property or food by the camps.

Employees - Services provided by an employee to his or her employer that are within the scope of the employment contract are exempt from sales tax. Services provided by an employee to his employer that are outside of the employment contract and services provided by an “independent contractor” are taxable. A discussion of the employee/employer relationship can be found in Section 60 of the Department’s Sales Tax Regulations.

Federal and State Law exempts certain organizations or activities from state sales taxes. These provisions are not found in our sales tax law or legislative rule, but are in the particular provisions of the law which deal with the specific organization or activity. A nonexclusive list of organizations that are exempt from sales tax by other sections of federal or state law are: federal or state chartered credit unions, regional transit authorities, county ambulance authorities, and non-profit public health care corporations. These provisions of federal and state law may exempt the organization or activity from sales tax on the sale of goods and services or on purchases of goods and services or both. However, this exemption applies only to the activities or transactions specifically excluded from taxation by the applicable statute. For example, state law imposes a part-mutual wagering tax on racing tracks in lieu of other taxes on its operations; nevertheless sales of food, beverages, programs, souvenirs and other items by racing tracks are subject to the sales tax.

Food Stamps - Sales of food lawfully purchased with federal food stamps or with drafts issued by the West Virginia special supplemental food program for Women, Infants And Children (WIC) are exempt from sales tax.

Fraternities and Sororities - Room and board charges made by fraternities and sororities to their student members are exempt from tax.

Fund Raising Sales by Churches and Certain Non-Profit Organizations - This exemption only applies to organizations which meet special requirements. For a complete discussion of this exemption see Publication TSD-320.

Intangible Property - The sales tax is not imposed on sales of intangibles (copyrights, royalties, notes, bonds, etc.).

Isolated Transactions - Sales of tangible personal property or taxable services **by persons** who are not in the business of making such sales, such as an individual selling his personal belongings or a law office selling its used furniture, are exempt from sales tax. Sales of tangible personal property may be made at yard sales without collecting sales tax provided such sales are held no more than 4 times per year and last no longer than 48 hours each. Persons who regularly and routinely sell goods at yard sales, flea markets or along the roadside are engaged in the business of selling. They must register with the State Tax Department and collect sales tax on such sales. Persons who are not engaged in the business of providing taxable services may also qualify for this exemption. For example, teenagers who occasionally mow lawns, baby sit or do odd jobs for their neighbors may be able to claim this exemption.

Lottery Tickets - Sales of West Virginia lottery tickets and materials by authorized lottery retailers, including sales of Lotto America tickets and materials, are exempt from sales tax.

Motor Vehicles - Contact the Division of Motor Vehicles by calling 304-558-3900 or visiting their website <http://www.dmv.wv.gov>.

Newspapers - Sales of newspapers are generally taxable. However, when they are delivered by route carriers they are exempt. Over the counter and vending machine sales **are** taxable.

Personal Services - Sales of services to the "person" of an individual, such as barbering, hairstyling, manicuring and massaging are exempt from tax. Generally this exemption does not apply to weight loss or physical fitness programs. Purchases of tangible personal property or taxable services made by personal service providers are generally taxable.

Prescriptions - Sales of drugs dispensed upon prescriptions issued by persons licensed to prescribe, and sales of insulin to consumers for medical purposes are exempt from tax. Sales of nonprescription medications are subject to the tax. Note, however, those **purchases** of prescription drugs and insulin by medical professionals for use in their medical services are taxable.

Professional Services And Certified Public Accountants - Sales of services recognized as "professional" under West Virginia law such as those provided by doctors, lawyers, engineers, architects and CPA's are not taxable. **Purchases** by professionals are taxable.

Public Services - Sales of services which are subject to the control of the West Virginia Public Service Commission, including sales of gas, steam and water delivered through pipes and mains and sales of electricity, most telephone services and services of regulated public or common carriers, bus and taxi services are exempt from tax. Mobile telephone and paging services that may not be regulated are subject to the tax. Sales of goods by regulated companies are generally **not** exempt.

Real Property - Sales tax is not imposed on the sale, lease or rental of real estate (land, houses, buildings and other structures attached to the land). Leases or rentals of real property to the same person or occupant for thirty or more consecutive days are exempt while rentals for less than thirty days are subject to the tax, such as daily parking rental.

School Activities - Sales of tickets for activities sponsored by elementary and secondary schools located within this State are exempt from sales tax. This exemption does not include activities sponsored by other organizations which merely occur on school property and are not sponsored by the school.

Textbooks - Sales of textbooks required to be used in any of the schools of the State, whether the books are sold directly to schools or students are exempt from tax. This exemption includes written course materials as well as audio and video materials so long as they are a required text of the school. This exemption does not apply to books or materials that are not textbooks, pens, pencils, paper or other school supplies.

Transportation - Charges for transporting passengers in interstate commerce, such as airplane tickets or bus tickets, are exempt from tax when the trip begins or ends outside the State.

Exemptions

The following is a list of tax exemptions that may be claimed by presenting a properly executed Certificate of Exemption (Form F0003) to the seller of the tangible personal property or taxable services. If a vendor fails to obtain a properly completed exemption certificate from the purchaser or if the purchaser refuses to provide a certificate, the vendor must collect the tax and the purchaser must pay the tax. You cannot typically claim these exemptions by using a direct pay permit unless you are otherwise eligible to hold a direct pay permit.

Purchase for Resale - Purchases of tangible personal property or taxable services intended for resale, or for use in performing taxable services when such property becomes a component part of the property upon which the services are performed and will be actually transferred to the purchaser, are exempt from sales tax.

Purchased By An Exempt Commercial Agricultural Producer - Purchases of tangible personal property or taxable services for use or consumption in the commercial production of an agricultural product and purchases of propane for use in heating poultry houses are exempt from sales tax, but not purchases for construction of or permanent improvement of real property.

Tax Exempt Organizations

Government - Purchases by the United States government or the State of West Virginia, including their institutions or subdivisions and county and municipal governments of West Virginia are exempt from sales tax. Purchases by employees of such government agencies while on government business are not exempt from sales tax unless such purchases are directly billed to and paid for by the government agency. Purchases by another state, or by an out of state county or municipal government are not exempt unless the other state or government organization provides the same exemption to the State of West Virginia and its institutions and subdivisions. Private persons doing business with the government may not claim this exemption.

Certain Nonprofit Organizations - Purchases by a corporation or organization which has a current registration certificate and which is exempt from federal income taxes under section § 501(c)(3) or (c)(4) of the Internal Revenue Code are exempt if the organization meets all of the requirements set forth in W. Va. Code § 11-15-9(f). For information concerning these requirements refer to Publication TSD-320.

Schools - Purchases by a school that has its principal campus in this State, is approved by the State of West Virginia to award degrees, and is exempt from federal and state income taxes under section § 501(c)(3) of the Internal Revenue Code are exempt from sales tax.

Churches - Purchases of services, equipment, supplies, food for meals and materials directly used or consumed by churches which make no charge whatsoever for the services they render are exempt from sales tax. These purchases must be paid for directly out of the church treasury.

Sales of Certain Specific Services

Purchases of electronic data processing services and software related to such purchases are exempt from sales tax, but not purchases of data processing equipment, materials and supplies.

Purchases of services by one corporation, partnership or limited liability company from another corporation, partnership or limited liability company **but only** when both corporations are members of the same controlled group are exempt from sales tax.

Purchases of motion picture films, coin-operated video arcade machines and other video arcade games for any use upon which there will be a charge subject to sales tax.

Purchases by a licensed carrier of persons or property, or by a government entity, or aircraft repair, remodeling and maintenance services for an aircraft, engine or other component part of an aircraft, or purchases of tangible personal property that is permanently affixed as a component part of an aircraft as part of the repair, remodeling or maintenance of aircraft, aircraft engines or aircraft component parts, and purchases by a licensed carrier of persons or property, or by a government entity, of machinery, tools or equipment, directly used or consumed exclusively in the repair, remodeling or maintenance of aircraft, aircraft engines or aircraft component parts.

Refundable Exemptions/Direct Pay Permit

The following exemptions **must** be claimed in one of the following ways. These exemptions may not be claimed by use of the tax exemption certificate.

Direct Pay Permit - Business entities that qualify for these exemptions may apply to the State Tax Department for issuance of a Direct Pay Permit. Only those organizations which qualify for one or more of these exemptions will be issued a Direct Pay Permit. Also, business entities which are delinquent in paying taxes to the Department will not be issued Direct Pay Permits. Direct Pay Permits may only be used to purchase exempt items and may not be used to purchase gasoline and special fuel.

Pay/Refund - Business entities that qualify for these exemptions but who have not been issued Direct Pay Permits must pay the sales tax to the vendor at the time of purchase and then apply to the Department for a refund or credit of the tax paid on their exempt purchases.

Refundable/Direct Pay Permit Exemptions

Manufacturing Exemptions - Purchases of equipment, supplies, materials and services intended for direct use or consumption in the activity of manufacturing are exempt from sales tax. Purchases which are not intended for direct use or consumption but whose use or consumption is only incidental or convenient to the manufacturing activity are not exempt. For example, the purchase of an oven to process coal into coke and the purchase of coal to be processed into coke are exempt, whereas a furnace purchased to heat the office building of a coke manufacturer and the coal used to fire that furnace are subject to sales tax. For a complete discussion of the definition of "direct use" see Publication TSD-358.

Natural Resource Production - Purchases for **direct use or consumption** in the activity of producing natural resources are exempt from sales tax. This exemption applies only to persons engaged in natural resource production who are not subject to the severance tax, such as contract miners or drillers.

Transportation and Transmission Businesses - Purchases made for direct use or consumption in the activity of transportation are exempt from sales tax. Transportation and **transmission businesses engage in the activity of hauling or delivering goods for others**. Persons who haul or deliver their own goods may not claim this exemption. Purchases which are not for direct use or consumption or whose use or consumption will only be incidental or convenient to such transportation or transmission activity are taxable.

Communication Businesses - Purchases made for **direct use or consumption** in the activity of communication (telephone, telegraph, commercial broadcast radio and television, cable television, etc.) are exempt. Purchases which are not for direct use or consumption or whose use or consumption which will only be incidental or convenient to the communications activity are taxable.

Businesses Subject to the Business and Occupation Tax, Severance Tax or Telecommunications Tax - Businesses subject to these taxes may purchase exempt from the sales tax all equipment, supplies and materials that will be used in the business activities subject to those taxes. Purchases made for use in activities not subject to those taxes do not qualify for this exemption.

Other Organizations - Charitable organizations, volunteer fire departments and nationally chartered fraternal or social organizations may qualify for a refundable/direct pay permit exemption. If these organizations do not qualify for the specific exemption for non-profit (IRC §501(c)(3) or § 501(c)(4)) organizations, they may claim a limited refundable exemption. However, if these organizations qualify for the non-profit exemption, they must claim their exemption by use of the tax exemption certificate and will not be eligible to receive a direct pay permit.

- Purchases by **bona fide charitable** organizations which make no charge whatsoever for the services they render are exempt.
- Purchases by **volunteer fire departments** of station house equipment, construction and automotive equipment are exempt.
- Purchases by nationally chartered **fraternal or social** organizations for the sole purpose of **free distribution in public welfare or relief work** are exempt.

West Virginia State Tax Department
Compliance and Taxpayer Services Division
P. O. Box 3784
Charleston, West Virginia 25337-3784
Telephone: (304) 558-3333
Toll free : 1-800-WVA-TAXS (1-800-982-8297)
or visit our website:
<http://www.wvtax.gov>

TDD service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)

APPENDIX C

APPENDIX C

AUTHORIZED AND UNAUTHORIZED EXPENDITURES

The following is a partial list of expenditures that are considered to be authorized or unauthorized by either the State Attorney General or the State Superintendent of Schools. The list includes only opinions of the Attorney General or interpretations of the State Superintendent of Schools issued since 1987.

Be aware in reviewing the list that applicable statutes and State Board policies may have changed since the views contained herein were expressed. Also, it is possible that the unique facts of a particular situation may distinguish it significantly from the circumstances that existed at the time these opinions and interpretations were rendered.

In addition, the opinions and interpretations included herein should be considered only as guidelines, since neither the State Attorney General nor the State Superintendent of Schools serve as statutory or appointed attorney for the county boards of education. The advice of the board's attorney of record should be obtained on any questions concerning the legality of a particular expenditure.

Expenditures considered to be **unauthorized** by either the State Attorney General or the State Superintendent of Schools:

- The payment of dues to become a member of a local Chamber of Commerce (Attorney General Opinion of May 7, 1987)
- The expenditure of public or quasi-public funds for the purchase of food and drink for board of education meetings (Attorney General Opinion of May 7, 1987)
- The expenditure of public or quasi-funds for the purchase of food and drink for meetings of school principals (Attorney General Opinion of May 7, 1987)
- The expenditure of public or quasi-funds for the purchase of food and drink for meetings of the public (Attorney General Opinion of May 7, 1987)
- The use of school moneys to buy coffee and doughnuts for the staff as a morale booster (State Superintendent Interpretation of November 16, 1992)
- The use of funds from an individual school's general accounts for the purchase of flowers, gifts, service awards, and other awards to recognize employees for outstanding services (State Superintendent Interpretation of October 6, 1992)
- The use of gate receipts to repay a loan which was obtained by a coach and private supporters, without board knowledge or approval, to build a school athletic facility (State Superintendent Interpretation of August 31, 1992)
- The use of gate receipts, vending machine profits, and other school funds to buy a table and chair for a teachers' lounge (State Superintendent Interpretation of June 9, 1992)
- The expenditure of quasi-public funds for meals which are solely for school officials, administrators, faculty and other personnel (State Superintendent Interpretation of

July 17, 1992)

- The use by principals of school general account funds (raised from snack machines, school sales, dances, etc.) to attend and pay expenses for state and national conferences (State Superintendent Interpretation of December 5, 1989)
- The use of school general account funds (raised from snack machines, school sales, dances, etc.) to buy coffee, doughnuts, etc. for staff development meetings, staff meetings, etc. (State Superintendent Interpretation of December 5, 1989)
- The payment from a school's general fund the membership fee of an elementary principal in the West Virginia Elementary School Principals Association and the National Elementary School Principals Association (State Superintendent Interpretation of December 5, 1989)

Expenditures considered to be **authorized** by either the State Attorney General or the State Superintendent of Schools:

- The use of gate receipts, vending machine profits, and other school funds to buy flowers and shrubs for the school lawn (State Superintendent Interpretation of June 9, 1992)
- The use of quasi-public funds raised or accepted by a faculty senate to buy a table and chairs for a teachers' lounge (State Superintendent Interpretation of June 9, 1992)
- The purchase of a table and chairs for a teachers' lounge with money granted to the school by the PTA or PTO for that purpose (State Superintendent Interpretation of June 9, 1992)
- The use of a school's athletic fund to reimburse a head coach for the expense of attending a sports rule clinic mandated by the West Virginia Secondary Schools Activities Commission (State Superintendent Interpretation of October 3, 1988)
- The use of quasi-public funds to pay for student sports banquets, academic banquets, pizza parties (to reward high test scores), etc., subject to certain general limitations regarding the amount of money spent on different student groups (State Superintendent Interpretation of June 9, 1987)
- The use of quasi-public school funds to purchase awards, trophies, etc., for students for academics and athletics, subject to certain limitations regarding gender equality, equality between athletic and academic programs, and students with disabilities. (State Superintendent Interpretation of June 9, 1987)

APPENDIX D

APPENDIX D

**CONTROL FACTORS
USED TO DETERMINE WHETHER A WORKER IS AN
EMPLOYEE OR INDEPENDENT CONTRACTOR**

Behavioral Control:

- **Instructions** – If an individual receives instructions about when, where, and how to work, what tools or equipment to use, what assistants to hire to help with the work, or where to purchase supplies and services it suggests that the individual is an employee. Even if no instructions are given, the control factor is present if the employee has the right to control how the work results are achieved.
- **Training** - Employees may be trained to work in a particular manner. Independent contractors ordinarily use their own methods and receive no training from the purchasers of their services.

Financial Control:

- **Significant Investment** – If the individual has a significant investment in the work it suggests that the individual is an independent contractor. While there is no precise dollar test, the investment must have substance.
- **Expenses** – If the individual is not reimbursed for some or all business expenses then it suggests that the individual is an independent contractor.
- **Opportunity for Profit or Loss** – If the individual can realize a profit or incur a loss, it suggests that the individual is an independent contractor.

Relationship of the Parties:

- **Employee Benefits** – If the individual receives benefits such as insurance, pension or paid leave it suggests that the individual is an employee. If the individual does not receive benefits, however, the individual could be either an employee or an independent contractor.
- **Written Contracts** – A written contract may show what both the individual and the business intend. This may be significant if it is difficult to determine the status based on other facts.

FACTORS THAT SUGGEST EMPLOYEE STATUS

- **Instructions by firm**
- **Firm trains worker**
- **Services performed are vital to the business**
- **Services must be rendered personally by the worker**
- **Continuing relationship between workers and firm**
- **Full time required**
- **Order or sequence of task set by firm**
- **Regular or written reports by worker or firm**
- **Firm pays business or travel expenses**
- **Firm provides tools, materials, or significant equipment**
- **Firm has right to discharge worker**
- **Worker has right to end relationship with firm at any time without liability**
- **Work done on firm' s premises**
- **Set hours of work**

FACTORS THAT SUGGEST INDEPENDENT CONTRACTOR STATUS

- **Worker paid on a job-by-job or commission basis**
- **Worker invests in facilities used by the worker to perform services**
- **Worker can realize a profit or loss based on performance of services**
- **Worker provides services to more than one firm at a time**
- **Worker makes services available to the general public**
- **Worker hires, supervises, and fires own assistants**

Independent Contractor Checklist

Name of Service Provider: _____

The purpose of this checklist is to assist in the determination of employee or independent contractor status. Federal and State law places the burden of proof on the employer to show that an independent contractor relationship exists.

	Yes	No
Is the service provider an employee of the County Board of Education or has the service provider been employed by the County Board of Education within the past twelve (12) months?	☐	☐
Does the service provider perform the same type of work that is generally performed by regular employees?	☐	☐
Does the County Board of Education determine the means and methods by which the results are accomplished?	☐	☐
Does the County Board of Education provide supplies, equipment, software and/or tools necessary to perform the services?	☐	☐
Will the County Board of Education provide training, supervision, or instruction other than conveying the scope of the service or results desired?	☐	☐
Does the County Board of Education establish the individual's work schedule?	☐	☐
Is the individual required to perform services on County Board of Education property on a regular and continuing basis?	☐	☐
Can the service provider be terminated by the County Board of Education or quit work at any time without incurring liability?	☐	☐

If one or more responses to the above questions are "Yes" the worker may be considered an employee under IRS guidelines. If employee status is determined, contact Human Resources to establish the individual as an employee and arrange for payment of his or her services through the County Board of Education payroll.



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
CHARLESTON 25302

CHARLIE BROWN
ATTORNEY GENERAL

March 3, 1986

Dr. Tom McNeal
State Superintendent of Schools
State Capitol Complex
Building 6, Room 358
Charleston, West Virginia 25305

Re: Game Officials' Status

Dear Dr. McNeal:

This letter is written in response to your inquiry regarding whether a game official (e.g., basketball referee, baseball umpire, etc.) is an employee of a county board of education or an independent contractor. In your letter, you have indicated that these athletic officials are hired for the limited purpose of specific games, that they furnish their own equipment and supplies, that they pay their own expenses, that they do not have to accept an assignment, and that the schools do not retain any supervisory power over the officiating. Whether such person is employed by the board of education in another capacity is irrelevant to the determination of whether, for purposes of officiating, they are an independent contractor.

"An independent contractor is a person employed to do a piece of work without restriction as to the means * * * and (who) undertakes to do the work according to his own ideas * * * and to whom the owner looks only for results." 98 N.J., Independent Contractors § 2.

Although there are a number of many-factored tests that answer this question, in West Virginia the determinative question is that of supervision or control:

"The test of the relation between one having work done and the workman consists in the employer's right or lack of right to supervise the work. If that right exists, the relation is that of master and servant. If that right does not exist, the relation is that of employer and independent contractor." Bethlehem Mines Corp. v. Haden, 163 W. Va. 721, 739, 171 S.E.2d 126 (1969); McCoy v. Cohen, 149 W. Va. 187, 210, 140 S.E.2d 427,

(1965); Spencer v. Travelers Insurance Company, 148 W. Va. 111, 193 S.E.2d 735 (1963); Davis v. Fire Creek Fuel Company, 144 W. Va. 537, 109 S.E.2d 735 (1959); Moore v. Burriss, 132 W. Va. 757, 54 S.E.2d 23 (1949); Meyn v. Dulaney-Miller Auto Co., 118 W. Va. 545, 191 S.E. 538 (1939); Gresser v. Appaline Oil Company, 109 W. Va. 396, 155 S.E. 170 (1930).

Without doubt, the school hiring the game referee has no right to control the official's actions. They cannot overrule foul calls, order baskets be made good, or call fouls themselves. A trip to nearly any high school sporting event would demonstrate that the school officials' attempts to supervise (manifested by a coach's walking back and forth and yelling at the referee) always fall on deaf ears. The lack of supervision and/or control compels the conclusion that game officials are in fact, independent contractors.

In your letter, you have asked us to reconsider the informal opinion of Deputy Attorney General William Carroll. The informal opinion dealt with the propriety of withholding teachers' retirement contributions, social security deductions, state income tax deductions, federal income tax deductions, and worker's compensation from remuneration payable under extracurricular assignment contracts. In those instances, a teacher is given a salary enhancement to function as a coach, choir director, cheerleader sponsor, band director, etc. In those situations, control remains with the school authorities and the above-mentioned deductions are applicable. Inasmuch as this is a formal opinion of this office, it controls, and the inconsistency of the prior informal opinion as to "game officials" is hereby overruled.

Game officials are independent contractors and are not subject to employee pay deductions as mentioned above.

Very truly yours,

CHARLES G. BROWN
ATTORNEY GENERAL

By

J. Bradley Russell Assistant
J. BRADLEY RUSSELL

JBR/cja

APPENDIX E

APPENDIX E

School Financial Review Checklist

School _____

Year _____

Criteria	Yes	No	N/A
General:			
1. Is a copy of the <u>Accounting Procedures Manual for the Public Schools in the State of West Virginia</u> maintained on file?			
2. Is a copy of the county board's policy(s) related to school finances maintained on file?			
3. Does the principal understand that he/she is responsible for the financial management of the school?			
4. Does the principal understand the importance of a well designed internal accounting control structure?			
5. Does the school have authorization from the county board to maintain the following funds:			
General Fund?			
Child Nutrition Fund?			
Faculty Senate Fund?			
Athletic Fund?			
Financial Statements:			
1. Are monthly and annual financial statements prepared and filed for each fund?			
2. Are copies of the monthly and annual financial statements submitted to the chief school business official in a timely manner and made available for review at the school?			
Bank Accounts:			
1. Has a separate bank account been established for each fund?			
2. Are all bank accounts located within the county?			
3. Are all bank accounts maintained by the school (checking and savings) authorized by the county board?			
4. Do all bank accounts contain the name and Federal Employer Identification Number (FEIN) of the county board?			
5. Do all bank accounts contain the name of the school and the fund?			
6. Do the principal and chief school business official have signature authority for every bank account maintained by the school?			
7. Are all bank statements presented <i>unopened</i> to the school principal immediately upon their receipt at the school?			
8. Does the principal open and review the bank statements and canceled checks for irregularities or unusual items?			
9. Are reconciliations conducted of all bank accounts as soon as possible after the bank statements are received?			
10. Are any differences noted between the school's checkbook balances and the bank statement balances resolved immediately?			
11. Upon the completion of the bank reconciliations, are the reconciliation reports signed and dated by both the individual that performed the reconciliation(s) and the school principal?			
12. Are all bank statements and canceled checks or images (including voided checks) retained and filed?			
13. Are all bank accounts in which school funds are deposited insured or has the bank either provided a bond or pledged securities to cover the maximum amount that is on deposit?			
14. Do all checks have pre-printed on them: the name of the school, the name of the fund, the school address, the check number, and the account number?			
15. Do the check forms for all funds provide spaces for two signatures?			
16. Are all funds in excess of the funds necessary to meet the schools current obligations invested?			

School Financial Review Checklist

School

Year

Criteria	Yes	No	N/A
Accounting Records:			
1. Does the school maintain the following accounting records for each fund?			
Pre-numbered receipt forms			
Transaction journal(s)			
Purchase orders			
A bank checkbook or electronic equivalent			
Bank deposit slips			
Monthly financial statements			
Annual financial statements			
2. Are all accounting records adequately safeguarded against theft, casualty loss or unauthorized use?			
3. Are the following transactions posted in all transaction journals?			
All receipts, including those that have been voided			
All disbursements, included all checks that have been voided			
All interest earned			
All bank charges			
All transfers between accounts within a fund			
All transfers between funds			
All transfers between depository and investment accounts			
4. Are all transactions posted to the appropriate transaction journal at least weekly?			
Tax Exempt Status/Consumer Sales Tax:			
1. Has the school registered as a tax exempt organization with the West Virginia Department of Tax and Revenue?			
2. Does the school have a <i>current</i> business registration certificate?			
3. Is consumers sales tax collected on all taxable sales?			
4. Are all sales tax collections remitted to the West Virginia Department of Tax and Revenue in a timely manner?			
Annual Audit:			
1. Has a plan of corrective action for all reportable conditions noted in the school's audit/review report been submitted to the county board?			
2. Are all reportable conditions corrected as soon as practical and in all cases within six (6) months of receipt of the report?			
Records Retention:			
1. Are all school records maintained at the school and safeguarded at all times, unless otherwise directed by the county superintendent or his/her designee?			
2. Are the following records maintained at the school and safeguarded at all times, unless otherwise directed by the county superintendent or his/her designee?			
Transaction journals			
Bank Statements			

School Financial Review Checklist

School _____

Year _____

Criteria	Yes	No	N/A
Canceled checks and deposit slips			
3. Are all other financial records retained for at least three (3) years?			
Collections:			
1. Are all moneys collected from school activities remitted daily to the school principal or to the individual designated by the principal to be responsible for the funds?			
2. Are all monies collected reconciled to the detailed records supporting the collections?			
3. Are all checks received by the school stamped on the back with a restrictive endorsement at the time of receipt?			
4. Are receipts written for all monies collected?			
5. Are all receipts pre-numbered and used in sequential order?			
6. Are receipts prepared in duplicate with the original provided to the individual from whom the monies were received?			
7. Are the following items included on all receipts written?			
The date remitted?			
The amount received?			
The name of the individual from whom the monies are received?			
The purpose of the collection?			
The fund and account for which the monies were received?			
8. If detailed listings are used for collections from groups of students, are the lists provided to the principal or his/her designee at the time the monies are remitted?			
9. Are all voided receipts clearly marked VOID and retained and filed?			
10. Are all receipts written posted daily to the transaction journal in numeric order?			
11. Are the making of cash disbursements and the cashing of personal checks considered unauthorized uses of cash collections?			
Concession Stands/Vending Machines:			
1. If a concession stand is operated by the school:			
Have local procedures been established to ensure that items purchased for resale are adequately safeguarded from theft, casualty loss or unauthorized use and that proceeds are receipted and deposited properly?			
Is a profit and loss statement prepared periodically?			
Is an inventory reconciliation/sales form prepared periodically?			
2. If vending machines are maintained at the school:			
Does a vendor restock the machine(s) and remove the sales proceeds; or;			
Have local procedures been established to safeguard the inventory of items purchased for resale and to ensure that all sales proceeds are receipted and deposited properly?			
Is a profit and loss statement prepared periodically?			
3. If soft drinks are sold at a high school, have procedures been established to ensure that 75% of the profits are allocated by a majority vote of the faculty senate?			
Fund Raisers:			
1. If fundraising activities are conducted by a school:			

School Financial Review Checklist

School

Year

Criteria	Yes	No	N/A
Does the principal approve all fundraising activities prior to the conducting of the activities?			
Have local procedures been established to ensure that fundraising activities are conducted in a proper manner and that all proceeds are receipted and deposited into one of the schools depository accounts?			
Are payments made to vendors for merchandise purchased for resale made only with a check issued for that purpose?			
Is an activity report prepared for each fundraising activity conducted?			
Is a profit and loss statement prepared for each fundraising activity?			
Gate Receipts:			
1. Are pre-numbered tickets used at school events in which an admission fee is charged or a donation accepted for admittance?			
2. Are reports prepared for each event that reconciles the total number of tickets sold to the total cash collections?			
3. Have local procedures been established to verify the consecutive use of tickets?			
Deposits:			
1. In accordance with county board policy, deposits are made:			
Daily;or;?			
When collections exceed \$500;and;?			
Before all extended school holidays;and;?			
At least weekly?			
2. Have procedures been established to safeguard undeposited cash receipts from theft, casualty loss or unauthorized use?			
3. Do deposit slips contain:			
The name of the school?			
The bank account number?			
The date the deposit slip was completed?			
The series of receipt numbers comprising the deposit?			
The total amount of cash included in the deposit?			
A listing of the individual checks included in the deposit?			
The total amount of the deposit?			
4. Are deposit slips prepared in duplicate and the original remitted to the bank and the copy retained in the school's files?			
5. Are all checks being deposited listed separately on either the deposit slip or on a separate schedule attached to the deposit?			
6. Are the beginning and ending receipt numbers listed on all deposit slips?			
Non-sufficient Fund Checks:			
1. When deposited checks are returned for insufficient funds (NSF), are adjusting entries made in the transaction journal to reduce the amount of funds recorded as having been received?			
2. Have procedures been established to provide guidance on the steps to be taken in recovering funds from NSF checks?			

School Financial Review Checklist

School

Year

Criteria	Yes	No	N/A
3. Are all checks deemed uncollectible reported annually to the chief school business official and a file maintained for each individual at the school?			
Purchase Orders:			
1. Are all purchases made in accordance with the purchasing procedures prescribed by the county board?			
2. Are the purchases from the fund controlled in such a manner that unpaid bills and outstanding obligations never exceed the available resources of the fund?			
3. Are pre-numbered purchase orders that require the signature of the school principal or his/her designee used by the school for all purchases?			
4. Are fully executed purchase orders obtained prior to the ordering of goods or services?			
5. Are purchase orders prepared in duplicate with the original forwarded to the vendor and the second copy maintained in the school's files?			
6. Are purchase orders retained and filed in a systematic manner?			
Disbursements:			
1. Are all disbursements made for the educational benefit of the students?			
2. School funds are never expended for flowers, gifts, banquets or service awards for school employees <u>unless funds are raised or donated specifically for that purpose.</u>			
3. Are donations received from private sources accounted for in a separate account within the school's general fund?			
4. Are all disbursements made by a check?			
5. Are checks made payable only to the individual or vendor to whom the payment is being made?			
6. Have procedures been established that ensure that all goods have been received and services rendered prior to the school making payment for those goods and services?			
7. Checks are never made payable to cash.			
8. Are all checks and check stubs fully completed at the time that the check is being issued?			
9. Checks are never signed in advance.			
10. When an error is made in preparing a check:			
Is the word "VOID" written on the face of the voided check and a new check written for the disbursement?			
Is the voided check and check stub retained and filed?			
11. Are two signatures required on all checks issued; with one being that of the principal?			
12. Do all checks contain:			
The name of the school?			
The name of the fund?			
The school's address?			
The check number?			
The account number?			
Two authorizing signature lines?			
13. Is itemized documentation maintained that supports all disbursements of school funds?			
14. Are disbursements made only from invoices and not monthly statements?			
15. Have procedures been established that requires school personnel to verify the clerical and mathematical accuracy of all vendor invoices?			
16. Are all invoices approved by the principal or his/her designee prior to payment being made?			

School Financial Review Checklist

School

Year

Criteria	Yes	No	N/A
17. After payment has been made, are all invoices stamped with the following information and filed in a systematic manner?			
Check Number?			
Date Paid?			
Amount Paid?			
Approved By?			
18. Are all payments made by a school to individuals (other than those that can be <i>clearly identified</i> as an independent contractor) for services rendered paid through the county board office?			
19. Are all payments made to independent contractors reported to the county board office so that a 1099-MISC determination can be made?			
20. Are all checks issued posted in the transaction journal:			
Individually?			
In numeric order?			
Daily?			
21. Are all disbursements classified to the appropriate account(s) within the fund?			
Stop Payments:			
1. When a stop payment is made on a check that has been issued, are correcting journal entries posted in the transaction journal?			
2. When a stop payment is made on a check issued during a previous year, is:			
a receipt in the amount of the check prepared and posted to the transaction journal?			
the canceled check removed from the outstanding check list?			
Travel:			
1. Is a copy of the county boards travel regulations maintained at the school?			
2. Are travel expense reimbursements made to employees only upon their submission of an itemized statement signed by both the employee and the principal?			
3. Are all payments for travel expenses of students supported by an itemized statement that includes:			
The date and purpose of the trip?			
The names of all students and chaperones on the trip?			
The amounts paid?			
4. When travel funds are paid directly to students, is a verification form obtained from the student certifying their receipt of the funds?			
5. Are receipts obtained to support all travel disbursements made directly to vendors?			
6. Are all travel statements signed and dated by the staff member in charge of the trip?			
7. Are all travel statements and supporting documentation remitted to the school principal or his/her designee in a timely manner?			
8. For trips in which cash advances are obtained, is the cash remaining at the conclusion of the trip remitted in a timely manner to the school principal and deposited immediately into one of the schools depository accounts?			
Petty Cash Fund/Starting Cash Drawer:			
1. If a petty cash fund not to exceed \$50 has been authorized by the county board:			
Is the fund adequately safeguarded from theft, casualty loss or unauthorized use?			

School Financial Review Checklist

School

Year

Criteria	Yes	No	N/A
Do the cash and receipts in the fund always equal to the total amount of the fund established?			
Is the fund replenished only with a school check that is supported by itemized receipts and invoices and that is made payable to the principal?			
Does someone independent of the custodian periodically count the fund and reconcile the contents to the established amount?			
2. If a starting cash drawer not to exceed \$500 has been authorized by the county board:			
Is the drawer adequately safeguarded from theft, casualty loss or unauthorized use?			
Is the amount in the drawer equal to the amount established at all times?			
Is the starting cash drawer deposited into a school account at times when it is not needed and at the end of each school year?			
Does someone independent of the custodian periodically count the drawer and reconcile the contents to the established amount?			
Child Nutrition:			
1. In accordance with county policy, the Child Nutrition Program is maintained:			
As a separate sub-account within the school's general current expense fund?			
As a separate fund and bank account?			
Faculty Senate:			
1. In accordance with county policy, Faculty Senate funds are maintained:			
As a separate sub-account within the school's general current expense fund?			
As a separate fund and bank account?			
2. Does the Faculty Senate prepare and approve a budget annually that details how all faculty senate funds are to be expended?			
3. Are budget revisions made only with the approval of the faculty senate?			
4. Is the approval of the faculty senate budget and all revisions made a part of the minutes of the faculty senate meeting(s)?			
5. Are expenditures made only in accordance with an approved faculty senate budget?			
6. Does the Faculty Senate utilize the legislative appropriation as follows:			
Make an allotment of \$100 to each teacher, counselor and librarian for expenditure during the instructional year for academic materials, supplies or equipment which, in the judgement of the individual, will assist him/her in providing instruction?			
Expend the remaining funds only for academic materials, supplies or equipment?			
7. Are teachers, counselors and librarians required to submit receipts for all purchases made with the \$100 allotment?			
8. If the \$100 allotment made to each teacher, counselor and librarian is not fully exhausted during the instructional year, are the funds returned to the faculty senate?			
9. If faculty senate funds are maintained in the school general fund, are faculty senate records reconciled to the general fund records periodically?			
Athletics:			
1. In accordance with county policy, athletic funds are maintained:			
As a separate sub-account within the school's general current expense fund?			
As a separate fund and bank account?			

School Financial Review Checklist

School _____

Year _____

Criteria	Yes	No	N/A
WVSSAC Tournaments:			
1. If the school enters into an agreement with the West Virginia Secondary Schools Athletic Commission to			
Has the school established a separate sub-account in the transaction journal to account for all collections and expenditures made as a result of the tournament?			
Are all proceeds received from the tournament deposited intact into one of the schools depository			
Are all expenses associated with the tournament paid by check from the appropriate account?			
Are all individuals who render services during the tournament paid through the normal payroll process at the central board office <i>unless it can be clearly shown</i> that the individual is an independent contractor in accordance with the criteria established by the Internal Revenue Service?			
Athletic Equipment:			
1. Is an inventory maintained of all uniforms, equipment and other team merchandise?			
2. Does the school require that all items provided to athletes and coaches be returned at the end of the season?			
PTA's, Booster Groups and Other School Support Organizations:			
1. Have procedures been established to ensure that all school support organizations are approved by the county board to conduct fundraising activities in the name of the school?			
2. Are all school support organizations required to obtain approval from the principal prior to their conducting of a fundraising activity?			
3. Does the principal receive 2 copies of the annual financial statements prepared by each school support organization?			

126CSR2

POLICY 1224.1: Accounting Procedures Manual for the Public Schools in the State of West Virginia

COMMENT PERIOD ENDS:

COMMENT RESPONSE FORM

NOTICE: Comments, as submitted, shall be filed with the West Virginia Secretary of State's Office and open for public inspection and copying for a period of not less than five years.

The following form is provided to assist those who choose to comment on Policy 8200: Purchasing Procedures for Local Educational Agencies. Additional sheets may be attached, if necessary.

Name: _____ Organization: _____

Title: _____

City: _____ State: _____

Please check the box below that best describes your role.

- | | | |
|---|--|--|
| ☐ School System Superintendent | ☐ School System Staff | ☐ Parent/Family |
| ☐ Principal | ☐ Teacher | ☐ Business/Industry |
| ☐ Professional Support Staff | ☐ Service Personnel | ☐ Community Member |

COMMENTS/SUGGESTIONS
§126-2-1. General.
§126-2-2. Incorporation by Reference.

Accounting Procedures Manual for the Public Schools in the State of West Virginia

Please direct all comments to:

Amy Willard, Coordinator
Office of School Finance
West Virginia Department of Education
Capitol Building 6, Room 215
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0330
E-Mail Address: awillard@access.k12.wv.us
Fax No.: (304) 558-8867