

SCHOOL ACTIVITY FUNDS
ACCOUNTING MANUAL

TABLE OF CONTENTS

INTRODUCTION

Section 1 FUND ACCOUNTING DESCRIPTION

Section 2 FUNDS

- 2.1 Funds
- 2.2 Restricted Funds
 - A. Parking Fee Funds
 - B. Book Clubs
 - C. Lost or Damaged Book Funds
 - D. Field Trip Funds
 - E. Other Restricted Fund Type Examples
- 2.3 Discretionary or Non-Restricted Funds
 - A. Fund-Raising Fund
 - B. Adult Funds
 - C. Before/After School Program Fund
 - D. Other Discretionary Fund Type Examples
- 2.4 Clearing Funds
 - A. Petty Cash Fund
 - B. Change Funds
 - C. Charitable Funds and Family Support Funds

Section 3 BANKING

- 3.1 Bank Accounts
- 3.2 Authorized Signatures

Section 4 ACCOUNTING REQUIREMENTS

Section 5 RECEIPTS

- 5.1 General Receipts
- 5.2 Admissions and Ticket Sales
- 5.3 Donations to the School

Section 6 CASH

Section 7 PURCHASES

Section 8 DISBURSEMENTS

- 8.1 General Disbursements
- 8.2 Refunds or Multiple Payments
- 8.3 Reimbursement for Travel Expenses
- 8.4 Prohibited Disbursements
- 8.5 Void Checks

TABLE OF CONTENTS
(continued)

Section 9 TRANSFERS

- 9.1 Active Fund Transfers
- 9.2 Inactive Fund Transfers

Section 10 BANK STATEMENT RECONCILIATION

Section 11 SALES AND USE TAX

Section 12 CLOSING AND REPORTING PROCEDURES

- 12.1 Monthly Closing and Reporting Procedures
- 12.2 Quarterly Closing and Reporting Procedures
- 12.3 Yearly Closing and Reporting Procedures

Section 13 SCHOOL ACCOUNTING RECORDS RETENTION

Section 14 PHONE LOGS

APPENDIX A FUND NUMBERS

APPENDIX B BEFORE/AFTER SCHOOL PROGRAM ACCOUNTING PROCEDURES

APPENDIX C1 TRAVEL EXPENSE STATEMENT

APPENDIX C2 TRAVEL EXPENSE REGULATIONS

APPENDIX E CERTIFICATE OF SALES TAX EXEMPTION

APPENDIX F REQUEST FOR FUND RAISING PROJECTS FORM

APPENDIX G REPORT OF TICKETS SOLD OR ADMISSIONS (SAMPLE)

APPENDIX H BID FORM

APPENDIX I PURCHASE ORDER FORM (SAMPLE)

APPENDIX J MONEY DISBURSED TO STUDENTS FORM (SAMPLE)

APPENDIX K EXTRA HELP FORM

INTRODUCTION

Funds collected and disbursed for school activities have become a part of the regular school program because of their value in supplementing academics with leadership skills training and providing funds for school operations that the Board of Education cannot legally or financially fund. The monies collected from and distributed for these School Activities and Board approved fund raising activities are required to be accounted for in School Activity Funds at each individual school.

This manual has been designed and developed by the Office of Financial Management to provide assistance to principals, bookkeepers, and secretaries in administering an accurate accounting system at the school level for School Activity Funds. It is also intended to provide a common platform of standard efficient and effective procedures and practices to properly account for the receipts and disbursements of these funds. It incorporates laws, board policies, rules, and regulations pertaining to accounting and reporting of School Activity Funds.

Please understand that this manual does not cover every aspect of School Activity Fund accounting, record keeping and reporting. Effort has been made to include the most pertinent information in areas with which the schools must comply. This manual will be revised and improved with continued use and communication. Please direct all inquires and comments to the Office of Financial Management. Revisions to the manual will be approved and provided by the Office of Financial Management.

Section I
FUND ACCOUNTING DESCRIPTION

Governmental accounting requires financial information to be divided among a variety of categories or "funds". These funds indicate that there are restrictions on the use of resources, and are used to measure the revenues and expenditures arising from particular activities.

School Activity Funds are defined as agency and/or governmental funds. Agency funds are funds that contain resources held by the school in a temporary, purely custodial capacity. Governmental funds are funds that typically involve some degree of financial management. The School Activity Funds safeguard the assets of the public schools and provide reliable information for interested persons. These funds maintain internal accountability through a uniform financial accounting system to meet legal requirements and standards set by the Local and State Boards of Education. The school principal, appointed to his/her position by the Superintendent of Schools, is personally responsible for the proper collection, disbursement, and control of all school activity money relative to the funds in his or her trust.

Only receipts and disbursements pertaining directly to the activity should be recorded in the transactions of the fund. This allows the school to separately track the amounts related to the activity. Fund accounting assists in determining the amount of profit (or loss) realized from the activity after taking into account expenditure items. It also allows the school to determine if theft has occurred, if sales are too low, or if the mark-up is sufficient to cover costs or allow a suitable profit for fund-raising.

Section II FUNDS

2.1 Funds

The different types of funds used in School Activity Funds (Restricted, Discretionary, and Clearing) are described below. Please note that money generated by discretionary purposes must be kept separate from student-generated funds. Discretionary funds have more latitude for expenditures since they do not have to be spent solely for educational purposes.

In the sections below, a general explanation of the fund type is followed by specific instructions for some of these fund types, and then other examples of the fund type. See Appendix A for listing of most commonly used fund numbers.

2.2 Restricted Funds

Restricted Funds are those whose expenditures must be related to the initial purpose for which the money was collected. Transfers “out” from these funds should have the prior approval of the fund sponsor and Office of Financial Management.

A. Parking Fee Funds

Parking fees are required if a student chooses to park a car on campus. A separate restricted fund should be established for these receipts. Expenditures should be for security and/or maintenance of the parking areas.

B. Book Clubs

Following are two methods for collecting and disbursing funds for book clubs:

- Employ the cash collection procedures described in Section 5.1 with checks from students made payable to the school and both cash and checks collected and receipted by the teacher. The teacher will then prepare the order form for the class and submit it along with the cash and checks collected to the bookkeeper. The bookkeeper will receipt the teacher for the total amount of checks and cash. This receipt will be posted to the appropriate Book Fund. The bookkeeper then will consolidate all order forms to the same book company and issue one check from the Book Fund for the total amount due.

Section II FUNDS

B. Book Clubs (continued)

- Rather than the full cash collection procedures described in Section 5.1, checks from students are made payable to the book company. The teacher collects both the checks and cash, but receipts only the cash collected. The teacher will then prepare the order form for the class and submit it along with the cash and checks collected to the bookkeeper. The bookkeeper will receipt the teacher only for the cash portion. The cash receipts only will be posted to the appropriate Book Fund. The bookkeeper will then consolidate all cash receipts and issue one check from the Book Fund to the book company, which will be combined with the students' checks to the book company. The students' checks and the school check issued for the cash received should equal the total amount of the orders due to the book company.

C. Lost or Damaged Book Funds

Money collected for lost or damaged **textbooks** during the year must be receipted into a separate fund established for this purpose. Before June 30, the money in this fund must be forwarded to the Greene County Board of Education Office of Financial Management.

Money for lost and damaged **library books** may be receipted into the Media Fund and expended for media purposes.

D. Field Trip Funds

See the Principal's handbook for guidance on field trip policies. The total cost of a field trip shall be considered to be those expenses incurred by students and chaperones in the normal execution of the trip. All revenue collected and incentives received in that regard must be utilized toward offsetting the aforementioned expenses. No profit shall be realized in excess of the cost of the trip. When funds collected exceed cost projections, the excess funds will be deposited in the school's field trip account and used for future field trips and scholarships for students who cannot afford field trips.

Section II FUNDS

E. Other Restricted Fund Type Examples:

Specific Purpose Donation Funds for School Use Athletic Funds Club Funds Student Council Fund Instructional Area Organization Funds (vocational, band, math, etc.)

2.3 Discretionary or Non-Restricted Funds

Discretionary funds have more latitude for expenditures since they do not have to be spent solely for educational purposes. Monies collected in excess of expenditures for the cost of the fund may be spent at the discretion of the principal. However, no more than 10% of the fund profits (except for Adult funds) may be spent on faculty incentives. All faculty incentive disbursements and all major discretionary disbursements from these funds must be approved by the CFO.

A. Fund-Raising Fund

All student fund-raising projects must be approved by the Greene County Board of Education prior to the activity. All fund-raisers have to be accounted for separately on the school's accounting records. Please refer to Principal's Handbook for Guidelines for Sales by Schools, and to Appendix F for the Request for fund Raising Projects Form.

In order to operate a raffle or Bingo for fund-raising purposes, the school must obtain the required license from the appropriate legal agency.

Profits from a club or class fund-raiser must be transferred to that club or class at the end of the fund-raising activity. Disbursements for club or class expenses must be made from the club or class fund and not from the fund-raiser fund. Profits from a school-wide fund-raiser should be deposited and related expenses paid from the fund-raiser account.

Section II FUNDS

B. Adult Funds

Sources of Adult Funds include, but are not limited to, vending machines for faculty use only, and coffee, coke and snack funds for adults. Expenditures are for the cost of operation of the fund (including food and supplies), faculty functions and other adult purposes. At the principal's option, Adult Funds monies may be transferred to other funds for the benefit of students, faculty and school.

Sunshine Fund Revenues are collections from adults and are spent for flowers, gifts, etc. Cash gifts or awards are not allowable unless approved by the office of Financial Management. A Sunshine Committee should be appointed to oversee and approve expenditures.

Adult money may be transferred to student funds, but student funds must **never** be transferred to adult funds.

C. Before / After School Program Fund

The Before / After School Program fund will utilize the same accounting guidelines and procedures as any other school activity funds. Generally two funds are maintained by the school for the Before / After School Program. One school activity fund will be used to account for the programs operational revenue and expense and another fund will be used to account for the utilization of any profit declared from these programs. Please refer to Appendix B for the Before/After School Program accounting procedures and to the Principal's Handbook for operational procedures.

D. Other Discretionary Fund Type Examples:

- General Purpose Donation Funds for School Use
- Concession Funds
- School Store Fund
- Ice Cream Fund
- School Pictures Fund

Section II FUNDS

2.4 Clearing Funds

Clearing Funds are used to record transactions in programs that the school is accountable for, although the school has no equity in the monies. All monies received into the fund during the year are required to be paid out during the year, so that the year-end fund balance is zero. Transfers to or from these funds are rare.

A. Petty Cash Fund

Each school may establish a Petty Cash Fund if desired. The Office of Financial Management must approve the fund/account and the amount of the fund before it is established.

The Principal will appoint one employee as the Petty Cash custodian to be in charge of the fund and responsible for its operation. The Petty Cash custodian should balance the fund weekly to ensure that the cash on hand plus documented disbursements equal the established amount of the fund.

To establish the fund, assign an account number and enter the description as "Petty Cash Fund". Write a check on the fund in the name of the Petty Cash custodian with a description, "to establish the Petty Cash Fund". This transaction will give the fund a negative balance, and no other transactions will be posted to the fund until year-end, when the fund will be closed.

Guidelines for disbursement from the fund should follow regular check disbursement procedures. The purchase order form should be completed for reimbursement from Petty Cash. The purchase order will include the vendor's name, the date, the amount, and the requestor's signature. The person receiving the cash must also sign the purchase order or a separate receipt indicating he or she has received payment.

Cashing personal checks or making loans from the Petty Cash Fund is prohibited. Labor payments also cannot be made from the Petty Cash Fund.

Section II FUNDS

A. Petty Cash Fund (continued)

To replenish the fund, a summary of disbursements must be completed and signed by the Petty Cash custodian, signed and approved by the principal, and presented to the bookkeeper for reimbursement. Proper accounting support documents (purchase orders and receipts) must be attached to the form. A check for the exact amount of the receipts documenting the expenditures will be issued in the name of the Petty Cash custodian. The expenditures then will be charged to the appropriate School Account Funds.

To close the Petty Cash Fund at year-end, a final check will be written to Petty Cash custodian for the supported receipts as described in the previous paragraph. This check, endorsed over to the school, along with the remaining cash, will be deposited on a separate deposit ticket to the Petty Cash Fund. This should zero the fund balance and must be done by June 30.

B. Change Funds

A Change Fund may be established to have the necessary cash on-hand to sell tickets or to make change at school events. In order to establish the fund, a check should be written to the **individual** in charge of the event. This person will be responsible for ensuring that cash equal to the amount of the check is returned and receipted separately by the bookkeeper no later than the business day following the event.

The check issued for change will be posted to the Change Fund, generating a negative balance in that fund until the money is re-deposited to offset the balance to zero.

C. Charitable Funds and Family Support Funds

Money separately identified and collected from students and faculty for a specific charity or for a student or student's family that is in financial need should be receipted separately, kept intact and deposited into a separate fund set up in that name, or into the Donations fund.

Remittance made to the charitable organization should match the amount of the deposit.

Section II FUNDS

C. Charitable Funds and Family Support Funds (continued)

The principal must approve Family Support Funds in writing. The purpose of the fund, including the needs of the family, and a statement of how the money will be expended must be kept in the school's records. The expenditures may include medical services, food, clothing, or any number of other support needs, but should follow the statement prepared. The fund balance should be zero by fiscal year-end.

Section III BANKING

3.1 Bank Accounts

Each school is required to maintain at least one checking account for its School Activity Funds. Every account will be in a federally insured financial institution within Greene County. If any checking account exceeds \$100,000, the bank must furnish proof of pledge of securities in the school's name for the amount in excess of FDIC or FSLIC guarantees. All checking accounts should be interest bearing. Approval must be obtained from the CFO to open a checking account or to change checking accounts between financial institutions.

Investment of idle funds is permitted. Idle funds are defined as the portion of cash in excess of current bill needs, and cash on hand at the end of the school year that is not needed for expenses prior to the next school year. This excess cash may be invested in certificates of deposit, savings accounts, or money market accounts. If certificates of deposit are chosen, the school should request that the financial institution hold these investments in safekeeping at no charge. Approval to invest funds in financial vehicles other than Certificates of Deposits or Banking Money Market Accounts must be obtained from the CFO.

3.2 Authorized Signatures

The principal will be the primary check signer to withdraw money from the bank account. The Superintendent of Schools or designee, an Assistant Principal(s) or another designated employee(s) approved by the CFO will be authorized as a back-up signer on the account(s).

The signer's personal signature is required. Use of a signature stamp or other facsimile signature is prohibited. A personal signature on all checks ensures that the principal, the custodian of the school accounts, is aware of all disbursements made on the school account.

The CFO will approve the school's authorized signatures for all bank accounts. This authority will be furnished in writing to the financial institution, which will then forward signature cards and other required documents to the school principal. After returning the paperwork to the financial institution, the principal may proceed with transactions.

Section IV ACCOUNTING REQUIREMENTS

State Standard D1.2-1b requires that each principal maintain adequate records of all funds collected and make complete financial reports to the Superintendent or his designee, accounting for all school receipts and expenditures.

School Activity Funds use the cash basis of accounting, which recognizes revenues when actually received and expenses when they are actually paid. No accruals or estimated amounts are recognized. This is the same method of accounting that most people use with their personal checkbooks.

A fund is an individual set of accounts or books that should be balanced separately, and at least monthly. If cash transactions are correctly recorded in each fund, the total of the fund cash balances will agree to the bank statement balance (except for timing items as noted in Bank Statement Reconciliation).

The school district's fiscal year begins on July 1st and ends on June 30th. The first quarter is July 1st to September 30th, the second quarter is October 1st to December 31st, third quarter is January 1st to March 31st, and fourth quarter is April 1st to June 30th. Each fiscal year's financial records must be kept separate.

Section V RECEIPTS

5.1 General Receipts

Monies collected by school employees and by student treasurers shall be handled with good and prudent business procedures. All monies collected shall be receipted, accounted for and directed without delay to the proper location of deposit. In no case shall money in excess of operating expenses for the next day be left overnight in the schools. Any funds left overnight for the next day's operations should be safeguarded through the use of a safe or fireproof file cabinet.

Written receipts are necessary to accurately record all cash received, and they substantiate virtually all bank deposits.

Teachers will receipt students and parents for cash receipts using school designed forms or subsidiary receipt books purchased by the school. Receipts will also be issued for checks received as requested. Other checks received must be logged to provide support for the deposit amounts. Money collected for different purposes must be kept separate and identified and accounted for separately. Parent volunteers are **not** authorized to issue receipts. Please note that **two** employees should collect vending money.

All collections should be turned into the bookkeeper intact. The bookkeeper will verify receipt amounts in the presence of the remitter, and will issue a receipt using two-part, pre-numbered receipts. The original will be given to the remitter and the copy will serve as a source document for deposits. Receipts should not be altered. Errors should be voided and the original attached to the duplicate in the receipt book.

Receipts must include:

- Date the money is received
- Name of the person submitting money (remitter)
- Amount of money received
- Purpose of the collection
- Name of the account to be credited
- Signature or initials of the bookkeeper

Cash receipts should equal the sum of money for deposit. Money collected is **not** to be used to cash checks or to make change. All checks should be immediately endorsed restrictively "FOR DEPOSIT ONLY". On no occasion should checks be left at the school overnight unless properly endorsed.

Section V RECEIPTS

To record cash receipts into the school's accounting records, follow the School Based Accounting Manual procedures.

5.2 Admissions and Ticket Sales

Due to the timing and significance of event sales (e.g. athletic events, dances), separate procedures have been developed for collection of receipts.

The following guidelines should be followed when collecting cash for the sale of tickets or admissions to events:

- Use pre-numbered admission tickets. A record must be maintained of the ticket numbers issued to each seller or gatekeeper.
- Assign the appropriate number of gate personnel. Since large amounts of money are collected at football and basketball games, assign two people to each gate. One person will sell tickets and collect money, and the second will collect the tickets at the gate. Other sporting events may require only one person assigned, and that may be determined at the principal's discretion. Only one person is required at a pass gate or other gate where tickets are not sold.
- Establish appropriate security measures for the collection of cash. These measures should be monitored to ensure ticket sellers and gatekeepers are following proper procedures.

A Report of Admissions or Tickets Sold for each activity and for each selling location should be completed and given to the principal (see sample form of report in Appendix G). This report will compare the cash that should have been collected to actual cash receipts based on the number of tickets issued to each seller. Errors may occur in the cash collection process and the actual cash may not equal the calculated cash. Differences must be shown on the report and explained if possible. This form will be signed by the seller and the principal and verified by the bookkeeper before a receipt is issued.

Bank deposits should be made using regular deposit procedures on the day of the event or dropped in the night depository and retrieved for regular deposit the following banking day. When possible, have a security person accompany the deposit. **NEVER TAKE GATE RECEIPTS HOME FOR SAFEKEEPING.**

All cash received should be deposited. Do not make payments to officials, security personnel, workers or any others from the cash receipts. These payments will be made via checks as described in the Disbursements Section 8.

Section V RECEIPTS

5.3 Donations to the School

Cash donations to the school for a specific purpose should be set up in a separate fund and expended as indicated by the donor. Tracking this balance as a separate fund with proper supporting documentation for expenditures will reflect that the donor's wishes were met.

Cash donations to the school for general school use (undesignated purpose) should be deposited in the school account and a donation fund set up for the donation. The principal will decide the purpose of the donation expenditures.

Equipment or other property donations to the school will remain at the school and included on school inventory records and become the property of the Greene County Board of Education.

Section VI CASH

Principals are responsible for the timely deposit of money into the School's Banking Account. The procedure may be delegated, but the responsibility remains with the principal. Daily deposits are required at times when collection activity is high. No amount of money over the next day's anticipated needs should be held in the school overnight. Night deposits may be made as needed to avoid this situation. All money kept overnight must be kept in the school safe or a fireproof file cabinet. Only the principal and the bookkeeper should have keys and know safe combinations. If there is a personnel change in either position, the keys and safe combination should be changed.

The school office will deposit all money collected. The deposit ticket or bank receipt on all bank deposits should include all school cash receipt numbers contained in the deposit.

If the bank teller finds an error in the deposit, the teller should process the deposit as it is written and then correct the amount by issuing either a credit or a debit memo for the difference. Under no circumstances should the bank teller change the deposit slip, request additional cash, or return an overage to the school in cash. The adjustment should be entered into the system as a Bank Adjustment as described in the accounting manual..

If a deposited check is returned, enter the check amount into the computer as a negative entry. The Bookkeeper should then contact the person that wrote the check and explain the situation. They should either pay the amount of the check in cash or advise the school to redeposit the check. Another receipt should **not** be issued. A separate deposit ticket marked "REDEPOSIT" should be used for this item only and the deposit entered into the school books as a positive entry. This procedure will balance the negative entry out originally entered for the returned check. .

At least two attempts must be made to collect the reimbursement for any returned checks. All collection efforts must be documented and filed. If you have made the proper collection efforts and believe the reimbursement is not collectible, you may write the check off as a bad debt at the end of the school year, after the school accounting records (books) have been reviewed.

Section VII PURCHASES

The Board of Education believes that the students of Greene County deserve adequate protection in transactions involving student activities funds. To this end, the Board directs that administrative control shall be exercised over all contract or purchases for or on behalf of students.

Requests for all purchases from School Activity Funds must be documented on a **Purchase Order** form (see sample form in Appendix I). A determination has been made that the cash balance is adequate to pay for the purchase based on the accounting records. The Purchase Order form must be signed by the requestor and approved by the principal **prior to** the purchase. All expenditures of funds should be for the same purpose that the funds were collected. The principal is ultimately responsible for all purchases using School Activity Fund money and for confirming that the expenditure matches the purpose for collection.

The following specific guidelines were developed regarding purchases:

- Obligations made beyond the end of the school's fiscal year must be reviewed and approved by the CFO prior to signing the agreement.
- Equipment or furniture purchased with School Activity Fund money remains at the school and is included on School Inventory records, becoming the property of the Greene County Board of Education.
- The school should have its own purchase order forms to be used for School Activity Fund purchases.
- Purchasing from school system employees is prohibited, without approval by the CFO of School Operations and the CFO.
- A partially complete purchase order may be paid at the option of the principal for those items that have been received and invoiced.

**Section VII
PURCHASES**

All Greene County Board of Education employees are strictly forbidden from accepting gratuities or discounts for personal gain. These include but are not limited to those arising due to a purchase made for the school or the school system. By accepting a gratuity or discount, a conflict of interest is created.

Section VIII DISBURSEMENTS

8.1 General Disbursements

All general disbursements must be supported by a purchase order completed as described in Section VII Purchases. The invoice received from the vendor should be attached to the purchase order as proper supporting documentation for the disbursement and verification of receipt of goods and/or services. Receipts for reimbursements submitted by employees in lieu of invoices should be signed by the employee.

Disbursements must be made by check from the School Activity Funds bank account and the balance of the checking account must have adequate reserves to insure the payment of any check issued. Although checked during the Purchasing step, this should again be confirmed to ensure no other disbursements have reduced the cash balance below the amount required to cover the disbursement. The check amount must match the invoiced or receipted amount. If the invoice is increased from the original price, a revised invoice must be received prior to payment. Unless the invoice or receipt is in dispute, all invoices and receipts should be paid within 15 school operating days of the invoice date.

The principal is the primary signer on the account, and should approve and sign the check. The back-up signer should approve and sign the checks only under the following conditions:

- The Principal is temporarily not available at the campus and an emergency check is required.
- The Principal is on an extended absence due to sickness, vacation, workshop, etc., and a signed check is required and approval has been obtained from the CFO.
- Checks are payable to the principal and approval has been obtained from the CFO.

A copy of the signed check should be attached to the supporting documentation and filed in numerical order.

If payments to a vendor (must be non-employee) for services only exceed \$600 in a calendar year, an IRS Form 1099 MISC must be issued. Call the Office of Financial Management for instructions if this applies to any of your payees.

Section VIII DISBURSEMENTS

To record cash disbursements into the Accounting records, follow the School Based Accounting Manual procedures.

8.2 Refunds or Multiple Payments

Single Refund

A form requesting a check for a single refund should have the original receipt attached, if available. If the receipt is not obtainable, a notarized statement of the items purchased and the cost should be attached.

Multiple Refunds

In some cases, payments to a number of students may be required. To prevent refunds from class trips, etc., collections should be adequate to cover the cost, but not excessive. Examples of payments are reimbursements for over-collecting for field trips, refunds for cancellation of a field trip that contributions have been received for, or cash prizes awarded to students. In these cases, it is necessary to refund the students the balance of the collections and two payment options are available based on the individual amounts of the refunds:

SINGLE CHECK – When the amount due each student is \$10 or less, a single check for the total amount to be refunded may be issued to the teacher/activity sponsor. The teacher or sponsor will cash the check and distribute the individual amounts to the students due payments. To properly account for the cash disbursed, each person given cash will sign a Money Disbursed to Students Form (see sample form in Appendix J), verifying receipt of the amount. The teacher/sponsor will then return the signed form to the bookkeeper, who will attach it to the documentation with the check stub.

MULTIPLE CHECKS – When the amount due each student is more than \$10, a check should be written to each student due a payment.

Section VIII DISBURSEMENTS

8.3 Reimbursement for Travel Expenses

Reimbursement for travel expenses for Greene County Board of Education employees from school activity funds must be documented with a completed standard "Greene County Employee Expense Statement". Expenses will conform to the travel rules and regulations as set forth in the statewide travel regulations issued by the State Accounting Office.

Principals seeking reimbursement from school activity funds should submit the completed "Employee Travel Expense Statement" to the Office of Financial Management for approval before the check is written. Principals should approve all other travel reimbursements for personnel in their schools before the form is forwarded to the Central Office, Office of Financial Management.

Travel payments are not to be advanced, except for prepaying airline tickets after proper approval. If any travel expenses paid by the school are paid subsequently by the Board of Education, then the employee should reimburse the school immediately. The bookkeeper should make a separate deposit of this money. Double payment of travel expenses is prohibited.

8.4 Prohibited Disbursements

Schools should **not** pay Board of Education employees a wage or wage supplement, including bonuses and additional compensation for any service. These types of payments are included in payroll and are the responsibility of the Central Office Payroll Department. This ensures that these payments are made consistently across the system, payment corresponds with the employee's instructions, and that all required legal filings are made. The work must be pre-approved and a check for the work plus matching fixed costs (e.g. Social Security) must accompany the Extra Help form (see Appendix K) after the work is completed.

Schools are also prohibited from paying salary advances to employees.

Schools should **not** make any loans, either to persons or to organizations such as a PTA or a Booster Club.

Schools should **not** make any personal contributions, including gifts or flowers, except from sunshine funds or from discretionary funds as described in section 2.

Section VIII DISBURSEMENTS

8.4 Prohibited Disbursements (continued)

“No public school may sponsor any activity that is not for educational purposes.” (1934-56 Op. Att’y. Gen. P.269)

“Expenditures for a faculty banquet and for payment of insurance premiums for members of a high school football team would be improper objects for the expenditures of school restricted funds.” (1974 Op. Att’y. Gen. No. 71-12)

“Expenditures of school funds for the payment of rewards offered for information concerning damage to and destruction of school property is not an expenditure for “educational purposes”, and therefore not a lawful use of general school funds.” (1974 Op. Att’y. Gen. No. 74-122)

8.5 Void Checks

Please follow these procedures to void a check:

Before the check has been issued

- Mark the check “VOID” across the face of the check
- Cut out the signature line
- File the check in numerical order with the bank statement

Check has been issued

- Stop payment on it with the bank
- Follow the procedures in the school accounting manual for journal entries

Lost check

- Issue a stop payment on check with the banking institution
- Follow the procedures in the manual for journal entries
- Issue a new check, noting it is replacing the lost check number

Check has been outstanding for 90 days

- Follow the procedures in the manual for journal entries
- A stop payment should not be necessary if the check is preprinted with a statement such as “Void after 90 days”. If the check is not preprinted, issue a stop payment on the check with the banking institution.

Section IX TRANSFERS

9.1 Active Fund Transfers

Generally, income received for a specific function shall be used only for that function. However, under unusual circumstances, it may become necessary to re-allocate fund balances. The principal and Office of Financial Management must approve fund balance transfers. The fund sponsor must also approve transfers from a Restricted Fund. The reason for the transfer and the approval by signature from the required parties must be documented on a written transfer request.

Transfers do not change the bank balance, but they do change the individual fund balances. To record the transfer of balances, follow the procedures in the School Manual.

9.2 Inactive Fund Transfers

Generally, a fund is considered inactive if there has been no activity during the preceding 12 months and the school administrators do not anticipate further activity. Approval procedures for transfers from these funds are the same as the Active Fund Transfer procedures (see exceptions below).

Within six months after a club is disbanded, or a subject or activity group is discontinued, the remaining balance of the related fund should be transferred to the appropriate fund as determined by the administrators. For a graduating class, any remaining balance should be transferred to the current graduating class six months after the date of graduation.

If an inactive fund has a negative (deficit) balance, a transfer must be made after approval from the Office of Financial Management to close the account with a zero balance. The school administrators will decide which fund should absorb this difference.

Section X BANK STATEMENT RECONCILIATION

The principal should directly receive the unopened bank statement each month. He or she should then open the statement and review it and the cancelled checks. The principal should primarily review for:

- Reasonableness. Are there any large or unusual items on the statement?
- Proper payees on the checks. Do the payees on the checks match the supporting documentation?
- Unusual adjustments. Are there any adjustments the principal is not aware of?

After reviewing, the principal should initial the face of the bank statement and then forward the statement and attachments to the bookkeeper for reconciling. The bank reconciliation must be completed **monthly within ten school operating days from receipt of the bank statement**. The bookkeeper should notify the Financial Management office within ten school operating days from receipt of the bank statement if he or she is unable to reconcile to the bank statement. Until reviewed, all paid checks and other items returned by the bank shall be filed with the bank statement on which they appear.

Section X BANK STATEMENT RECONCILIATION

- To record interest earned, bank charges, or other bank adjustments, follow the procedures in the Manual for Journal Entries.
- The ending reconciled bank balance must agree to the month end Cash Balance Report and the balance shown in the checkbook.

The completed reconciliation must be reviewed and initialed by the principal monthly and the System Accountant.

Section XI SALES AND USE TAX

All Boards of Education and the schools under their control are required to comply with the Georgia Sales and Use Tax Laws and Regulations.

Sales tax should not be paid on the following items, **provided the net proceeds are used solely for the benefit of such public school or its students:**

- Tangible personal property (fund raisers, yearbooks, book fair, pictures, etc.)
 - Concessions (including all vending items)
 - Tickets for admission to any school event or function
- ⇒ NOTE: This regulation does **not** apply to sales made directly by vendors.

Sales tax should not be paid on purchases of property that become and remain the property of the school and the Greene County Board of Education.

Sales tax should not be paid on purchases of supplies that are used in the classroom or school office.

A Certificate of Exemption (Form ST-5) will be honored only when purchases are paid for out of public funds. The certificate must be completed and signed by the principal and CFO. Items 1 (resale) and 5 (governmental) should be checked if the items being purchased are for resale, and "Board of Education, Greene County, Georgia" inserted in the space provided for "Certificate of Registration Number". Item 5 (governmental) should be checked for all other purchases, and "Board of Education, Greene County, Georgia" inserted in the space provided for "Certificate of Registration Number".

Sales tax should be paid at the time of purchase on the following items:

- Items purchased for faculty (gifts, T-shirts, etc.)
- Food items purchased for faculty meetings
- Items purchases and given to students (stickers, T-shirts, trophies, ribbons, etc.)

If the vendor does not charge tax at the time of purchase, the school must file a Miscellaneous Sales and Use Tax Report (Form ST-3).

Permitting any outside agency (PTA, Booster Club, etc.) access to the Sales and Use Tax Exemption form is prohibited. This form is to be used only by the schools.

Section XII CLOSING AND REPORTING PROCEDURES

12.1 Monthly Closing and Reporting Procedures

After all monthly transactions have been posted into the computer, including bank adjustments and any corrections, an interim closing should be completed. If the reports during the month are correct before posting, all of the interim reports will balance. If the school's interim reports are not in balance, the bookkeeper needs to correct errors and re-run the interim closing. When the interim reports are accurate and balanced, follow the Manual for month-end closing procedures.

During the month-end closing, reconciliation procedures should also be performed, and the reports should be reviewed by the bookkeeper for reasonableness. A monthly reconciliation between the cash receipts and revenues recorded in the general ledger is required.

Completed monthly reports must be reviewed and initialed by the principal each month. In addition to reviewing for reasonableness, the principal should also look for negative fund balances. In certain funds, such as Petty Cash and Change Funds, a negative balance is expected. However, in most cases a negative fund balance represents insufficient cash to cover expenditures and should be addressed immediately. Negative balances must be cleared by June 30 of each year, before the books are closed.

12.2 Quarterly Closing and Reporting Procedures

Georgia Law 20-2-962 requires that each principal prepare financial reports for review by the local board of education, accounting for all receipts and expenditures of school funds, at least quarterly.

The quarterly report may be run monthly for school use, but **must** be run quarterly and sent to the Office of Financial Management for review along with the school's Cash Balance Report. See the Manual for quarter-end procedures.

Section XII CLOSING AND REPORTING PROCEDURES

12.3 Yearly Closing and Reporting Procedures

The yearly report may be run monthly and/or quarterly but must be run at the end of the fiscal year. The following reports must be sent to the Office of Financial Management for annual review:

- Balanced June 30 year-to-date general ledger
- June bank statement, signed by Principal (reconciled to General Ledger)
- Balanced April to June quarterly report, signed and dated by Principal

An Internal Review will be conducted on all Greene County schools' financial records at least annually, and a written report will be issued to the Superintendent, the CFO of Finance, the Accountant, and the Principal. This report will summarize the results of the review and identify areas of improvement. Reviews are a tool to identify internal control weaknesses and to increase operational efficiency and effectiveness. An review may also provide assurance to a principal that the procedures in place for handling funds entrusted to them appear to be adequate. Randomly selected reviews can be performed during the year and all schools are subject to a spot inspection of their records at any reasonable time during any workday by the Office of Financial Management.

Section XIII SCHOOL ACCOUNTING RECORDS RETENTION

The principal is responsible for the maintenance and security of school financial records. The following accounting records are to be retained at the local school per the State Retention Schedules issued by the Georgia Department of Archives and History:

Documents related to accounting for receipt and distribution of funds at the local school level which includes bank statements, cancelled checks and check stubs, purchase orders, invoices, vendor statements, journal and fund sheets, receipt books, related documents and correspondence. Usually arranged chronologically by school year.

At the end of a required retention period, the records may be destroyed.

See separate Record Retention Manual for further information.

**Section XIV
Phone Logs**

Personal long-distance phone calls made from Greene County School District phones is strongly discouraged.

Each school must keep a log of long-distance phone calls made from school phones. This log must include the date and time of the phone call, the phone number called, and the purpose of the call.