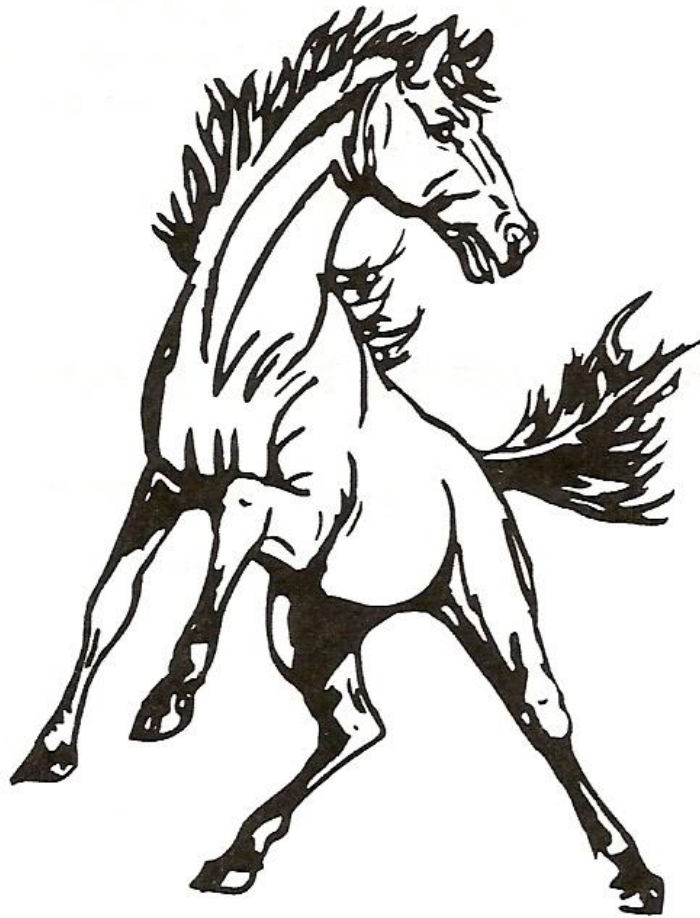


WHEELER INDEPENDENT SCHOOL DISTRICT

FINANCE MANUAL

OPERATING PROCEDURES



2016-2017

WHEELER INDEPENDENT SCHOOL DISTRICT

Board of Trustees:

Dr. LeeAnn Hillhouse – President

Billy Richardson – Vice President

Ike Finsterwald – Secretary

Larry Ashurst – Member

Machille Henson – Member

Mark Marshall – Member

Beau Means – Member

District Superintendent

Bryan Markham

WHEELER INDEPENDENT SCHOOL DISTRICT

Finance Manual

Preface

This manual provides guidelines and procedures for budgeting and expending District funds, Federal Funds, and Grants. It is a compilation of State and Federal laws and local policies and procedures that are to be used for processing all financial and budget related items.

The purpose of this manual is to provide all users with District procedures and guidelines, but it is also to assist users in understanding the complex financial requirements of the educational world in which we live today.

The manual was prepared using input from the Texas Education Agency, the District's central administration, finance staff, and other District personnel. Although it is not all-inclusive and cannot address all situations, the manual does provide general information to assist with normal, everyday financial transactions. Any and all District personnel with financial duties are responsible for the contents.

WHEELER INDEPENDENT SCHOOL DISTRICT

Finance Manual

Table of Contents

Section I	Finance and Budgeting	4
	Accounting Code Structure	5
	Basic System Code Composition	6
	Annual Operating Budget.....	16
	Record Maintenance and Retention	21
Section II	Fixed Assets	23
	Direct Fixed Assets Guidelines	24
	Capital Assets.....	25
	Federal and Grant Funds.....	28
Section III	Accounts Payable	30
	Consultants and Contracted Services.....	31
	District Credit Cards.....	33
	Travel	34
	Cash Management.....	37
Section IV	Purchasing	39
	Purchasing Policy.....	40
	Purchasing Authority.....	40
	Purchasing Requirements	41
Section V	Payroll	46
	Leave and Absent Reporting	47
	Time and Effort.....	48
	Tax, TRS and Other Deduction Information	49
Section VI	Special Revenue Funds.....	51
	Budgets and Expenditures.....	52
	Expenditure Reporting	53
Section VII	FORMS	54

SECTION I

FINANCE & BUDGETING

FINANCE & BUDGETING

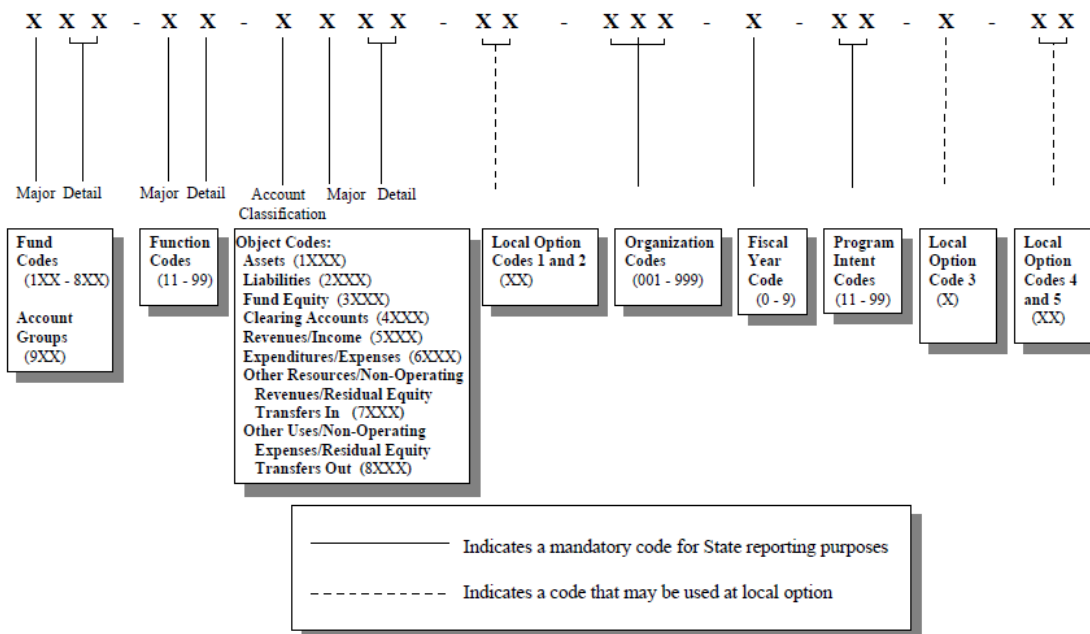
Account Code Structure

The Texas Education Code requires a standard fiscal accounting system be utilized by school districts. The account code structure used by WDISD is published in the TEA FAR guide on the TEA website:

[http://tea.texas.gov/Finance and Grants/Financial Accountability/Financial Accountability System Resource Guide/](http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial_Accountability_System_Resource_Guide/)

Click on Module 1: Financial Accounting and Reporting (FAR) Guide

The Code Structure



BASIC SYSTEM CODE COMPOSITION:

Fund Code

A mandatory 3 digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group, and the second and third digit specifies the fund.

Example: A Special Revenue Fund could be coded 211. The 2 indicates the Special Revenue Fund, the 11 specifies ESEA, Title I, Part A - Improving Basic Programs.

Fund codes are the first, second, and third digits in the code structure. The *Fiscal Year* (fourth digit in the code structure) identifies the current fiscal year or the year in which a grant began.

General Fund (State and Locally Funded) - This fund classification is used to account for transactions in which the local governing board has wide discretion to use as provided by law. The majority of the transactions handled by the District are accounted for in this fund.

- 199X **General Fund**

Special Revenue Funds (Federal Programs)

- 211X **ESEA, Title 1, Part A-Improving Basic Programs**
- 212X **ESEA, Title 1, Part C-Education of Migratory Children**
- 240X **Food Service-National School Breakfast and Lunch Program**
- 255X **ESEA, Title II, Part A-Teacher and Principal Training and Recruiting**
- 270X **ESEA, Title VI, Part B-Rural and Low-Income School Program**
- 410X **State Textbook Fund**

Debt Service Fund (Locally Funded)- This fund must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which an **ad-valorem tax** has been dedicated.

- 599X **Debt Service Fund**

Capital Projects Fund (Funded through bond proceeds)

- 699X **Capital Project Funds**

Agency Funds-These funds are held in a custodial capacity by a school district, and they consist of clearing accounts and funds that are the property of students or others. Locally raised revenues used for general operating purposes, such as certain principal's activity accounts, are not agency funds and are to be budgeted and accounted for in the General Fund.

- 865X **Student Activity Account (Not reported to PEIMS)**

Function Code

A mandatory 2 digit code applied to expenditures/expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Example: The function "Health Service" is coded 33. The first 3 specifies Support Services - Student (Pupil) and the second 3 is Health Services.

A Function code appears in the fourth and fifth digits of the code structure and represents a general operational area in a school district. It groups together related activities such as instruction or plant maintenance.

- 11 **Instruction** - A function for which expenditures are for the purpose of directly instructing students including those enrolled in adult basic education programs.
- 12 **Instructional Resources and Media Services** - A function for which expenditures are directly and exclusively for establishing and maintaining libraries and other major facilities dealing with instructional materials and media.
- 13 **Curriculum Development and Instructional Staff Development** - A function for which expenditures are directly and exclusively for in-service training and other staff development involving instructional or instructional related personnel of the district.

- 23 **School Leadership** - A function for which expenditures are for general administration of a school campus or similar type of organizational unit. In most cases, function code 23 costs are limited to operating a principal's office, and include all types of activities pertaining to the operation of that office.
- 31 **Guidance, Counseling and Evaluation Services** - A function for which expenditures are directly and exclusively for assessing and testing students' abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals.
- 33 **Health Services** - A function for which expenditures are directly and exclusively for providing health services to individuals. Expenditures for school nurses, other medical, dental and optical services, inoculations, etc., are function 33 costs.
- 34 **Student (Pupil) Transportation** - A function for which expenditures are for providing transportation to students to and from school.
- 35 **Food Services** - A function for food service operation expenditures, including the cost of food, labor, and other expenditures necessary for the preparation, transportation and storage of food.
- 36 **Extracurricular Activities** - A function for which expenditures are for extracurricular or other purposes that are not essential in the delivery of services for function 11, function code 20 series, or other function code 30 series activities.
- 41 **General Administration** - A function for which expenditures are for purposes of managing or governing the school district as an overall entity, and that cover multiple activities that are not directly and exclusively for costs applicable to specific functions. 10
- 51 **Facilities Maintenance and Operations** - A function for which expenditures are for activities to keep the physical plant open, clean,

comfortable, safe for use, and keeping the grounds in an effective working condition and state of repair.

- 53 **Data Processing Services** - A function for which expenditures are for non-instructional data processing services, whether in-house or contracted. Examples of function 53 costs are costs for computer facility management, computer processing, systems development, analysis and design, and those interfacing costs associated with general types of technical assistance to data users.

- 71 **Debt Services** - A function for which expenditures are for the retirement of service fees and for all debt interest.

- 81 **Facilities Acquisition and Construction** - A function for which expenditures are for acquiring, equipping, and/or additions to real property.

- 92 **Incremental Cost Associated with Chapter 41, Texas Education Code, Purchase or Sale of Weighted Average Daily Attendance** - This function code is used for expenditures that are for the purpose of positioning a school district with excess wealth per WADA to purchase attendance credits either from the state or from other school district(s). Certain expenditures must be accounted for by organization code and program intent code. See Organization Code section and Program Intent section for guidance concerning mandatory and optional uses. School districts are encouraged to use appropriate program intent and organization codes for all other costs that are directly attributable to a specific program intent and/or organization. However, benefits to the management of the school district in relation to the effort to allocate these costs should be examined before allocating costs that are not mandatory.

- 93 **Payments to Fiscal Agent/Member Districts of Shared Services Arrangements** - This function code is used for expenditures that are for (1) payments from a member district to a fiscal agent of a shared services arrangement; or, (2) payments from a fiscal agent to a member district of a shared services arrangement.

- 99 **Other Intergovernmental Charges** - This code is used to record other intergovernmental charges not defined above.
This function code is used for expenditures that are used for obtaining instructional services from another public school for grade levels not served in a school district under Section 25.039, TEC.

Object Code

A mandatory 4 digit code that identifies the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

Example: Money received for current year taxes is classified in account 5711. The 5 denotes revenue, the 7 shows Local and Intermediate Sources, the 1 denotes local real and personal property taxes revenue and the final 1 specifies current year levy.

Optional Codes 1 and 2 (Sub Objects)

A 2 digit code for optional use to provide special accountability at the local level.

- 11XX **Assets and Other Debits**
 - 1101-1110 Cash and Cash Equivalents
 - 1120 Investments-Current
- 12XX **Receivables and Due From Government and Other Funds**
 - 1210 Property Taxes-Current
 - 1220 Property Taxes-Delinquent
 - 1230 Allowance for Uncollectible Taxes (Credit)
 - 1241 Due From State
 - 1242 Due from Federal Agencies
 - 1243 Due from Other Governments
 - 1250 Accrued Interest
 - 1261 General Fund
 - 1262 Special Revenue
 - 1263 Debt Service Fund
 - 1264 Capital Projects Fund

- 1265 Enterprise Fund
- 1266 Internal Service Fund
- 1267 Trust and Agency Funds
- 1268 Permanent Funds
- 1290 Other Receivables
- 13XX **Inventories**
 - 1310 Inventories-Supplies and Materials
- 14XX **Other Current Assets**
 - 1410 Deferred Expenditures/Expenses
 - 1420 Capitalized Bond and Other Debt Issuance Costs
 - 1490 Other Current Assets
- 21XX **Liabilities**
 - 2110 Accounts Payables
 - 2151 Federal Income Taxes
 - 2152 FICA and Medicare Taxes
 - 2153 Group Health and Life Insurance
 - 2154 Credit Union
 - 2155 Teacher Retirement
 - 2159 Other
 - 2160 Accrued Wages Payable
 - 2171 General Fund
 - 2172 Special Revenue Fund
 - 2173 Debt Service Fund
 - 2174 Capital Projects Fund
 - 2175 Enterprise Fund
 - 2176 Internal Service Fund
 - 2177 Trust and Agency Fund
 - 2178 Permanent Funds
 - 2190 Due to Student Groups
- 22XX **Accrued Expenditure/Expenses**
 - 2210 Accrued Expenditures/Expenses
- 23XX **Deferred Revenue**
 - 2310 Deferred Revenue
- 34XX **Reserved/Nonspendable or Restricted Fund Balance**
 - 3480 Restricted for Retirement of Long Term Debt
- 35XX **Designated Committed or Assigned to Fund Balance**
 - 3510 Designated/Committed Fund Balance-Construction

- 3530 Designated/Committed Fund Balance-Cap Exp for Equip
- 3600 Unreserved, Undesignated Fund Balance
- 3700 Budgetary Fund Balance
- 43XX **Encumbrance Reserves**
 - 4310 Reserve for Encumbrances-Locally Defined
- 57XX **Revenue From Local and Intermediate Sources**
 - 5711 Taxes, Current Year Levy
 - 5712 Taxes, Prior Year
 - 5719 Penalties, Interest and Other Tax Revenues
 - 5742 Earnings from Temp Deposits and Investments
 - 5743 Rent
 - 5749 Other Revenues from Local Sources
 - 5751 Food Service Activity
 - 5752 Athletic Activities
- 58XX **State Program Revenues**
 - 5811 Per Capita Apportionment
 - 5812 Foundation School Program Act Entitlement
 - 5829 State Program Revenues Distributed by TEA
- 59XX **Federal Program Revenues**
 - 5921 School Breakfast Program
 - 5922 National School Lunch Program
 - 5929 Federal Revenues Distributed by TEA
- 61XX **Payroll Costs**
 - 6112 Salaries or Wages for Substitute Teachers
 - 6119 Salaries or Wages-Teachers and Other Prof Personnel
 - 6129 Salaries or Wages for Support Personnel
 - 6141 Social Security/Medicare
 - 6142 Group Health and Life Insurance
 - 6143 Worker's Compensation
 - 6144 Teacher Retirement/TRS Care-On-Behalf Payments
 - 6145 Unemployment Compensation
 - 6146 Teacher Retirement/TRS Care
- 62XX **Professional and Contracted Services**
 - 6211 Legal Services
 - 6212 Audit Services
 - 6213 Tax Appraisal and Collection
 - 6219 Professional Services/Consultants

- **63XX Supplies and Materials**
 - 6311 Gasoline and Other Fuels for Vehicles (including busses)
 - 6319 Supplies for Maintenance and/or Operations
 - 6321 Textbooks
 - 6329 Reading Materials
 - 6339 Testing Materials
 - 6341 Food
 - 6342 Non-Food
 - 6399 General Supplies
- **64XX Other Operating Cost**
 - 6411 Travel and Subsistence-Employee Only
 - 6412 Travel and Subsistence-Students
 - 6419 Travel and Subsistence-Non Employees
- **65XX Debt Service**
 - 6511 Bond Principal
 - 6521 Interest on Bonds
 - 6599 Other Debt Service Fees
- **66XX Capital Outlay**
 - 6631 Vehicles per cost of \$5,000 or more
 - 6639 Furniture, Equipment and Software
 - 6641 Vehicles per unit cost of less than \$5,000
- **8XXX Other Uses/Operating Expenses**
 - 8949 Operating Transfers Out

Organizational Code

A mandatory 3 digit code that identifies the organization, i.e., High School, Middle School, Elementary School, Superintendent's office, etc. An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the [Texas School Directory](#).

Example: Expenditures for a high school might be classified as 001. This is a campus organization code that is defined in the [Texas School Directory](#) for that high school.

Wheeler ISD only has one campus resulting in only one campus organizational code.

- Elementary, Middle School and High School 001
- Superintendent 701
- Board of Trustees 702
- Business Office 750
- District Wide Undistributed 999

Fiscal Year Code

A mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project.

Examples: For the 2015-16 fiscal year of the school district, a 6 would denote the fiscal year.

An ESEA, Title I, Part A - Improving Basic Programs grant for the project year from July 1, 2015 through June 30, 2016 would be indicated by a 6. A grant for the project year from July 1, 2016 through June 30, 2017 would be indicated by a 7.

Wheeler ISD fiscal year is July1-June 30 of each year corresponding with the ESEA.

Program Intent Code

A 2 digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

Example: An entire class of physics is taught at the basic level. Program intent code 11 would designate Basic Educational Services.

Optional Codes 3

A single code that is used at the local option.

- 11 **Basic Educational Services** – The cost incurred to provide the primary level of education/instruction to students in grades K-12
- 21 **Gifted and Talented** - This code is used to identify costs for programs established for students who have been identified as functioning at a higher intellectual plane.
- 22 **Career and Technical** - This code is used to identify costs that can be specifically identified with those vocational education programs approved by the Texas Education Agency.
- 23 **Services to Students with Disabilities (Special Education)** - This code is used to identify costs that can be specifically identified with instruction and related services for those programs for handicapped children approved by the Texas Education Agency.
- 24 **Accelerated Education** - The cost incurred to use instructional strategies to provide services in addition to those provided at the basic level of instruction, thereby increasing the amount and quality of instructional time for students at risk of dropping out of school.
- 25 **Bilingual Education and Special Language Programs** - The cost incurred to evaluate, place and provide educational or other services that are intended to make the students proficient in the English language.
- 30 **Title 1 Part A School wide activities related to State Compensory Education Costs on Campus with 40% or more Educationally Disadvantaged Students** - The SCE costs incurred to supplement federal awards for use on Title I, Part A school wide campuses with at least 40% educationally disadvantaged students (including fund code 211,) in the amount of the SCE allotment used to supplement federal awards. This program intent code is also used in the Special Revenue Fund for fiscal budgets approved in notice of grant awards (NOGA) for school wide federal projects benefiting Title I, Part A school wide campuses with at least 40% educationally disadvantaged students.
- 31 **High School Allotment**
- 32 **Pre-Kindergarten**

- 91 **Athletics and Related Activities** - The costs incurred to provide for participation in competitive athletic activities such as football, basketball, golf, swimming, wrestling, gymnastics, baseball, tennis, track, volleyball, etc. This includes costs associated with coaching as well as sponsors for drill team, cheerleaders, pep squad or any other organized activity to support athletics. However, this does not include band.
- 99 **Miscellaneous, Undistributed** - This code is used to identify costs for expenditure functions not specifically identified with the major program areas listed above.

ANNUAL OPERATING BUDGET

BUDGET PROCESS

The Superintendent begins the budget process each year and has a meeting with administrative staff and business manager. The business manager prints budget worksheets from the TxEIS system and the Superintendent distributes at the meeting for the administrators to meet with staff and develop their budget worksheets. Administrators then return the worksheets to the Superintendent who authorizes the worksheets and submits to the business manager for input. A preliminary budget workshop is conducted with the board members during the regular board meetings and at special budget meetings during the summer. The budget is adopted by the board before the tax rate is set during a special meeting at the end of June.

BUDGET HEARING

The annual public hearing on the proposed budget shall be conducted as follows:

1. The Board President shall request at the beginning of the hearing that all persons who desire to speak on the budget give their names to the secretary. Only those who sign in with the secretary shall be heard.
2. Speakers shall confine their remarks to the appropriation of funds as contained in the proposed budget.
3. No officer or employee of the District shall be required to respond to questions from speakers at the hearing.

AUTHORIZED EXPENDITURES

The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the district's approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.

BUDGET AMENDMENTS

School funds shall not be expended in any manner other than as provided for in the budget adopted by the Board, but the Board shall have the authority to amend a budget or adopt a supplementary emergency budget to cover necessary unforeseen expenses. Functional amendments to the budget shall be summarized by fund, presented to the Board for ratification, and filed in accordance with established practice. Amendments to the currently approved budget may be submitted for Board approval as needed.

BUDGET TRANSFERS

A budget transfer is a transfer of funds within the same function. The Business Manager and/or Superintendent shall approve all budget transfers. Budget transfer line items should be stated in whole dollars. To keep budget transfers to a minimum, the budget manager should review his/her budget on at least a monthly basis to determine if any budget transfers are necessary. All Budget transfers must be submitted to the business manager.

BUDGET CONTROL

Primary responsibility for budget control rests with the Superintendent. The director or principal is responsible for controlling his or her budgets. The Business Manager will review budget accounts daily to ensure that all expenditures have been properly authorized and accounted for. The Business Manager will present monthly financial reports to the Superintendent and Board.

FUND BALANCE CLASSIFICATION

Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board (GASB).

Order of Expenditure

The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

Fund Balance

Fund Balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

Fund Balance of the General Fund

The fund balance of the general fund is of primary significance because the general fund is the primary fund, which finances most functions in the District. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.

The five classifications of fund balance of the governmental types are as follows:

Non-Spendable Fund Balance

1. Non-spendable fund balance shall mean the portion of the gross fund balance that is not expendable or is legally earmarked for a specific use.

Examples include:

- Inventories
- Prepaid Items
- Endowments

Restricted Fund Balance

2. Restricted fund balance is a result of 2 types of restrictions imposed: imposed by law and imposed by creditors, grantors, or other governments' laws or regulations. Examples include:

- Child Nutrition Programs
- Technology Programs
- Construction Programs
- Federal and State Programs
- Retirement of Long-Term Debt

Committed Fund Balance

3. Committed fund balance is a result of formal action taken by the school board and documented in the minutes requiring funds to be used only for specific purposes. The school board must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

Committed amounts cannot be used for another purpose unless the school board formally reverses or changes the specific purpose for the funds by approving in the minutes. Examples include:

- Construction
- Self-Insurance
- Capital Expenditures
- Campus Activity Funds

Assigned Fund Balance

4. Assigned fund balance is that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent or designee (assignment can be made by the school board or official to which the board has delegated authority). Examples include:

- Construction
- Capital Expenditures
- Other legal Uses

Unassigned Fund Balance

5. Unassigned fund balance is what is left over after the previous four classifications in the general fund have been made. Only the general fund will have unassigned amounts and is available to finance operating expenditures for any legal purpose.

Grant Budgets: Please see Special Revenue Section

Petty Cash Procedures

Petty Cash Accounts are established on an as-needed basis only. The funds issued for petty cash are to purchase items on an emergency basis only and must be less than \$300.00.

Using federal funds to purchase items through petty cash is STRICTLY PROHIBITED.

A. Setting up Petty Cash Accounts

1. All new petty cash accounts must be approved by the Business Manager and /or Superintendent.
2. If approved, a petty cash custodian will be assigned to the account. The custodian will be responsible for maintaining the account per the following procedures.

B. Petty Cash Controls and Procedures

1. Petty Cash Funds must be kept in fire proof/locking file cabinet.
2. The account must be reconciled and replenished every month.
3. The check to replenish the petty cash account must be payable to the District's bank. The business manager will cash the check and give cash to custodian.
4. Expenditures from petty cash cannot exceed \$300.00
5. Federal Funds cannot be used to purchase petty cash items.
6. Personal checks cannot be cashed from petty cash accounts.
7. Sales tax cannot be reimbursed.
8. A petty cash voucher must be completed and signed for each expenditure.
9. The custodian must contact the business manager for questions not addressed above.

RECORDS MAINTENANCE AND RETENTION

Record retention ensures that critical records are identified and retained in accordance with State and Federal guidelines. The Local Government Records Act establishes the primary requirements for records retention policies and plans.

Record retention guidelines are located on website CPC (Legal):

www.wheelerschools.net ; Located on Left Side: Click on Board of Trustees; Click on Board Policies; Enter: Personal Property

Common Records are listed below: 1099 Forms	7 Years
Annual Financial Funds	Permanent
Audit Reports	Permanent
Bank Statements & Canceled Checks	7 Years
Budget Work Papers	2 Years
Official Budgets	Permanent
Canceled Bonds & Coupons	5 Years
Cash Receipt Books	5 Years
Check Register	7 Years
Construction Project Files	Permanent
Contracts, architects & Engineers	5 Years After Project Completion
Contracts, Construction	Permanent
Contracts, Facilities Use	4 Year After Expiration
Contracts, Installation	10 Years after Project Completion
Contracts, Maintenance & Service	4 Years after Expiration
Contracts, Other	4 Years after Project Completion
Deeds	Permanent
Deposit Slips	7 Years
Easements	Permanent
Election Records	Permanent
Employee Roster	Permanent
Fixed Asset Records	7 Years
General Journal Entries	7 Years

General Ledger	7 Years
Grant Applications	7 Years
Internal Audit Work Papers	5 Years
Inventory Reports	7 Years
Investment Records	7 Years
Journals	7 Years
Legal Opinions	Permanent
Paid Bills, Invoices, & Expense Statements	7 Years
Pledged Security Records	7 Years
Purchase Orders & Requisitions	7 Years
School Calendar	5 Years
Student Activity Accounting Records	5 Years
Absence from Duty Reports	3 Years
Employee Time Cards	4 Years
Payroll Tax Reports	4 Years
W-4's	4 Years After Separation
Employee Insurance Records	11 Years after Termination
Tax Rolls	Permanent
Minutes of School Board Meetings	Permanent

SECTION II

FIXED ASSETS

DISTRICT FIXED ASSET GUIDELINES:

- **The Governmental Accounting Standards Board requires state and local government agencies to report capital assets and depreciate all exhaustible capital assets in government-wide financial statements. The Education Code requires local education agencies to maintain inventory records, which properly account for equipment.**
- **In order to provide the proper control over district property, as well as proper accounting for financial reporting, the superintendent or designee shall maintain fixed asset capitalization and inventory items in accordance with the law.**
- **All fixed asset purchases must be submitted on a requisition and approved by the central administration before purchases are made. Please see Accounts Payable Section for requisition and approval guidelines for all purchases.**

A. Capitalized Fixed Assets

1. Fixed assets include real and personal property and have a useful life of more than one year and a unit cost of \$5,000 or more.
2. Fixed assets are charged to capital outlay accounts (object codes 66XX) on the District's financial general ledger and inventoried.
3. Disposal of fixed assets that are stolen, obsolete, damaged beyond repair should be reported to the Business Manager for proper recording.

B. Non-Capitalized Fixed Asset

1. Non-capitalized assets are items which have a useful life of more than one year and a unit cost of \$500 or more but less than \$5,000.
2. Non-capitalized assets are tracked and recorded on the district's inventory tracking system and usually include technology equipment, etc.
3. Disposal of non-capitalized assets that are stolen, obsolete, damaged beyond repair should be reported to the Business Manager to be removed from the inventory tracking system.
 - Capitalization criteria follows TEA Far Guide, which can be found in Module 1 FAR Guide at:
http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial_Accountability_System_Resource_Guide/

Capital assets include the following real and personal properties:

A. Real Property

1. Land

- a. All expenditures incurred to acquire land and to place it ready for use should be capitalized. The acquisition cost of land should include: (1) the purchase price; (2) professional fees and closing costs (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.); (3) cost incurred in preparing the land in condition ready for its intended use; (4) assumption of any liens or mortgages on the property; and (5) improvements made to the land that have indefinite lives and are permanent in nature.
- b. When land is acquired with buildings erected thereon, total cost is allocated between land and building in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources of the information may be used, such as an expert appraisal or the real estate tax assessment records.
- c. Land is **not** a depreciable asset.

2. Land Improvements

- a. Land improvements include improvement of new and old sites and adjacent ways, and acquisition of physical property of a permanent nature attached to land.

Examples:

- a. Excavation, non-infrastructure utility installation, driveways, parking lots, playground surfacing, fixed playground apparatus, flagpoles, retaining walls, fencing, outdoor lighting, and other non-building improvements intended to make the land ready for its intended purpose, and removal, relocation, or reconstruction of property of others.
- b. Land improvements are depreciated if they are exhaustible, such as parking lots, landscaping, and/or fencing, which are parts of a site.
- c. Land improvements that are not depreciated are expenditures to bring land into condition to commence erection of structures, and expenditures for improvements not identified with use or passage of time, such as excavation.

3. Buildings

- a. Buildings include all permanent structures and all integral fixtures, machinery, and other appurtenances that cannot be readily moved without disrupting the basic building structure or services to the building.
- b. Buildings are recorded at construction cost or acquisition cost including advertising costs, architectural and engineering fees, blueprints, inspection tests and examinations, demolition, the razing of existing obsolete or old buildings to clear sites for new buildings, building fixtures and service systems, and any other expenditure directly related to the construction or acquisition of buildings.
- c. When buildings are constructed, the cost of each phase of the project should be evaluated separately because each phase may have a different useful life and salvage value.
- d. Construction in progress is not depreciated, but the cost is included as an asset in the government-wide financial statements.

4. Building Improvements

- a. Building improvements that extend the useful life or increase the capacity of the building are capitalized, such as roofing projects, major energy conservation projects, or remodeling and replacing major building components.
- b. Maintenance projects that do not extend the useful life or increase the capacity of the building are expensed, such as painting and plumbing repairs.
- c. To be classified as either a building fixture or a service system, as opposed to maintenance, an item must conform to five criteria:
 - (1) The item is attached permanently to the building.
 - (2) The item functions as part of the building.
 - (3) Removal of the item would result in appreciable damage to the building or would impair the designed use of the facility.
 - (4) The item is generally accepted as real property (not personal property).
 - (5) The item loses identity as a separate unit.

5. Purchase of Real Property

a. The WISD guidelines for purchasing real property can be found in Board Policy CHG (Legal) on website: www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Real Property

1. Furniture and Equipment over \$5,000

a. Furniture and equipment are items of movable tangible assets of a relatively permanent nature having an estimated useful life greater than **one year** and an acquisition cost per **unit** of **\$5,000** or more.

b. A Unit is defined as an individual and independent item (such as a computer, server, TV/monitor, mower, vehicle, building, etc.) that will retain its original shape and appearance with use, and does not lose its identity through incorporation with a different item.

c. For furniture or equipment purchased, the valuation is the net amount paid through Accounts Payable, which is the invoice price less all discounts (except trade-in allowances). Freight and installation costs are also included if they are shown on the original invoice, or if they are readily available on related freight bills. If furniture or equipment is constructed by employees, the costs of the materials and labor as well as indirect costs should be recorded as the total costs of the item that is produced.

2. Vehicles over \$5,000

a. Vehicles include school buses, trucks, vans, pick-ups, and cars that have a useful life greater than **one year**, and have an acquisition cost per **unit** of **\$5,000** or more.

b. The cost of a capitalized vehicle includes the purchase cost, expenditures for significant improvements and any other necessary expenditure required to place the asset into its intended state of operation.

3. Capital Leases

a. Leased equipment is capitalized if the lease-purchase agreement meets the capitalization criteria and any one of the following criteria as required by Governmental Accounting and Financial Reporting Standards (GASB Codification) Code Section L20.109:

- (1) The lease transfers ownership of the property to the lessee by the end of the lease term.
- (2) The lease contains a bargain purchase option.
- (3) The lease term is equal to 75 percent or more of the estimated economic life of the lease property.
- (4) The value at the beginning of the lease's term of the minimum lease payments, excluding that portion of the payments representing executory costs to be prepaid by the lessor but including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease.

- b. The leased equipment is recorded at the total cost net of interest expense (the present value at inception of the lease).
- c. Leases that do not meet any of the above requirements should be recorded as operating leases and should not be capitalized.

4. Purchase of Personal Property

a. The WISD guidelines for purchasing personal property can be found in Board Policy CH (Legal) on website: www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Personal Property

Federal and Grant Funds

This guidance refers to capitalization of cost with items purchased with Federal and Grant Funds. As a general rule this refers to equipment or software that exceeds \$5000 and has a shelf life of more than 12 months.

• **Software:**

- a. Life of less than 12 months but more than \$5000 in cost. In this case the initial set up fee would be capitalized, but the subscription fee would not be capitalized.
- b. Any maintenance fee would also not be capitalized.
- c. Both subscription and maintenance fee would be coded to 6200 or 6300 depending on the arrangement.
- d. Slightly different for web-based software:

This may be one web-site with individual passwords.

If the per unit cost is \$500 and there are 10 users, then the cost is \$5000. You may have to capitalize this.

Data management systems with subscriptions of one year

a. Maintenance fees that do not last longer than twelve months, are not capitalized.

b. However, if the relationship (even informally) continues past 12 months, it needs to be capitalized.

Disposal of equipment purchased with federal or grant funds, that has completed its useful life, must be recorded and maintained.

SECTION III

Accounts Payable

ACCOUNTS PAYABLE

Requisition Form

A requisition form must be filled out, approved by the campus principal, business manager or superintendent, and a Purchase Order number assigned **before** any budgeted district funds can be obligated or spent. **Please see the guidelines and requirements for completing a requisition located under the Purchasing Section.**

Accounts Payable Procedures

The purchasing function takes place when merchandise and/or services are purchased. The accounts payable function takes place when it is time to pay the bills incurred as a result of the purchasing function. There are internal controls in place to ensure the accuracy of the accounts payable function.

Internal Controls over accounts payable

1. The business manager begins the process by matching vendor invoices, bills, and/or receipts to the purchase orders (PO). The matching process verifies that the items/services billed match the items/services approved on the PO. The business manager verifies:
 - a. Quantity billed matches PO.
 - b. Prices, discounts, credit period, and terms of shipment on invoice match the PO.
 - c. Extensions, footings and deduction of discounts match PO.
 - d. Obtains documentation from requisition requestor that all items on the PO have been received.
 - e. Once all matching process has been complete a check is issued.
 - f. Checks are signed with encrypted signatures.

Consultants and Contracted Services

Consultants are non-employees who are contracted to perform a personal or professional service such as staff development, medical service, etc. A Consultant Services Contract is required for every consultant. The Superintendent is the only individual authorized to sign contracts on behalf of the district.

Procedures for a Consultant Service Contract:

- Submit a **Requisition** and **completed Consultant Service Contract** form to the Superintendent for authorization. The Superintendent will forward authorized requisition and contract to Business Manager.
- The business manager will forward authorized requisition to requestor and will require the requestor to obtain the following documents from consultant:
 - A completed W-9 form
 - Conflict of Interest Questionnaire
 - A Felony Conviction Form
 - If the consultant will work directly with students, a Criminal Check Authorization forms.
 - Payment is issued after services are rendered when an invoice is received by the finance clerk. Check payments can be done in a series of payments or in one lump sum.

Contracted Services

Usually contracted services are for repairs, maintenance, technical support, and related services. A requisition and documentation of insurance, such as general liability, workers compensation, and auto liability, shall be submitted to the business manager.

Consultant Service Contact Forms

- Conflict of Interest Questionnaire
- W-9 Form
- Felony Conviction Form
- Criminal Check Authorization form

Contracts and Service Agreements

All contracts for rentals, service agreements, etc. must be signed by the Superintendent. No other employee is authorized to sign a contract or agreement on behalf of the district. An employee who signs a contract or agreement, without proper authorization, will be personally liable for the terms of the contract or agreement.

Education Service Center (ESC) Contracts

ESC contracts are services provided to the District by the Region 16, ESC. The contracts are approved by the superintendent and the board every year. The business manager prepares a requisition and PO when the bill is received from the ESC and payment is processed.

District Credit Cards

Overview: The district utilizes a State of Texas Procurement card currently serviced by Northeast Panhandle Teachers Federal Credit Union MasterCard. The district also has Office Depot, Lowes, Home Depot and Shell.

1. All district credit cards are kept in check out drawer in the central office vault. Credit cards may be checked out to employees who have submitted and received approval on a requisition.
2. All credit cards and receipts shall be submitted to the business office immediately upon return.
3. Online purchases using district credit cards are highly discouraged.
4. District credit card usage will be suspended and/or revoked if all district procedures are not followed.
5. Detail instructions are listed below.
 - Employee determines if it will be for Activity or Budget purchase.
 - Employee fills out a requisition request and should include the following items.
 - Vender Name and Address
 - Which card will be used
 - Quantity, Description including item number, unit cost, shipping and handling charges and total charge.
 - A requisition must be approved BEFORE credit card can be checked out and used to make purchases.
 - Once approved return to business office to receive a card for purchase.
 - After purchase, a receipt is required to be brought back to business office along with credit card the next business day.
 - Employee will be responsible for credit card charges if receipts are not provided timely.

TRAVEL

Travel Procedures:

The district recognizes that employees who travel to represent the District's business interests must often make personal sacrifices in order to travel. In return, the District makes efforts to provide comfortable and secure travel arrangements for employees. However, these items are not intended to be prerequisite and the District reserves the right to deny reimbursement for expenses that are considered lavish, extravagant or inappropriate. The District shall ensure that each travel arrangement is the most cost-effective considering all relevant circumstances.

1. A requisition to travel outside District boundaries for Staff and Students should be submitted at least 2 weeks prior to departure. This will allow time for arrangements to be made and any prepayments to be processed and mailed.
2. Requisitions to travel outside District boundaries must first be submitted to the Principal's office. Principals will forward approve requisitions to business manager.
3. All travel requisitions must have an itemized list of expenses and appropriate backup documentation. The requestor may proceed with travel arrangements when the requisition is approved by the business manager with a PO number assigned on the requisition.
 - a. Requisition must show the location, dates, and times of the event.
 - b. Advance payments to employees for meals will be allowed. Requisition for meals must be submitted with itemized list of dates and meals requested for each day.

Meal Rates:

Breakfast (must leave prior to 7:00 am) \$8.00

Lunch (must leave prior to 11:00 am) \$10.00

Dinner (must leave prior to 4:00 pm) \$12.00

Total per day \$30.00

- c. If the employee is going to a one day trip, the employee will pay for their own meal once receipt is received in the business office, reimbursement up to \$10 will be paid back to the employee.

4. Advance payments for Registration and other non-travel expenses should be paid by purchase order (rather than charged to credit card). Proper backup documentation (copy of registration form, etc.) must be sent as an attachment to the requisition.

5. All other travel reservations (airfare, lodging, etc.) can normally be arranged with District credit card, thus eliminating the need for cash advances for these items.

6. The travel requestor may check out the District credit card upon receiving approval on the travel requisition. All travel receipts and the credit cards must be returned to the business office upon return from the trip.

7. Receipts and Documentation: Receipts are required for all travel expenses except meals. Receipts must be turned in within five working days after the trip.

8. All travel will be paid as leaving from and returning to Wheeler ISD. Employees that need alternate routes for personal reasons will reimburse the district for any extra cost. **Changes in flight reservations while traveling, for the employee's convenience, will be reimbursed to the district by the employee or should be paid by the employee at the time of the change**

9. Lodging for employees will be paid when they stay at a commercial lodging establishment, and the State Rate should always be requested.

a. Sharing accommodations to stay at a conference hotel is encouraged when reasonable. Employees requesting a single room when traveling with a group, should find a less expensive hotel, or reimburse the district for the extra cost.

b. Taxi fare may be reimbursed when a request is made to stay at a more expensive "on-site" conference hotel, to avoid extra parking and valet charges.

c. Travel within the State of Texas is exempt from state sales tax upon the presentation of a valid Hotel Occupancy Sales Tax Exemption form. Texas Hotel Occupancy Tax and Texas State Sales Tax on hotel parking will be reimbursed. Local taxes may still apply.

d. Room service, laundry/dry cleaning, phone calls, etc. will **not** be reimbursed as these type expenses are not usually reasonable and necessary for a District trip.

10. Employees will be allowed reasonable costs for taxis, subways, street cars, or other public carriers. If an amount is considered to be unreasonable that amount shall be deducted from the amount of reimbursement calculated by the business office.

11. **NON-REIMBURSEMENT EXPENDITURES:** In general, non-reimbursable expenses are those that are:

- Not allowed by state or federal laws.
- Not directly related to the purpose of the trip.
- Not reasonable and necessary.

Examples of non-reimbursable expenses are listed below:

- State sales tax. School districts are exempt from this tax. All employees or sponsors should obtain an exemption certificate and present when purchasing products or services.
- Entertainment expenses such as movies, play tickets, tour fee, etc.
- Alcoholic beverages.
- Supplies, books, or other personal items.
- Personal telephone calls.
- Room service
- Fuel cost or insurance purchased from Car Rental Agency

12. Employees traveling on school business, accompanied by family members, are required to pay any extra cost incurred. Separate rooms, double occupancy, extended stay, or the cost of upgraded vehicles to accommodate family will be reimbursed to the district also.

Travel - Federal and Grant Funds

13. As a general rule, the District does not use federal or grant funds to travel outside District boundaries. But if travel is specifically written into the grant, all applicable grant rules and regulations must be followed for each grant. Additional paperwork and documentation will be required depending upon grant requirements.

CASH MANAGEMENT

The superintendent, principal and business manager are the only employees with the security rights to access the system through login's and passwords and enter directly into the District's financial data.

Segregation of duties

1. Superintendent Secretary records deposits and cash receipts as received.
2. Business manager approves cash receipts.
3. Business manager processes check payments and approves checks and prepare cash position report.
4. The business manager creates a detail cash report after receipts and cash disbursements are recorded.
5. The business manager evaluates the cash needs and prepares cash disposition report and submits to the superintendent.
6. Superintendent authorizes cash draws from savings accounts or authorizes excess cash to be invested in savings accounts held at the Depository bank. For longer range investments, superintendent authorizes excess cash investments in Certificate of Deposits at the Depository bank.
7. At the close of each month, the business manager verifies data integrity and prepares for the close of the month.
8. The business manager prepares bank statement reconciliations and submits to superintendent for authorization.
9. Business Manager creates financial reports for board and includes a check payments report. Board reports are submitted to Superintendent and verified before including in board packet.

Federal Cash Draw Downs

The District currently has an adequate cash reserve (through fund balance) to disburse federal funds before drawing down the cash. If the District's cash reserve decreases and this practice is no longer feasible, the District will draw down cash and disburse the federal funds within three days of receiving the cash draw.

REPORTING

1. Board Meetings: At the close of each month, business manager prepares bank statement reconciliations and prepares financial board reports and submits to the superintendent for authorization. The reports will be submitted to the board at the monthly board meeting.

2. Special Revenue Funds:

Expenditure Reporting: **Please see the Special Revenue Section for reporting federal funds and grants.**

Financial Ethics

The District prohibits fraud and financial impropriety in the actions of its trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District. For fraud preventions, reporting, investigations, and consequences refer to Board Policy CAA (local): **www.wheelerisd.net**; Located on Left Side: Click on Board of Trustees; Click on Board Policies; Enter: Ethics

SECTION IV

PURCHASING

PURCHASING

PURCHASING POLICY

1. Complete purchasing policy and procedures followed by the district may be found in the Texas Education Agency Financial Accountability System Resource Guide (FASRG) in the Purchasing Module:

[http://tea.texas.gov/Finance and Grants/Financial Accountability/Financial Accountability System Resource Guide/Purchasing](http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial_Accountability_System_Resource_Guide/Purchasing)

2. Board policies pertaining to purchasing can be accessed through the WISD website at: Wheeler ISD website at: www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Purchasing

PURCHASING AUTHORITY

1. The Superintendent and Business Manager are delegated the authority to act as agents for WISD in carrying out the purchasing activities of the district.

2. COMPETITIVE BIDS & QUOTES

A. Proposals and Quotes

1. Purchases totaling less than \$10,000 do not require a proposal or quote

2. Purchases totaling 10,000 - \$24,999 require two quotes

3. Purchases totaling \$25,000 - \$49,999

- Must have three written quotes or competitive bids as directed by Superintendent
- Requires Board Approval

a. Exceptions

- Textbooks
- Component repair parts (parts made by the same manufacturer as the item being repaired and no comparable parts available)
- Buy Board and Region 16 Purchasing Coop
- Fuel - as identified in TEC 44.031 (a)

See WISD board policy available on website CH (LOCAL):

www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Purchasing

B. Purchases greater than \$50,000

1. All school district contracts for the purchase of goods and services valued at \$50,000 or more in the aggregate during a 12-month period must be competitively bid. EC 44.031

WISD board policy available on website CH (LEGAL):

www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Purchasing

Purchasing Requirements:

A. Requisition Form

A requisition form must be filled out and approved **before** any purchase can be made from budgeted district funds.

The following is general guidelines for the requisition process:

1. A requisition must be approved BEFORE purchases are made.
2. Employee presents the requisition to the principal for approval.
3. Employee submits the approved requisition to the business manager for PO processing.
4. Business manager processes the requisition and prints a PO.
5. Employee proceeds with the purchase
6. Employee must provide Vendor with PO number. PO number must appear on invoice.

Requisition Requirements

1. Federal and Grant Funds must be expended for programs, activities, and strategies that meet the needs for the students served.

When using federal or grant funds, the goal, objective and strategy as it relates to the campus improvement plan/district improvement plan and needs assessment must be referenced on the requisition. The business manager will collaborate with superintendent, principal and/or department director to verify that all applicable requirements of the Federal and Grant Funds, other applicable laws and regulations, and Office of Management and Budget (OMB) circulars are satisfied prior to approving the requisition. All costs must be reasonable and necessary to carry out the intent of the program.

2. The requisition must be signed by the requestor and sent to the campus principal or director. Requests for computer and technology related equipment or supplies should be made through the technology director. Requisitions must be approved by the campus principal and/or department head before being sent to the central administration office.

3. All Purchase Requisitions must be approved by the Business Manager and/or Superintendent (Central administration).

4. The central admin will: Verify compliance with bid laws

Verify correctness of coding according to the TEA FASRG

Verify availability of funding

Verify that all federal and grant regulations are met

5. After verifying the requisition, the business manager will approve the requisition and create a purchase order (PO). The business manager will enter the PO number on the requisition and return it to the requestor and a copy to the principal/department director.

6. When the requestor receives central administration approval on the requisition and a PO number, the requestor may proceed with the purchase.

A. Must notify vendor of District's tax-exempt status and send exemption certificate when necessary.

7. A purchase order MUST be assigned by the central office before the purchase is made. If this is not done, the purchase will not be paid from budgeted district

funds. Anyone creating or authorizing such a commitment prior to securing a purchase order number will be held personally liable for payment of such agreement and/or may be liable to prosecution under the Texas Penal Code chapter 39 Abuse of Office, Section 39.01.

8. The business manager processes requisitions and issues purchase orders on a daily basis. The Purchase Order is generated and funds are encumbered (obligated) on the TxEIS financial system at this time.

A. Payment is not issued for the purchase order until order has been received and all appropriate backup documentation (packing slips, etc) and invoices have been received and and/or properly communicated to the accounts payable clerk.

B. Exceptions

It is sometimes necessary to pre-pay for orders. PREPAYMENT OF ORDERS IS THE EXCEPTION, NOT THE RULE, AND MUST BE APPROVED BY THE PRINCIPAL, BUSINESS MANAGER AND/OR SUPERINTENDENT BEFORE PURCHASE IS MADE.

- A common type of prepayment is a subscription:

Subscriptions:

- a. Requestor must submit a requisition in normal manor, but must also attach a copy of the subscription renewal notice (backup document). Payment will NOT be issued without proper backup document.
- b. Subscriptions will not be paid without proper attachments

9. Approved requisitions with assigned PO numbers are not to be modified with the vendor or by schools or departments directly. If it becomes necessary to change the terms of a PO, the school or department must first advise the business office. Once agreement to any price increases or modification of terms is reached, the business office will adjust the encumbrance on the Purchase Order and notify all involved parties of the changes. Once a purchase order is issued, the same P.O. Number cannot be used for reorders.

10. Receiving of Goods: All orders should be delivered directly to the central office. Shipments will then be delivered to the department placing the order. Discrepancies, if any, should be reported immediately to the accounts payable clerk. You must inspect all merchandise within 5 days after delivery for concealed

damaged or the vendor will not be obligated to replace the merchandise if damaged. Upon receipt of the merchandise, sign/date the packing slip and/or invoice included with the shipment and send to the business office as authorization to pay the vendor. The vendor will not receive payment until you have completed this process.

11. Return of Merchandise: Merchandise ordered by campus must be returned by campus. Where merchandise has been returned or damaged and a reorder of replacement merchandise is desired, a new Requisition must be submitted.

12. Canceling PO: In the event it is necessary to cancel a PO, the business manager must be notified as to why the order is being canceled. The business office will liquidate the encumbrance.

13. Invoices: Vendors are required to submit all invoices to the business office. If any invoices are received at the campus or department, they should be forwarded to the business office as quickly as possible. Texas law requires that all invoices be paid to vendors within 30 days of receipt of the goods/services. If the district fails to pay promptly, the vendor can assess penalty interest charges.

14. Open Purchase Orders: When an exact amount is not available for a purchase or several small purchases will be made from the same vendor, departments may submit an Open Purchase Order. The purchase order should be closed with Accounts Payable when the amount on the Purchase Order is reached or at the end of the month, whichever comes first. If one purchase exceeds the open purchase order by more than \$1,000 a new requisition must be entered in the amount of the overage amount, in order to get approval of the overage amount.

B. Sales Tax

The District is exempt from the payment of state sales tax by the fact it is a political subdivision of the State of Texas. The sales tax exemption form shall be used for school- related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor. Taxes paid, which should have been exempt, will not be reimbursed when the exemption form is not presented to the vendor at the time of the purchase.

C. Vendors

The district participates in several cooperative purchasing programs. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process. WISD has inter-local agreements with TASB, BuyBoard and Region 16, Education Service Center TexBuy program. Please contact the business office for a comprehensive list.

SECTION V

PAYROLL

PAYROLL

Leave Policy

See District Policy located on District Website: www.wheelerschools.net

Located on Left Side: Click on Board of Trustees

Click on Board Policies

Enter: Leave Policy

Reporting Absences

All employees must report their absences using an Absence from Duty form. Employees will contact the superintendent secretary or direct supervisor when filling out the Absence from Duty Form. It is very important that employees carefully select the type of leave to be taken (state, local, off-duty, etc.). Absences must be taken in whole or half days.

Supplemental Pay

Employees who perform other duties in addition to their regular assignments are paid supplemental pay.

All Wheeler ISD employees, full-time or part-time, must be paid through Payroll for any type of compensation, EXCEPT reimbursements for travel, fees, dues, etc. If an employee earned wages in a second unrelated job such as judging contests, athletic events and so forth, the compensation will go through Payroll. These payment requests must be submitted on a timesheet.

ALL supplemental pay must have some type of documentation to verify the hours worked. Normally, this is in the form of a timesheet. The employee and Principal must sign the timesheet.

Timesheet Procedures

1. Enter the employee's name.
2. Employee's position for which he/she was hired.
3. Enter the date.
4. Time worked each day must be shown.
5. Enter description of job performed.
6. After the employee adds up the total of hours he/she is to be paid, the supervisor should:

- a. Check total hours.
- b. Sign the sheet (employee and supervisor must both sign the timesheet).

Calculating FTE's, Time and Effort, and Semi-Annual Certification Reporting Methodology for calculating FTE's

An FTE is a full time equivalent. For example, if an employee works 7 hours per day as a classroom aide for a federal program and the District's schedule for a full-time classroom aide is also 7 hours, this employee equals one full time equivalent.

Time and Effort

School districts are required to maintain auditable "time and effort" documentation that show how each employee paid with federal funds spent his or her compensated time. Such documentation is written, after-the fact (not estimated or budgeted). This must be actual documentation of how the time was spent. Time and effort reports should be prepared by any staff with salary charged

- (1) Directly to a federal award
- (2) Directly to multiple federal awards
- (3) Directly to any combination of a federal award and other federal, state or local fund sources.

Monthly reports are required for personnel whose time is charged in part to more than one revenue source (split-funded staff). These reports document the portions of time and effort dedicated to each revenue source. Such records must

- (1) Be completed after-the-fact
- (2) Account for the total time for which the employee is compensated
- (3) Be prepared at least monthly
- (4) Coincide with one or more pay periods
- (5) Be signed by the employee and countersigned by an administrator or supervisor.

Job Descriptions

Signed and dated job descriptions must be on file for all employees.

Tax, TRS, and Other Deduction Information

W-4 Procedures

Employees must complete a W-4 form so that the payroll department can withhold the correct federal income tax from wages. Because tax situations can change, a new form may be necessary. Please consult a tax advisor with any questions regarding withholding.

A new W-4 form can be accessed from the IRS website (www.irs.gov) or forms are available in the payroll department. A new properly executed form will replace all prior forms received.

Medicare Tax Information

Employees hired by Wheeler ISD after March 31, 1986 are required to contribute 1.45 percent of their gross pay to the Medicare program operated by the Social Security Administration.

Teacher Retirement (TRS)

Texas public school employees employed in a TRS eligible position must contribute to the TRS system. The total deduction is 7.05 percent of TRS-eligible wages. This deduction consists of a 6.4 percent pre-tax deduction and a .65 percent after-tax deduction for the TRS-Care program.

Each employee that is participating in the TRS program will receive an annual statement of their account showing all deposits made from September through August. The annual statement is provided from TRS. Please keep your address updated to ensure receipt of your statement. If you have moved, you can obtain a Change of Address form from the Human Resource Department. If you are planning to retire under TRS, you should notify TRS as soon as possible to obtain a retirement packet. You can request this packet and other information from TRS. Contact information for TRS is listed below.

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701-2698
1-800-223-8778
<http://www.trs.state.tx.us/>

W-2 Forms

W-2 forms will be sent on or before January 31st each year. It is very important to keep your mailing address updated. If you have moved, contact the Business Office with your new address. To replace a lost W-2 form, contact the business office.

SECTION VI

SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Overview: Special Revenue funds are programs and grants from private, local, state, and federal sources. These funds have special accounting and reporting guidelines to ensure that the expenditures are restricted to the specified purpose of the grant. Region 16, Education Service Center (ESC) assists in the preparation of most of WISD's applications with the TEA and assists the District in complying with all the rules and regulations stipulated in the grants. However, WISD also applies for other grants as approved by the Superintendent.

Grant Budgets: A comprehensive needs assessment is conducted annually and provides basis for the development of program goals, strategies, and activities. The budget is then developed in collaboration with the Superintendent, campus principals, business manager, and ESC staff as applicable. Approval for the grant is obtained when a properly executed grant award or Notice of Grant Award (NOGA) has been received for the grant. The grant award or NOGA contains the grant amount, funding period, and funding regulations specific to the grant. The business manager is responsible for setting up all budgets in accordance with the grant award or NOGA. The budget is amended if deemed necessary by the collaborative effort of the campus principals, Superintendent, business manager, and ESC as applicable.

Supplement vs. Supplant: Federal funds must be used to supplement (increase or enhance) not to supplant (to take the place of) the educational programs generally offered with state and local funds. Federal funds must be used to provide the supplemental services that would not have been provided had the federal funds not been available.

Grant Expenditures: Grant expenditures cannot be made until a properly executed grant award or Notice of Grant Award (NOGA) has been received. Federal and Grant Funds must be expended for programs, activities, and strategies that meet the needs of the students served. The goal, objective and strategy as it relates to the campus improvement plan/district improvement plan and needs assessment must be referenced on the requisition before the business manager and/or superintendent approves the requisition. The business manager will collaborate with superintendent, principal and/or department director to verify that all applicable requirements of the Federal and Grant Funds, other applicable laws and regulations, and Office of Management and Budget (OMB) circulars are satisfied prior to approving the requisition. All costs must be

reasonable and necessary to carry out the intent of the program. All expenditures must meet the following requirements:

1. All services must be rendered between the beginning and ending dates of the grant.
2. All materials and equipment must be delivered before the ending date of the grant and must be ordered and delivered in time to substantially benefit the current grant period and in no case after the ending date of the grant.

Expenditure Reporting: The business manager is responsible for maintaining accurate accounting records and is responsible for completing all monthly, quarterly, and final financial reports. The business manager will compile financial data from the TxEIS system, and complete expenditure reports. Business manager submits completed financial reports to the Superintendent for authorization. Upon receiving the Superintendent's authorization, the business manager will submit all expenditure reports as required by the funding instructions for each individual NOGA or grant award.

Expenditure Reports and Cash Draw Downs

1. Every month after payroll is processed; the business manager verifies the integrity of the financial data and creates detail expenditure reports from the general ledger.
2. Business manager submits expenditure reports to Superintendent for authorization.
3. Expenditures are reported in eGrants or as required by grant regulations.
4. Currently expenditures are disbursed before a draw down request is submitted; however, if the District's cash reserves no longer support this practice, the District will draw down cash and disburse the federal funds within three days.
5. Deposits from the State Comptroller's office are recorded on a cash receipt and verified to expenditure report.

*The principals are responsible for all applicable programmatic reports, which are also submitted to the Superintendent for authorization.

SECTION VII

FORMS