

# **SCHOOL INTERNAL ACCOUNTING**

## **PROCEDURES**

### **HANDBOOK**



**PULASKI COUNTY BOARD OF EDUCATION  
SCHOOL INTERNAL ACCOUNTING HANDBOOK**

## **ACKNOWLEDGEMENT FORM**

I have read and been informed about the content, requirements, and expectations of the Pulaski County Board of Education School Internal Accounting Handbook. I have received a copy of the handbook and agree to abide by its guidelines as a condition of my employment and my continuing employment with the Pulaski County Board of Education.

I understand that if I have questions, at any time, regarding the internal accounting handbook, I will consult with my immediate supervisor or the Pulaski County Board of Education finance department.

Please read the handbook carefully to ensure that you understand the internal accounting procedures before signing this document.

Employee Signature: \_\_\_\_\_

Employee Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

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## Revision History

Revision Date	Revision Editor	Content Revised
7/1/2021	Rene' Coleman	Creation of template
8/3/2022	Rene' Coleman	Add Returned Check Procedures
8/16/2022	Rene' Coleman	Changed more than \$3000 to \$3000 or more (Purchasing)

## Introduction

This manual has been developed by the finance department, and is designed to assist bookkeepers, secretaries, and principals in administering an efficient and effective accounting system at the local school level. It incorporates laws, board policies, rules and regulations pertaining to local school funds. Following these guidelines will provide an audit trail that will properly account for the receipt and disbursement of funds. Questions arise from time to time regarding the necessity of some of the procedures outlined herein. In a school system, the area most susceptible to fraud and misappropriation is the individual school. School personnel handle substantial amounts of cash each day. We must therefore take appropriate measures to ensure that school resources and personnel are protected. Our best means of accomplishing this is through clear and understandable guidelines regarding the handling of school funds. By standardizing procedures and practices, all schools should maintain and report all their financial activities accurately and uniformly.

Please recognize and understand that every aspect of accounting and record keeping for student activity funds has not been covered in this manual. An effort has been made to include the most pertinent information in areas with which the schools must comply. Through continued use and communication, this manual will evolve.

All procedures are subject to change. If you have recommended changes, let us know. Changes will be approved and made in writing through the superintendent's Office. Any changes will be distributed to and discussed with all appropriate personnel.

**Any questions regarding interpretation should be directed to the finance department at the central office.**

## General Information

### Software and User reviews

It is the intent of this document to serve those who are responsible for the school accounts by outlining the procedures and safeguards necessary for maintenance of school funds. It is, in fact, a protection device for those serving in that capacity. A review and subsequent update of this document will occur each Summer.

All funds derived from school entertainment, athletic contests, and from all activities of the school involving school property or students by which funds are collected and disbursed will be handled through school internal accounts unless otherwise authorized by the Superintendent.

Pulaski County Schools utilize the **EPES** software to maintain the accounting records for the school accounts. It is internet-based software with user-defined roles. User reviews will be performed bi-annually, in July and the following January. The review will be performed by the finance director and approved by the superintendent.

Activity funds are categorized as either governmental or fiduciary. **Effective 7/1/2019 per GASB (Governmental Accounting Standards Board) Statement number 84, Fiduciary Activities, any funds that are Fiduciary in nature are categorized as custodial funds. See Appendix N, for additional information on GASB 84.**

## **Basic Principal's Governing School Internal Accounts**

All money collected and disbursed by school personnel within a school, or in connection with the school program for the benefit of the school, or a school sponsored activity, and all property or other benefits accruing to the school from other than tax sources and not accounted for in regular inventory or school board property, shall be received, administered, and accounted for in accordance with these procedures. Such money includes school generated funds collected in connection with concession sales, fund raising profits, summer programs, athletic events, and gifts, as well as contributions and all other similar money. School accountability for funds will begin when the funds are received from an individual, group, or organization.

Since all funds received into school internal accounts are in effect funds in trust for the benefit of the school, it is essential that a uniform system be established for the management and accounting of such funds.

The primary objectives of these uniform accounting procedures are as follows:

- To provide essential guidance to school fund managers for receipt control and expenditure of school generated funds.

- To meet the standards set by the local and state board of education.

- To guide school principals and bookkeepers in establishing and keeping accurate records of all financial transactions.

- To assure uniformity of accounting records for comparison between schools.

- To provide written standards against which school accounting records will be audited.

All money will be spent for the school program at the discretion of the principal, based on need and priority.

These regulations are incorporated into the accounting plan of the school system.

School internal account funds will be used to finance programs which are supplemental to the activities financed by the school board.

All fund-raising projects and activities by the school, by any group within, or in the name of the school, should contribute to the educational experience of pupils and should not conflict with the overall instructional program administered by the Superintendent and his/her staff. All fundraising projects and activities by the school, by any group within, or in the name of the school, should be approved by the Pulaski County Board of Education. All overnight and/or out of state field trips are approved by the Board as well. All other field trips are approved by the principal and presented to the Board for information purposes only.

Generally, funds collected are to be expended to improve instructional services, improve and/or recognize parent involvement, or otherwise to benefit the school program in a way that ensures that students currently enrolled at the school are deriving maximum benefit from the funds.



## **Inactive Accounts**

In the event a club or organization ceases to exist, **and there are no plans to reestablish it in the near future**, all remaining funds of that club or organization will be transferred to the school general fund six months or later after the club or organization becomes inactive.

## **Fund Accounting**

Fund accounting is the procedure by which resources for various school activities are classified for accounting and reporting purposes, into self-balancing funds established according to their nature and purpose. To ensure observance of limitations and restrictions placed on the use of resources, the accounts of the schools are to be maintained in accordance with fund accounting.

Fund accounting is the generally accepted accounting method used for financial reporting by not-for-profit entities, including schools.

# **RESPONSIBILITIES FOR SCHOOL INTERNAL ACCOUNTS**

## **Superintendent**

The Superintendent shall have the authority to administer all policies and procedures established by the school board. He/She or his/her designee shall review each audit and administer corrective action when necessary. He/She or his/her designee may establish an internal audit function at any period of the year. Accounts and supporting documents must remain current.

## **Principal**

The principal is responsible for the performance of the internal accounts' functions at his/her school.

The principal will ensure compliance with the policies of the school board with procedures contained herein. The principal may designate one person, preferably the bookkeeper, to assist him/her with the keeping of records, receiving money, preparing bank deposits, keeping necessary files, and making financial reports. **This delegation, however, does not relieve the principal of the responsibility for maintaining accurate and complete financial records and assuring proper control and use of all school generated funds.**

Any suspected misuse of funds should be reported to the **superintendent**.

The use of a signature stamp is prohibited for any school internal accounting fund records or checks.

## **Delegated Person Responsible for School Internal Accounts**

The bookkeeper should direct the principal's attention to any proposed expenditure which is considered unusual or improper or which would overdraw the account. Similarly, the bookkeeper should immediately report to the principal evidence of delayed remittances or shortages in cash receipts. The bookkeeper shall use the method of fund accounting for the school accounts.

The school bookkeeper is usually in the position of verifying, receipting and depositing money received by the school and is responsible for the accounting records of money transactions and preparation of checks for payment of invoices. These duties shall be separated from the actual signing of checks.

### **Segregation of Duties**

The principal will open, examine, initial, and date the bank statement monthly when it arrives in the mail. ***The bookkeeper should not make sales – such as concessions, fund raising, school store, etc.*** If this is necessary, please have internal controls in place for someone else to verify the funds. He/She will receive, verify, account, and deposit the funds. All deposit slips should be verified by at least one other person. The bank reconciliation will be prepared by central office personnel. The bank reconciliation will then be reviewed by the finance director, superintendent, and the principal. Each person will initial and date.

## **Audit Procedures**

The following forms and reports will be used to keep records and should be available at the time of audit.

\_\_\_\_\_ Receipt Books (Pink Copy remains in book)

\_\_\_\_\_ Bank Reconciliation Packets

\_\_\_\_\_ Computer Accounting Records: (Will be printed by Finance Director)

Deposit Detail Report, Fund Ledger Summary, Fund Transfers list, Purchase Order Detail Report, Sequential Checks listing and Vendor Receiving Payment Report.

\_\_\_\_\_ Copy of receipts with supporting documentation

\_\_\_\_\_ Copy of check with supporting documentation, purchase order and invoice

*(Statements are not sufficient back-up) (Employee Travel Expense is paid through the BOE.)*

\_\_\_\_\_ Transfer of Funds forms, **Appendix G**

\_\_\_\_\_ Reports of Tickets Sold or Admissions, **Appendix D**

\_\_\_\_\_ Unpaid invoices or other obligations as of June 30

\_\_\_\_\_ Ticket Inventory Forms (copy)

\_\_\_\_\_ Fundraiser Recap form (for fundraisers ending in quarter being audited)

\_\_\_\_\_ Copy of letters or forms (to parents/students) for additional back-up of receipted amounts

\_\_\_\_\_ Cash Change Fund Form (if utilized)

At the end of a quarter, the finance director or designee will contact each school and schedule a time for the quarterly audit. Accounting books of all schools shall be closed promptly as of June 30. All records, July 1 through June 30, will be made available for audit by the date set by the finance department. Any delay in closing the year should be reported to the superintendent's office by the principal. All school internal accounts will be audited quarterly by the auditor specified by the superintendent. All records and supporting materials will be made available upon request of the auditor.

## **Club Accounts**

The principal will assign a sponsor for all club/activity accounts. Sponsors should be employees of the Pulaski County Schools.

Examples of revenues that may be credited to club/activity accounts are 1) dues, assessments, and donations from members; 2) income from entertainment, dances, parties, fund-raisers, and other approved projects. **No club/activity account should be overdrawn at the end of the school year.**

No off-campus clubs or organizations, including parent groups, shall be permitted to carry accounts on school activity account books. These funds must remain separate from school activity funds.

The Club/Activity sponsor is responsible for maintaining the balance in his/her account independently of the school bookkeeper. **In the absence of records maintained by the sponsor, the records maintained by the school bookkeeper will prevail.**

To request a new Activity Account, see **Appendix A**

## **Preservation and Disposal of Records**

Accounting records will be maintained for five years. Exceptions to this will be a copy of the final accounting ledger and a copy of the audit reports, which will be maintained on a permanent basis. A copy of the audit report will be maintained at the Superintendent's office on a permanent basis. After five years, invoices, receipts and school purchase orders may be destroyed based on record retention policies.

<u>Document</u>	<u>Period of retention</u>
Bank Statements/Reconciliations	5 years
Checkbook	5 years
Deposits/Receipts	5 years
Disbursements/Paid Invoices	5 years
Monthly/Quarterly Reports	5 years
Reports of Monies Collected	5 years
Report of Tickets Sold	5 years
Teacher Receipt Books	5 years
YTD (year to date) Ledgers for all Activity Funds	5 years

## **Monthly Financial Reports / Reconciliation Packet**

A monthly financial report is to be filed with the finance department at the end of each month. The beginning and ending totals should be the same as the checkbook and bank statement balance at the beginning and end of each month. The totals for each fund should agree with the totals shown in the computer printouts for each fund. Monthly reports should match monthly bank statements. A copy of the bank statement and bank reconciliation will be attached to the report. The monthly report is signed and dated by the principal, finance director and superintendent signifying its accuracy.

## **Monthly Club/Athletic Financial Reports**

A monthly financial report is to be given to each club sponsor and the athletic director at the end of each month after the bank account is reconciled. This will enable the club sponsors/AD to reconcile their records to the records maintained by the school bookkeeper.

# Cash Management

## Local School Bank Accounts

The principal of each school shall be authorized to sign checks withdrawing money from the bank account. In addition to the principal, the assistant principal and counselor shall also be authorized to sign checks. Checks will require two signatures, of which one must be the principal. The personal signature of the principal and asst. principal or counselor **is always required**. The school bookkeeper may never be an authorized check signer. Blank checks will remain under lock and key.

Approval to establish a checking account at a new school or change a checking account from the school's present bank to another must be obtained in writing from the Superintendent.

Internal school accounts shall not be used for any purpose which represents a loan or credit to the school board employees or other people, including pupils. **Personal checks should not be cashed from the school funds received**. Should a principal disregard this instruction, he/she will be personally liable for refunding to the school any losses that result from cashing checks; however, this liability shall not extend to losses incurred from accepting payments of fees or services by check.

No bank debits or drafts are allowed. Board-provided software will be utilized by all schools to record their school's internal accounting funds.

## Investment of Local Funds

Interest-bearing checking accounts are authorized.

Investments may be made in instruments that are authorized for the local board of education such as certificates of deposit. Such investments must be secured by surety bond or collateral when they exceed limits protected by depository insurance.

## Recording and Protecting Funds in the School

The following shall guide all employees who are responsible for School Internal Accounts funds.

- 1) All money collected shall be turned in to the principal's office as soon as collected and verified by the teacher. No teacher shall hold funds in his/her classroom or personal possession. If the principal allows funds to be held by the teacher, both the principal and the teacher are personally liable for the loss of any such funds.
- 2) A pre-numbered receipt book shall be utilized, and a receipt written when money is received and verified, to establish its arrival and to facilitate a clear audit trail. A deposit should be made each day when cash on hand exceeds \$150.00, and/or at least once a week, even if collections are less than \$150.00. The written cash receipts shall be reconciled to the amount deposited.

3) All funds collected shall be deposited, and no payments will be made by cash.

4) A safe, strongbox, or vault shall be used for temporary safekeeping of funds at the school. In the event money is received and there is not time for verification, receipting and depositing the money, a night deposit at the bank should be used.

5) In the event the school incurs a loss in cash or open stock (checks) or both, the police and the superintendent shall be notified immediately. A written report shall be sent to the superintendent.

6) In the event the school incurs a loss of equipment, the police and the superintendent shall be notified immediately. The principal will provide complete identification of the equipment, including the serial number, with a written report to the Superintendent.

## **Change Cash**

Use of the change cash fund is optional. Change should not be made from funds already receipted. If the principal chooses to use it, the following procedures apply:

The purpose of the change cash fund is only to provide change, i.e., for making change for parents and students. The change cash fund shall **not** be used for reimbursement for purchases or for cashing checks.

A school is allowed to keep a maximum of \$50.00 on hand as change cash. This will enable the school to make changes to parents, students, or employees. These funds are under the supervision of the principal and the amount on hand will be verified daily (the last thing in the afternoon). Change cash maintained in the school office will be verified monthly by someone other than the change cash custodian. See **Cash Change Fund Form, Appendix B, and Appendix C**

Change cash is also issued for school events that have gate sales or admission at the door. These change funds should be verified when issued to the change cash custodian and when returned. The \$50.00 maximum does not apply for events where change is needed. See **Cash Drawer Count, Appendix E**

Procedure for establishing a change cash fund:

1) A check shall be written at the beginning of the school year for the desired amount

up to \$50.00. The daily balance should be \$50.00 at any given time.

2) At the end of the school year the \$50.00 shall be re-deposited.

3) Funds should be verified and signed-off daily.

## **Deposit Procedures**

Minimal cash collections should be deposited when practical, but collections should be deposited daily if cash on hand exceeds \$150.00. Deposit slips must be made in duplicate. The duplicate deposit slip will be removed from the deposit book at the end of the month and filed with the reconciled bank statement. Someone other than the person who made the deposit should compare the original deposit ticket to validate the ticket/supporting documentation. This control is needed to ensure that the person making the deposit does not remove cash during the delivery to the bank.

Receipt numbers for amounts being deposited should be referenced to the deposit slip, and the amount deposited should be reconciled back to the total of the receipts. This can be accomplished by noting each deposit in the receipt book on the pink copies. Note the deposit amount, date and initial.

All checks deposited in the school's bank account shall be endorsed with the restrictive endorsement FOR DEPOSIT ONLY. Each check should be listed separately on the deposit slip, or a tape should be run that identifies the amount of each check deposited.

## **Cash Control**

Cash control shall be maintained for each activity fund. At the beginning of the school year, the total cash in all activity funds should equal the total cash in the checkbook and the bank account. At the end of each month, the balances in the checkbook, the bank account reconciliation and the computer reports should be the same. If the school has a bill that has not been paid at the end of the fiscal year, the principal must document why and include the documentation in the records for audit.

## **Bank Statement Reconciliations**

The importance of reconciling the bank statement balance to the checkbook balance cannot be overemphasized.

The principal will open, examine, initial and date the bank statement each month. The bank statement is then forwarded to the Central Office where it will be reconciled and returned to the bookkeeper for approval by the principal.

The reconciliation of the bank statement should end with the final check written for the month and with the final deposit made for the month. The check stub balance should always be kept current. **This balance must be readily accessible.**

All paid checks and other items returned by the bank should be filed with the bank statement on which they appear.

uplicate deposit slips should be removed from the deposit book and filed with the monthly bank statement after reconciliation.

All errors must be identified and corrected. If a bank error is found on the bank statement, notify the bank immediately.



The bank statement reconciliation should be signed and dated by the finance director, superintendent, principal, and bookkeeper.

## **Receipts: Sources of Income**

All funds received by internal school accounts should be verified by two people. This verification should be documented by having the individuals sign/initial deposit documentation.

### **Athletic Events**

#### **Report of Tickets Sold**

A ticket log is recommended for any school utilizing pre-numbered tickets. The log should account for every ticket number. Tickets should be kept under lock and key. See **Ticket Log, Appendix J**

All admission tickets shall be pre-numbered and issued to the sponsor/school from the principal's office where ticket numbers will be accounted for before issuance. The beginning ticket number and prices of tickets should be entered on the report prior to issuance of the tickets to the sponsor/school. When tickets are sold at more than one location, a form should be completed for each location. See **Report of Ticket Sales Form, Appendix D**

Tickets should be turned in the next business day after the event and stored in the principal's office.

Proceeds from a night performance should be deposited in a night depository after regular banking hours. The principal/assistant principal should pick up the night deposit on the next school day and deliver it to the school bookkeeper for verification, receipting and deposit. Any deposit made after school hours should be verified by two individuals who were not cashiers. Both individuals should sign the deposit documentation. See **Report of Ticket Sales Form, Appendix D**

It is recognized that errors may occur in making change and that actual cash received may not always agree with the number of tickets to be accounted for. For this reason, any difference in cash to be accounted for shall be shown on the report of tickets sold. This form shall be signed by both the bookkeeper and the principal. If the event occurs over the weekend and the bookkeeper or principal is not available, then two signatures are required by someone other than a cashier. The bookkeeper should compare the validated deposit slip received from the bank with the amounts recorded on the **Report of Ticket Sales Appendix D**.

***All money received shall be deposited. All payments will be made by check only.***

## **Collections for School Board**

These collections include payments received for lost or damaged textbooks/Library books and damage to buildings or equipment. Pre-numbered receipts should be used to document receipts of these funds. The white copy of the receipt should be issued to the payer.

The following funds are due to the Pulaski County Board of Education as indicated:

1. Lost & Damaged Textbook Fines - prior to closing books at end of school year
2. Lost & Damaged Library Book Fines - prior to closing books at end of school year

## **Concession Sales**

Concession sales in the school or at school sponsored activities should be approved

by the principal and will not be operated in competition with the school food service program.

See **Report of Concession Sales, Appendix L**

## **Merchandise to Facilitate Classroom Instruction**

Merchandise that is needed by pupils to facilitate classroom instruction and to accommodate pupils may be sold in school offices. Profits from the sale of merchandise such as paper and pencils, etc. may be transferred to the school's general fund or other designated funds.

## **Special Group Projects (Fundraising)**

With the Superintendent and school Board's approval, fund raising projects will be allowed. Fund raising drives by student organizations for student body benefits shall be conducted only after approval and then in accordance with school board policies.

Funds collected by the teacher/sponsor shall be turned in to the principal's office immediately after the teacher's verification and shall not be held by the teacher. A receipt will be issued to the teacher/sponsor by the school bookkeeper after funds are reconciled.

Merchandise should never be ordered or distributed prior to receiving related payments. **Orders should not be made until personal checks have cleared the bank.**

A Fundraising Recap form should be completed at the end of each Fundraiser. The principal will be responsible if it is a school wide fundraiser; otherwise, the sponsor is responsible for the recap form.

**Fundraiser Recap Form Appendix I**

## **Special Programs (Admissions)**

Programs where admission is charged should be accounted for in each class by the teacher/ sponsor. Money, along with a written report of funds collected, shall be turned in to the principal's office. A receipt will be issued to the teacher by the bookkeeper after the report and funds collected are reconciled

## **Vending Machines**

Vending machines may be installed in individual schools; however, vending machines shall not be installed at a school if they interfere with the sale of food or beverages provided by the school food service program.

## **Friendship Fund**

This fund shall be set up as a trust fund to be used to purchase gifts or flowers for teachers or other school staff, for example, death in immediate family, hospitalization, birthdays, weddings, births. Proceeds for this fund come from donations among staff members, and expenditures should not exceed collections. If additional funds were needed, additional donations could be received from staff.

## **Receipt Book**

The accounting procedures outlined in this section are intended primarily for use by the person or person(s) responsible for handling the internal accounts' funds and keeping the books. This person shall be the principal or designee. The procedures presented herein are intended to provide a basic framework for a uniform system of school internal accounting in the Pulaski County School System.

Cash shall normally be collected in the school office. Collections at other locations shall be turned in daily to the school office.

Receipts will be issued for all income. Class collection records, ticket reports, or other auxiliary records will be attached when appropriate. In all cases when tickets are used, ticket reports shall be available for audit. See **Deposit/Monies Collected Form, Appendix F.**

Receipts will be prepared in triplicate. In a manual system triplicate receipts are used. The original receipt will be issued to the person turning in the funds. The duplicate copy will be attached to the deposit/Monies collected form and the triplicate copy will be left in the receipt book. Should it be necessary to void a receipt, all three parts of the receipt must be kept in the receipt book. Erasures and other changes in the amount of the receipt shall not be made. Be sure that all receipt copies are legible so that correct entries will be made

when entering amounts into the computer.

Receipts should show complete information about the money received. For example, the word "sales" alone does not explain the type of sales. The word "reimbursement" does not explain who the reimbursement was from or what it was for. The "Received From" should always be a person or company name.

## Expenditures: Purchases, Payments

### Purchasing Privileges

**No personal purchases shall be made through school accounts.**

No personal gratuities which are designed to influence the recipient shall be accepted from vendors or patrons of the school.

### Prohibited Expenditures

Expenditures for the following items shall not be made from school internal accounts:

Personal items

Personal loans

### Prior Authorization

All expenditures require prior authorization. Person/s making purchases should anticipate their need in time to permit processing and receipt of written documentation reflecting approval.

The purchase of any item or service \$3000 or more must have the approval of the Superintendent or his/her designee. Purchases of **goods or services** for which payment would extend for a period greater than over one **calendar year cannot be incurred** without the prior consent of the Superintendent or his/her designee.

### Authorization to Obligate School Funds

Obligations shall not be made until proper authorization has been provided by the principal. The issuance of a school purchase order is considered proper authorization. Oral requests for authorization should not be granted. All authorizations for expenditures shall expire within a year.

### School Purchase Order

A school purchase order will be used, and prior approval must be obtained by the principal before a purchase can be made. A copy of the PO (Purchase Orders) must be attached to the invoice. Purchase Orders are automatically numbered for quick reference.

## **Purchases**

Evidence supporting expenditures should be in the form of original invoices, sales slips, signed receipts, school purchase orders, student book orders, etc. A statement alone is **not** sufficient supporting documentation. Canceled checks are usually only a part of the required evidence for any given transaction.

## **Request for Payment**

After an order has been received and checked, the ordering party will execute a request for payment. The person with direct knowledge of items/services being received/performed will indicate on the original invoice and purchase order with their signature, date, and writing "Ready for Payment" or "Okay to Pay."

With the ordering party's acknowledgement on the invoice and PO, he/she is agreeing the items/services were received/performed and for the amount invoiced. Also, attach the packing slip (if provided) to the invoice and forward to the bookkeeper. A check will be prepared by the bookkeeper for the required signature. principals and designees should review all required documentation before signing the check.

**ALL PAYMENTS WILL BE MADE BY CHECK ONLY.** Checks will be purchased pre-numbered and will be signed by the principal and designee. No signatures will be stamped.

Timely payments should be made to take advantage of any discounts available.

## **Invoices**

Payment should be made from the original invoice only. When an original invoice is received through email, print the email and invoice. All invoices should be stamped and dated when received. If the original invoice is not available, a statement to that effect should be written on the invoice copy and signed. If the invoice was lost, the vendor should be asked to supply a copy of the invoice so that the bill may be paid.

The person who verified receipt of items listed on the invoice will sign the invoice and include a copy of the packing slip, if available. After verification, the invoice will be forwarded to the bookkeeper for payment. The payment voucher for our records should include a copy of the check, original invoice, purchase order and any other pertinent documentation. The vendor's monthly statement usually does not show what was purchased, may contain errors, and may lead to duplicate payments. Payments can only be made from original invoices, not statements. Statements can be used for reconciling purposes only. Statements do not include purchase details.

## **Invoice Procedures**

An "open invoice" file of invoices to be paid should be maintained. Invoices should be filed in order by due date to avoid missing discounts.

Prices, additions, and extensions should be checked for accuracy.

Only original invoices with “Ready to Pay” acknowledgement should be paid. If the original invoice is not available and a copy must be used, be sure to include an explanation. If an entire invoice is lost, the vendor should be asked to supply a copy of the invoice so that the bill can be paid.

Monthly vendor statements should not be paid. Monthly statements do not usually show what was purchased, may contain errors, and may cause duplicate payments.

## **Paying for Goods and Services**

The principal shall make payments only after receiving proper supporting information. This will usually be a vendor’s invoice which has been signed by the person who received the goods or services for which payment is being made. The invoice should be checked thoroughly to ensure that quantity, price, and price extensions are correct before any payment is made.

All payments shall be made by check. No check shall be made payable to “cash.” Each check shall indicate the person, institution or fund to which money is to be paid.

When change funds are re-deposited, a separate computer entry for the check written for change is advisable for a clear audit trail. For example, cash for change for an athletic event or school dance may be re-deposited along with gate receipts but should be entered in the computer separately from gate receipts. The receipt written for the money to be deposited would also note the amount for re-deposit of cash separately from the gate receipts. See **Cash Change Fund Form, Appendix B-C; Report of Ticket Sales Form, Appendix D.**

## **Special Event Gifts and Incentives**

Gifts such as birthdays, wedding gifts, baby gifts, etc., should be maintained in the Sunshine/Friendship fund based on staff donations.

Motivational items including food, retirement and Teacher of the Year awards, incentive items such as pencils, pens, mugs, and holiday remembrances should not be excessive in quantity or cost

The purchase of alcohol is prohibited.

**No bonuses or cash gifts are allowed in this or any category.**

All forms of employee compensation must be paid through the Board of Education Office.

When deemed permissible by the principal, gift certificates, gift cards, etc., must be signed for by recipient for auditing purposes. Per the website noted below, the IRS has previously ruled in at least one case that items with a value exceeding \$100 could not be considered de minimis.

**DE Minimis Fringe Benefits**     *Please visit this website for further guidance*

<https://www.irs.gov/government-entities/federal-state-local-governments/de-minimis-fringe-benefits>

## **Payments to Individuals**

A W-9 form must be completed for any individual being paid for services rendered prior to the actual payment. If payments to individuals for services total \$600 or more in a calendar year, such individuals should be issued an IRS Form 1099 at the end of the calendar year for their income tax purposes. For a 1099 to be issued, the school will forward a check (payable to PCBOE) along with the invoice and W-9 to the Central Office. The BOE will issue payment to the individual and will issue the 1099 at year end. Services rendered by employees of the Pulaski County School System shall be paid through the payroll department. The school will reimburse the BOE by check for these payments. An IRS Form 1099 is issued when payment for services is \$600 or more, and the provider is NOT a corporation. The W9 will provide information about whether the provider is a corporation. Some LLCs also receive IRS Form 1099. No payment for services should be made until a W-9 has been received.

## **Reimbursements**

Reimbursements, for school related expenditures, should be infrequent and should always have prior written authorization indicating the reason regular purchasing procedures cannot be followed. Prior authorization includes the AD/sponsor and the principal.

The purchase order process should be followed. The required documentation to be attached includes: a detailed invoice indicating payment information and a copy of the written prior approval.

Again, plan and utilize the regular purchasing process when possible. Poor planning does not justify the need for reimbursement.

## **Expenses related to Fieldtrips**

If there are costs incurred while on a fieldtrip, plan and request these funds from the school. Follow the regular purchase order process and attach a list of students attending, along with the amount and purpose of funds needed.

After the fieldtrip, follow up with the bookkeeper and turn in the invoice / receipt, along with any remaining funds, if any. If there are remaining funds, the funds should be receipted, along with a completed "Monies collected" form.

## Miscellaneous

### 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 Exemption forms should be obtained from the Superintendent's office. **Do not distribute blank forms.**

Permitting any outside agency (PTO, Booster Club, etc.) access to the Sales and Use Tax Exemption form is prohibited.

### Fund Transfers

When it becomes necessary to move money from one activity fund to another, a transfer of funds will be executed after the request is approved by the principal. Transfers of funds will be numbered consecutively each year and will be filed for audit purposes. See **Transfer of Funds Form, Appendix G**. The sponsor for each fund should sign the request for transfer – the receiving fund as well as the transferring fund.

### Adjustments and Corrections in Posting

When it becomes necessary to make an adjustment or correction after the accounting period has been closed, it is best to make a journal entry in the computer like a transfer entry to avoid distorting fund balances in the previous period. A written explanation of adjustments and corrections should be on file. Print a copy of the journal entry for the principal to approve, file with monthly bookkeeping.

Should you need a prior period opened, please contact the finance director.

### Coding using the Chart of Accounts

All transactions must be coded using the **Chart of Accounts (Appendix L)**. Code the classification of revenue and expenditure when posting. Write the code on the purchase order.



## **Refunds to Students**

Refunds to students shall be made in the same manner as other disbursements by checks.

Refunds may not be made by cash, and they must be authorized by the student's teacher or sponsor.

### **Appendix H**

## **Returned Checks**

NSF returned checks should be charged to the same fund where the money was originally received. The money collected for the returned check should be re-entered into the fund where it was originally received. All checks collected should have the following information: first and last name, address, and phone number.

### **Appendix N**

## **Lost / Outstanding Checks**

Checks that are 60 days (about 2 months) old should be reviewed. Vendors need to be contacted to ensure the check was received. If the check is to be reissued, it will be handled as any other payment. Checks that do not clear within a year will be forward to the Georgia Unclaimed Property Division. Please contact the finance department at the Central Office for guidance.

Checks that are lost may be replaced by issuing a new check. A stop payment order on the original check should be given to the bank. The lost check should be voided and added back to the bank account. The replacement check will then be handled as any other payment.

## **Bank Charges**

Bank charges for printed checks and/or deposit slips will be handled as a journal entry when posting the entry to the computer. **Appendix K**

## Internal Accounting Safeguards

To follow the accounting procedures outlined in the manual, we have listed SOME of the required and prohibited procedures that should be followed:

### Required Procedures

- Issue a separate written receipt for all money received in the principal's office. Checks received in the mail should be given to the bookkeeper to write receipt.
- Require a DEPOSIT TICKET (Monies Collected) form when accepting any collection of funds from staff members. Back-up documentation must be attached.
- Deposit intact all collection of money.
- Make deposits when cash on hand exceeds \$150.00 or at least weekly. Also, make a deposit on the last banking day of the month.
- Make all payments by check - none by cash.
- Obtain correct supporting documentation for each check written.
- The balance of the checkbook should be current and readily accessible.
- Reconcile each bank statement with the checkbook and computer records as soon as possible.
- **Report immediately to the principal and superintendent any errors that cannot be traced to the source or corrected and /or missing funds.**
- **Complete each month's posting and balance the books by the 15<sup>th</sup> of the following month when possible (Holidays and time-off will be considered)**

### Prohibited Procedures

The following are **NOT** allowed:

- Paying Board of Education employees, a wage or wage supplement. This includes bonuses and additional compensation for any service. This is a function of the board's payroll department.
- Issuing a check without first securing an itemized invoice or receipt.
- Making obligations for which funds are not available or making obligations beyond the end of the fiscal year without the approval of the Superintendent or designee.
- Volunteers writing receipts and handling school funds
- Permitting any outside agency (PTO, Booster Club, etc.) access to the Pulaski County Schools' Sales Tax Exemption Form or the Schools' Federal Tax Identification Number (TIN).
- Signing blank checks in advance; (Payee's name must be on check and invoice is required.)
- Issuing checks to "Cash"
- Making personal purchases through school internal accounts.
- Making personal loans from school internal accounts.
- Issuing any payment without proper documentation or authorization.
- Using a vendor's statement as basis for payment.
- Cashing checks with school funds already receipted

**APPENDIX A – Request for a new Activity Account**  
**Pulaski County Board of Education**

Request for a new School Activity Account (After 7/1/19)

School Name: \_\_\_\_\_

Name of Activity Account: \_\_\_\_\_

Type of Account: \_\_\_\_\_ Governmental (Has administrative assistant /direct financial involvement  
by school/district)

\_\_\_\_\_ Custodial (**DOES NOT** have administrative assistant /direct financial  
involvement by school/district)

From the FMGLUA manual:

Key Considerations When Determining Whether or Not an Activity Fund is a Governmental Fund or a Custodial Fund (GASB Statement 84, paragraph 11c):

1. Are the assets administered through a trust in which the school district or school is not the beneficiary, or are the benefits provided to an outside recipient, or legally protected from the school district or school's creditors? Y \_\_\_\_\_ N \_\_\_\_\_
2. Are the assets for the benefit of individuals and the school district or school has no administrative or direct financial involvement? Y \_\_\_\_\_ N \_\_\_\_\_
3. Are the assets for the benefit of an organization that is not legally part of the school district or school? Y \_\_\_\_\_ N \_\_\_\_\_

For further determination, if needed, see pages 48 and 49 of this manual for examples listed in the FMGLUA. It is imperative that activity funds be classified appropriately.

Date to open account: \_\_\_\_\_

Purpose of Activity Account: \_\_\_\_\_

Sponsor Name: \_\_\_\_\_

*(If Applicable)*

How will funds be generated: \_\_\_\_\_ Fundraising/Misc Sales, \_\_\_\_\_ Club Dues, \_\_\_\_\_ Donations, \_\_\_\_\_ Other  
– Please explain \_\_\_\_\_

Principal Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Sponsor Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Finance Director: \_\_\_\_\_

Date: \_\_\_\_\_

Superintendent Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**APPENDIX B – Daily Cash Change Fund**  
DAILY CASH CHANGE FUND

\_\_\_\_\_

School

FOR THE MONTH OF \_\_\_\_\_

1st	2nd	3rd	4th	5th
6th	7th	8th	9th	10th
11th	12th	13th	14th	15th
16th	17th	18th	19th	20th
21st	22nd	23rd	24th	25th
26th	27th	28th	29th	30th
31st				

The signatures above reflect that the individual has counted the cash change for that day and verified the amount is \$50.00

On the last day on each month, complete Appendix C in addition to this sheet.

**APPENDIX C – Monthly Cash Change Fund**  
MONTHLY CASH CHANGE FUND

\_\_\_\_\_  
School

FOR THE MONTH OF \_\_\_\_\_

ENDING DATE \_\_\_\_\_

\$ \_\_\_\_\_ IN 50 ' S

\$ \_\_\_\_\_ IN 20 ' S

\$ \_\_\_\_\_ IN 10 ' S

\$ \_\_\_\_\_ IN 5 ' S

\$ \_\_\_\_\_ IN 1 ' S

\$ \_\_\_\_\_ IN .50 ' S

\$ \_\_\_\_\_ IN .25 ' S

\$ \_\_\_\_\_ IN .10 ' S

\$ \_\_\_\_\_ IN .05 ' S

\$ \_\_\_\_\_ IN .01 ' S

TOTAL \$ \_\_\_\_\_

(THE TOTAL SHOULD ALWAYS EQUAL \$50.00.)

SIGNATURE \_\_\_\_\_

DATE: \_\_\_\_\_

## APPENDIX D – Report of Ticket Sales

### REPORT OF TICKET SALES

\_\_\_\_\_ TICKET INVENTORY

Date \_\_\_\_\_ Game/Event \_\_\_\_\_

	<i>Starting Ticket #</i>	Ending Ticket #	Number Tickets Sold	Cost of Ticket	Total
Adult Tickets Color-_____					
Student Tickets Color-_____					
Gate Ticket Sales Color-_____					
Total					

Total Amount of Ticket Sales: \$ \_\_\_\_\_

Total Amount Collected:     \$ \_\_\_\_\_

Variance: \_\_\_\_\_ \$ \_\_\_\_\_

Verified By: \_\_\_\_\_

Verified By: \_\_\_\_\_

## APPENDIX E – Cash Drawer Count

### CASH DRAWER COUNT

School \_\_\_\_\_

GAME / EVENT \_\_\_\_\_

BEGINNING-START UP

ENDING- INCLUDING START UP

\$ _____	IN	50 'S	\$ _____	IN	50 'S
\$ _____	IN	20 'S	\$ _____	IN	20 'S
\$ _____	IN	10 'S	\$ _____	IN	10 'S
\$ _____	IN	5 'S	\$ _____	IN	5 'S
\$ _____	IN	1 'S	\$ _____	IN	1 'S
\$ _____	IN	.50 'S	\$ _____	IN	.50 'S
\$ _____	IN	.25 'S	\$ _____	IN	.25 'S
\$ _____	IN	.10 'S	\$ _____	IN	.10 'S
\$ _____	IN	.05 'S	\$ _____	IN	.05 'S
\$ _____	IN	.01 'S	\$ _____	IN	.01 'S

TOTAL \$ \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

Less Start Up \$ \_\_\_\_\_

TOTAL SALES/

ADMISSIONS \$ \_\_\_\_\_

Beginning Amount Verified By:

\_\_\_\_\_

Signature

\_\_\_\_\_

Signature

Ending Amount Verified By:

\_\_\_\_\_

Signature

\_\_\_\_\_

Signature



## APPENDIX F – Deposit Ticket (Monies Collected)

SCHOOL \_\_\_\_\_

DEPOSIT TICKET (Monies Collected)

**>>>> FOR TEACHER/SPONSOR USE ONLY <<<<**

TOTAL FUNDS TURNED IN \$ \_\_\_\_\_ (Includes Start-up of \$ \_\_\_\_\_) (If applicable)

THESE FUNDS ARE PROCEEDS FROM \_\_\_\_\_

SPONSOR'S / TEACHER'S SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

**Print names and amounts on the lines below (make copies of checks) OR attach electronic version**


*ATTACH YELLOW COPIES OF RECEIPTS*

**>>>> FOR OFFICE USE ONLY <<<<**

DEPOSIT TO ACCOUNT CATEGORY: \_\_\_\_\_

1210 CONCESSION SALES \_\_\_\_\_

1215 DUES/REGISTRATION \_\_\_\_\_

1220 DONATIONS/CHARITY \_\_\_\_\_

1225 FUNDRAISERS/SALES \_\_\_\_\_

1230 GATE RECEIPTS \_\_\_\_\_

1995 OTHER MISC REVENUE \_\_\_\_\_

CURRENCY \$ \_\_\_\_\_

COINS \$ \_\_\_\_\_

CHECKS \$ \_\_\_\_\_

Less Start-up(If Applicable)\$ \_\_\_\_\_

Amount of Receipt \$ \_\_\_\_\_

DEPOSIT VERIFIED BY \_\_\_\_\_

DATE \_\_\_\_\_

RECEIPT NUMBER \_\_\_\_\_

# APPENDIX G – Transfer of Funds

## TRANSFER OF FUNDS

\_\_\_\_\_  
School

DATE \_\_\_\_\_

NO. \_\_\_\_\_

PLEASE TRANSFER \_\_\_\_\_ FROM \_\_\_\_\_  
Amount Fund

TO \_\_\_\_\_  
Fund

PURPOSE OF TRANSFER \_\_\_\_\_

\_\_\_\_\_  
SPONSOR – FROM

\_\_\_\_\_  
SPONSOR - TO

APPROVED \_\_\_\_\_  
PRINCIPAL

## APPENDIX H – Refund Letter

Pulaski County \_\_\_\_\_ School

To: Parent of \_\_\_\_\_

From: \_\_\_\_\_ (teacher/sponsor)

Date: \_\_\_\_\_

Re: \_\_\_\_\_ (activity)

We are returning \$ \_\_\_\_\_ to your student for the following reason:

\_\_\_ the activity has been cancelled or funds were not required

\_\_\_ your student was not able to participate in the activity

\_\_\_ Other, please explain \_\_\_\_\_

I have received \$ \_\_\_\_\_

Signature

Date

*\*complete the form; have student sign indicating receipt of funds*

***Make a copy for parent***

***Make a copy for Teacher/Sponsor***

***Give Original to Bookkeeper***

---

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Pulaski County \_\_\_\_\_ School

To: Parent of \_\_\_\_\_

From: \_\_\_\_\_ (teacher/sponsor)

Date: \_\_\_\_\_

Re: \_\_\_\_\_ (activity)

We are returning \$ \_\_\_\_\_ to your student for the following reason:

\_\_\_ the activity has been cancelled or funds were not required

\_\_\_ your student was not able to participate in the activity

\_\_\_ Other, please explain \_\_\_\_\_

I have received \$ \_\_\_\_\_

Signature

Date

*\*complete the form; have student sign indicating receipt of funds*

***Make a copy for parent***

***Make a copy for Teacher/Sponsor***

***Give Original to Bookkeeper***

# APPENDIX I – Fundraising Recap

## Pulaski County Board of Education

### Fundraiser Recap Form

School Name: \_\_\_\_\_  
 Name of Fundraising Event: \_\_\_\_\_  
 Purpose of Fundraiser: \_\_\_\_\_  
 Board Approval Date: \_\_\_\_\_  
 Begin/End date of event: \_\_\_\_\_  
 Responsible Staff/Sponsor : \_\_\_\_\_

Date and Amount of Funds turned in to Office *(Please remember to turn funds in daily when possible)*

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total Funds Collected \$ \_\_\_\_\_

Costs related to the Fundraiser (May need to get this info from the Office)

Date	Vendor	Check #	Amount Paid
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____

Total Costs \$ \_\_\_\_\_

Profit Amount \$ \_\_\_\_\_

Sponsor \_\_\_\_\_ Date \_\_\_\_\_

Principal \_\_\_\_\_ Date \_\_\_\_\_

# APPENDIX J - Ticket Log

## Ticket Log

Ticket Color \_\_\_\_\_

Beginning Number	Ending Number	Date	Reason	Initial (Distributing)		Initial (Receiving)	



# APPENDIX K – Journal Entry

## GENERAL JOURNAL ENTRY

\_\_\_\_\_  
School

DATE \_\_\_\_\_

NO. \_\_\_\_\_

DESCRIPTION OF JOURNAL ENTRY: \_\_\_\_\_  
\_\_\_\_\_

AMOUNT: \$ \_\_\_\_\_

FUNCTION: \_\_\_\_\_

OBJECT: \_\_\_\_\_

ACCOUNT NAME: \_\_\_\_\_

\_\_\_\_\_  
SPONSOR

PREPARED BY \_\_\_\_\_

BOOKKEEPER

APPROVED \_\_\_\_\_

PRINCIPAL





**APPENDIX L – Concession Sales  
Pulaski County Board of Education**

**Report of Concession Sales**

School Name: \_\_\_\_\_

Name of Event: \_\_\_\_\_

Date of Event: \_\_\_\_\_

Amount reported on **Cash Drawer Count** \$ \_\_\_\_\_

(The amount of **Total Sales/Admissions** line on **Appendix E**)

Supplies purchased for this event:

Date	Vendor	Check #	Amount Paid
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
Total Costs		(Less) \$ (_____)	_____

(This could be \$0.00 if using  
inventory on hand)

Profit Amount \$ \_\_\_\_\_

\*Upon completion, attach this report to Appendix E for this event

Sponsor / AD \_\_\_\_\_ Date \_\_\_\_\_

Principal \_\_\_\_\_ Date \_\_\_\_\_

- ***A written inventory should be taken at the end of each athletic sport (season) and/or event to account for remaining supplies. The inventory should be attached to the last “Report of Concessions Sales” for that season/sport. The Athletic Director, or his designee, is responsible for performing the inventory.***

## APPENDIX M – Account Codes

### Code Title & Description

This is a partial listing of available classifications – Others may be added if needed

#### REVENUE CLASSIFICATION

##### Local Sources

- 1210 CONCESSION SALES  
Sales
- 1215 CLUB DUES AND FEES  
Dues and Fees for Club accounts
- 1220 DONATIONS  
Miscellaneous donations
- 1225 FUNDRAISING/MISC. SALES  
Fund raising and miscellaneous sales for principal accounts
- 1230 GATE RECEIPTS  
Gate receipts
- 1500 INTEREST  
Interest earned on deposits
- 1995 OTHER MISCELLANEOUS REVENUE  
Revenue not otherwise classified
- 5200 TRANSFERS IN  
(Can only be used with same type of account, Custodial **to** Custodial, Governmental **to** Governmental)

#### FUNCTION CLASSIFICATION

- 1000 INSTRUCTION  
Instruction includes activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process.
- 2100 PUPIL SERVICES  
Activities designed to assess and improve the well being of students and to supplement the teaching process. Activities include guidance, counseling, testing, attendance, social work, health services, etc.
- 2210 IMPROVEMENT OF INSTRUCTIONAL SERVICES  
Activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students.

- 2213 INSTRUCTIONAL STAFF TRAINING  
Activities associated with the professional development and training of instructional personnel.
- 2220 EDUCATIONAL MEDIA SERVICES  
Activities concerned with directing, managing, and operating educational media centers.
- 2400 SCHOOL ADMINISTRATION  
Activities concerned with overall administrative responsibility for school operations. Included are activities of principals, assistant principals, department chairpersons and clerical staff.
- 2600 MAINTENANCE AND OPERATION OF PLANT SERVICES  
Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Property insurance expenditures are recorded in this function.
- 2700 STUDENT TRANSPORTATION SERVICE  
Activities concerned with the conveyance of students to and from school and trips to school activities. These activities include supervision of student transportation, vehicle operation, servicing and maintenance, bus monitoring and traffic direction. Transportation insurance expenditures are charged to this function.
- 2900 OTHER SUPPORT SERVICES  
All other support services not properly classified elsewhere in the 2000 series.
- 5000 OTHER – TRANSFERS  
Transfers to other funds are recorded as 5000-930

## **OBJECT CLASSIFICATION**

### **(300) Purchased Professional & Technical Services**

- 300 PURCHASED PROFESSIONAL AND TECHNICAL SERVICES (ALL FUNCTIONS EXCEPT 5000,5100) Services which can be performed only by persons or firms with specialized skills and knowledge. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services and travel of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, accountants, etc. LUAs may assign objects within the 300 Series for each type of service provided but must combine all services for reporting to GDOE.

### **(400) Purchased Property Services**

- 410 WATER, SEWER, AND CLEANING SERVICES (FUNCTIONS 2600, 2700, 3100, 3200, 3300) Expenditures for services other than energy services supplied by public or private organizations. Examples are water and sewer services, purchased cleaning services, garbage services, pest control services and grounds maintenance.
- 430 REPAIR AND MAINTENANCE SERVICES  
Expenditures for repairs and maintenance services not provided directly by school district personnel.
- 432 REPAIR AND MAINTENANCE SERVICES – TECHNOLOGY RELATED  
Expenditures for repairs and maintenance services for technology equipment that are not directly provided by school personnel.



**(500) Other Purchased Services**

530 COMMUNICATION (ALL FUNCTIONS EXCEPT 5000, 5100)

Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and telegraph services, postage machine rental, postage, and fax services.

532 COMMUNICATIONS – WEB-BASED SUBSCRIPTIONS AND LICENSES

This category includes licenses and fees for services such as subscriptions to research materials over the Internet (such as downloads).

**(600) Supplies**

610 SUPPLIES (ALL FUNCTIONS EXCEPT 5000, 5100)

All supply items which cannot be properly classified as computer software, energy, food usage, textbooks or books and periodicals, as defined in objects 612, 620, 630, 641 and 642. This would include office supplies, paper, cleaning supplies, etc. Also, printing cost, when the supplies are a major part of the expense, would be recorded here.

611 SUPPLIES – TECHNOLOGY RELATED

Includes supplies that are typically used in conjunction with technology-related hardware or software. Some examples are CD's, flash drives,

615 EXPENDABLE EQUIPMENT (ALL FUNCTIONS EXCEPT 5000)

Items purchased with federal program funds with a per-unit cost of less than \$5000 or items purchased with state program funds with a per-unit cost of less than \$1000, which might otherwise be classified as "equipment" rather than "supplies". Examples: calculators, chairs, tables, projectors, video cassette recorders, etc. An inventory of these items should be maintained for control purposes.

620 ENERGY

Expenditures for energy, including electricity, gas, oil, coal, gasoline, diesel fuel, and other services from public or private utilities.

**(800) Other Objects**

810 DUES AND FEES

Expenditures for registration fees, dues for systems or individuals' membership in professional or service organizations or for various fee charges.

890 OTHER EXPENDITURES (ALL FUNCTIONS EXCEPT 5000, 5100)

Expenditures for goods and services not otherwise classified above, such as reimbursement for college courses. For the DE Form 0046, detail is required if the object 890 expenditures in a function exceed 10% of that function total.

**(900) Other Uses**

930 OPERATING TRANSFERS TO OTHER FUNDS

Amounts transferred to another fund. The offsetting transaction will be recorded in Revenue Source 5200 in the fund to which the transfer is made.

## APPENDIX N – Returned Check Procedures

### Pulaski County Schools

#### Returned Check Procedures for ALL Pulaski County Schools

*July 26, 2022*

- The school bookkeeper will attempt to contact the individual by PHONE the day the school receives notification of the returned check by the bank.
- If a check is returned by a school employee, the bookkeeper will notify her building administrator. Her building administrator will then contact the appropriate school administrator.
- **Mail letter #1** (see attached) requesting he/she pays **THE FACE AMOUNT OF THE CHECK ONLY**. He/she may pay with cash, certified check, cashier's check, or money order. No additional service charges will be charged by the school. This letter should be mailed immediately.
- **Mail letter #2/Final Notice** (see attached) if payment is not received by the deadline stated in letter #1. The deadline is usually TEN days after the date of letter #1. All school holidays are taken into consideration when the deadline is set. Letter #2 states this matter will be sent to the Magistrate Court of Pulaski County if payment is not received, and he/she will be responsible for **all fees incurred**. These fees and instructions have been recently verified by Carlette Gibson, Magistrate Court Judge.

If the check is returned due to **insufficient funds (NSF)**, a certified letter must be mailed with a return receipt request. When the letter is delivered by the US Postal Service, he/she must sign and date the card indicating he/she has received this information. The Post Service will return the signed and dated card to the appropriate school. The school bookkeeper must allow TEN days before proceeding with a court case. The charges for this collection would be (1) the FACE amount of the check (2) Returned Receipt Postal Fees which are \$7.25 (3) Postage for the letter which is \$.60. If payment is not received after TEN days, the school may turn the case over to the Magistrate Court for collection. The bookkeeper must take a school check in the amount of \$20.00 per "NSF" check received made payable to the Magistrate Court of Pulaski County along with all the documents that include copies of both letters mailed and the green return receipt showing the signature and date received.

If the check was returned to the school due to **ACCOUNT BEING CLOSED**, no certified letter is needed to turn the case over to the Magistrate Court. The fee for this is \$20.00 per Account Closed check as well. The school bookkeeper must take a school check and all correspondence to the Magistrate Court when the case is turned over.



## 1<sup>st</sup> Letter Example

July 26, 2022

Name

Street Address

City/State/Zip

Dear Ms./Mr. \_\_\_\_\_,

Name of School has received a returned check on your account in the amount of \$150.00 for Reason for Check. You may pick up your check when the \$150.00 is paid. Please bring \$150.00 cash, cashier's check, or money order to Name of School as soon as possible. Your check will NOT be deposited again. If you have any questions concerning this matter, please feel free to contact me via email [schoolbookkeeper@pulaski.k12.ga.us](mailto:schoolbookkeeper@pulaski.k12.ga.us) or call me at 478-783-7xxx. Your immediate attention to this matter would be greatly appreciated.

Sincerely,

Name, Bookkeeper

Name of School

Enclosure (1)



## 2nd Letter Example

July 26, 2022

Name

Street Address

City/State/Zip

Dear Ms./Mr. \_\_\_\_\_,

This is your final letter informing you that you have a returned check in the amount of \$150.00 at Name of School for Reason of check. You may pick up your returned check when the \$150.00 has been paid in full to Name of School. Your **immediate attention** to this matter would be greatly appreciated. If this matter is not resolved by \_\_\_\_\_, it will be turned over to Magistrate Court of Pulaski County for collection. Please feel free to contact me by email [schoolbookkeeper@pulaski.k12.ga.us](mailto:schoolbookkeeper@pulaski.k12.ga.us) or call me 478-783-xxxx.

Sincerely,

Name, Bookkeeper

Name of School

Enclosure (1)

# MISCELLANEOUS PROCEDURES

## BANK STATEMENT

- The principal will open, examine, initial and date the bank statement.
- Principal will then forward the bank statement to the school bookkeeper for any necessary journal entries needed such as interest earned or check order cost.
- **To review coding for current month activity, print the “Extended Code Report” for receipts and checks paid. Review by account number to see if corrections are needed.**
- The school bookkeeper will then forward the bank statement to the Central Office for reconciliation.
- The CO front end secretary will reconcile the bank statement and print the required documentation to attach.
  - a. Bank Reconciliation Report
  - b. General Ledger Report
  - c. Deposit Voucher
  - d. Sequential List of Checks
  - e. List of Outstanding Checks
- The CO front end secretary will forward the bank reconciliation packet to the finance director and the Superintendent for them to review, initial and date.
- The CO front end secretary will then make a copy of the packet for the Central Office to keep on file and forward the original back to the school.
- The school bookkeeper should then forward it to the principal for him/her to review, initial and date.
- School Bookkeeper will initial, date, and file the packet in the school records for safekeeping.

## PRE-NUMBERED TICKETS

- Schools using pre-numbered tickets should keep a “Ticket Log.”
- Every ticket number should be accounted for in the log.
- Tickets should be “checked out” when needed. Document in the log the starting number and reason. The secretary and sponsor/designee should both sign or initial the log.
- When tickets are returned, document the ending ticket number and both parties sign/initial again.
- If several different colored tickets are utilized, there should be a log sheet for each color.

## TRANSPORTATION COSTS

Transportation costs will be charged for all **non-competitive** field trips. The costs will include mileage (\$1 per mile) and driver costs (\$10 per hour). The following procedures will help ensure funds are **available** for a field trip or if a cost is being determined for students to pay to attend the field trip.

In planning a fieldtrip, the Sponsor/Teacher should complete a purchase order.

- Vendor Name: PCBOE – Transportation
- In the Description area – Include: The Group attending the fieldtrip, the destination, # of people attending, # of miles to/from (attach a map quest), and the duration (time of departure and return).
- Submit the purchase order to the school bookkeeper.

The school bookkeeper will calculate the estimated cost of the field trip based on the amounts listed above for mileage and the driver and post in the accounting program. Add 2 hours to the duration of the fieldtrip. This allows time for the bus driver to inspect the bus before leaving and upon return. If the funds are available, forward the purchase order to the principal. If funds are not available, notify the sponsor and the principal of the shortage.

The transportation department will send invoices after the 1<sup>st</sup> semester and then again after the 2<sup>nd</sup> semester. The transportation invoice may vary slightly but should not be much. By entering the purchase order into the software, funds have been encumbered for this expense.

By following these procedures, activity accounts should have a more accurate balance, therefore, allowing the sponsor

and the principal to be able to make informed decisions.

**\*These procedures are an “additional step” in the fieldtrip process. This does not change any existing procedure having to do with field trips. The purpose is to make sure funds are available before a fieldtrip is taken.**

## ICE CREAM SALES

### Any school selling ice cream:

At least quarterly, print the activity account utilized for ice purchases and revenues. The principal will review, initial and date. This will document the periodic review of purchases versus sales. On occasion, ice cream is given as a reward to a classroom or group. The principal will be aware of these instances; therefore, this can be taken into consideration when reviewing the account.

## AMAZON PURCHASES

### For School Level Purchases

- Central Office – Secretary/bookkeeper will open a purchase order to Visa monthly. This po will be used for “School Level Purchases - Amazon” only.
- **School** – The po originator should print a copy of the items being requested / shopping cart and attach it to the purchase order. **Purchase orders with no back-up will be returned to the originator.**
- **School** – Bookkeeper will process a purchase order with PCBOE as the vendor. Identify on the po that it is an Amazon order, along with the other purchase details as usual.
- **School** – Once the po is processed, the bookkeeper will log in to Amazon, enter the po number, and submit the order.
- Central Office – The finance director will receive an email from Amazon stating there is an order that needs reviewing. The finance director will review and either approve or reject. If approved, the order is placed. If rejected, there will be a reason stated in the “notes” section.
- **School** – The bookkeeper should log into Amazon and print the invoice. After delivery, the invoice should be signed and dated by the person verifying receipt of items.
- **School** – Attach the invoice to the po and complete the process. The check will be made payable to PCBOE.
- **School** – The check payable to PCBOE should be received at the central office within 5 days of receipt of items.
- **School** – Send a copy of the po and signed invoice, along with the check, to the front office secretary.
- Central Office - The front office secretary will receipt the check, and forward the check, invoice and po to the finance director.
- Central Office – The finance director will make a copy of the check, invoice and po to attach to the CO purchase order (opened monthly in step 1). The finance director will prepare the deposit and post the receipt into PCG. Deposits will be carried to the bank by other staff.
- Central Office – When the Visa statement arrives, the CO po will be processed if there were any school level purchases that month. The Visa bill be paid. The finance director will do an elimination journal entry to eliminate the revenue and expense from the general fund.

## FOOD LION PURCHASES

### For School Level Purchases

- Central Office – Secretary/bookkeeper will open a purchase order to Food Lion monthly. This po will be used for “School Level Purchases – Food Lion” only.
- **School** – The purchase order should indicate the purpose/reason for the purchase and a list of requested items. **Purchase orders with no back-up will be returned to the originator.**
- School – Bookkeeper will process a purchase order with PCBOE as the vendor. Identify on the po that it is a Food Lion order, along with the other purchase details as usual.
- **School** – Once the po is processed, the bookkeeper will notify the originator of the po. The originator must go to the Finance Director at the BOE and sign out the Food Lion charge card. He/She must also bring a copy of the po to sign out the Food Lion charge card.
- **School** – The originator of the po should make the Food Lion purchase the date the charge card is received and return the charge card to the Finance Director at the BOE by the following business day. The originator of the po should also bring the charge receipt, sales tax exemption form, and the charge wholesale form issued at the time of the charge when returning the Food Lion charge card to the Finance Director.
- **School** – After signing the Food Lion charge card with the Finance Director at the BOE, the po originator should immediately take all forms issued from Food Lion to the school bookkeeper.
- **School** – The charge receipt should be signed and dated by the po originator.
- School – Attach the charge receipt to the po and complete the process. The check will be made payable to PCBOE.
- **School** – The check payable to PCBOE should be received at the central office within 5 days of receipt of items.
- **School** – Send a copy of the po and signed invoice, along with the check, to the front office secretary.
- Central Office - The front office secretary will write a receipt for the check and forward the check, invoice and po to the finance director.
- Central Office – The finance director will make a copy of the check, invoice and po to attach to the CO purchase order (opened monthly in step 1). The finance director will prepare the deposit and post the receipt into PCG. Deposits will be carried to the bank by other staff.
- Central Office – When the Food Lion statement arrives, the CO po will be processed if there were any school level purchases that month. The Food Lion bill be paid. The finance director will do an elimination journal entry to eliminate the revenue and expense from the general fund.

## WAL-MART PURCHASES

### For School Level Purchases

- Central Office – Each school will be assigned a Wal-Mart card for school level purchases only.
- Central Office – Secretary/bookkeeper will open a purchase order to Wal-Mart monthly. This po will be used for “School Level Purchases - Wal-Mart” only. This should be noted on the po.
- **School** – Bookkeeper will process a purchase order with PCBOE as the vendor. Identify on the po that it is a Wal-Mart order, along with the other purchase details as usual.
- **School** – Once the po is processed, the Wal-Mart card can be signed out by the staff member.
- **School** – The bookkeeper should review the procedures with the staff member ensuring tax exempt status and safe-keeping of the card.
- **School** – The staff member should bring the receipt back to the bookkeeper. The staff member should initial and date the receipt, along with signing the Wal-Mart card back in.
- **School** – Attach the receipt (and a copy of the receipt-due to fading) to the po and complete the process. The check will be made payable to PCBOE.
- **School** – Send a copy of the po and signed receipt, along with the check, to the front office secretary.
- Central Office - The front office secretary will receipt the check and forward the check, receipt and po to the finance director.
- Central Office – The finance director will make a copy of the check, receipt and po to attach to the CO purchase order (opened monthly in step 1). The finance director will prepare the deposit and post the receipt into PCG. Deposits will be carried to the bank by other staff.
- Central Office – When the Wal-Mart statement arrives, the CO po will be processed if there are any school level purchases. The Wal-Mart statement is paid. The finance director will do an elimination journal entry to eliminate the revenue and expense from the general fund.

### Signing In/Out the Wal-Mart card

- The Wal-Mart should be kept in a secure and safe place.
- Each school should create an “Activity Log” for the Wal-Mart card to include the following: Name, signature, date, po number, 2-bookkeeper initials (sign out and in), receipt (Y/N), and initial by staff for signing the card back in.

## APPENDIX O – FMGLUA Chapter 4

### The following section has been taken from the Financial Management for Georgia Local Units of Administration Manual

#### Section V – Chapter 4

### FINANCIAL MANAGEMENT FOR GEORGIA LOCAL UNITS OF ADMINISTRATION

Date Issued	Effective Date	Section	Title:
August 2008	August 2008	V	Financial Reporting
Revision No.	Date Revised	Chapter	Title:
1	July 1, 2019	4	School Activity Accounts (Principal Accounts)

#### HISTORY

Most school districts have cash funds or bank accounts at individual schools under the control of school principals or club advisors. These funds present a unique control challenge to school districts given their decentralized nature and the production of financial records and reports by non-accounting personnel.

Historically, little attention has been given to accounting for activity funds in school districts. The nature of activity funds, however, makes them especially vulnerable to error, misuse, and fraud. In addition, activity funds often total to large sums of money, especially when capturing the amounts that flow through an educational organization in the form of school board funds, student-generated funds, receipts, and disbursements related to athletics, and the myriad of co-curricular and extracurricular events sponsored by school districts. As a result, policies, and procedures for improving controls over these funds and to promote the capturing all student activity-related monies in the district's financial records should be implemented.

Georgia law recognizes the importance of School Activity Accounts by requiring the following:





CGA. 20-2-962. Quarterly Reports by principals; audits by local boards.

The principal of each public school shall make a quarterly report to the local board of education immediately upon the end of each quarter of the fiscal year, and such report shall contain an account of all receipts and expenditures of such funds during the past quarter. The principal shall also make an annual report of the complete property inventory of the school. The local board may at any time during the school year inspect all receipts, expenditures, and property of each public school.

The Governmental Accounting Standards Board has adopted Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2018. GASB

84 is effective for school district financial reporting beginning fiscal year 2020. This Handbook chapter has been revised to include the criteria of GASB 84 for school activity accounts classified as fiduciary funds in the financial analysis report and the prepared financial statements presented for audit.

### YPES OF ACTIVITY FUNDS AND PROPER CLASSIFICATION

School Activity Accounts are established to direct and account for monies used to support extra-curricular and co-curricular student activities. Generally:

- Extra-curricular activities encompass a wide variety of other *district-directed* activities, typified by organized sports, drama productions, music concerts and other non-academic interscholastic competitions.
- Co-curricular activities are any kinds of school-related activities outside the regular classroom that directly add value to the formal or stated curriculum. Co-curricular activities involve a wide range of student clubs and organizations.

A system of classification for purposes of program cost accumulation and reporting mechanism is necessary. (Accounting System)

Activity funds are unique to school districts. Two classifications are commonly recognized:

- District activity funds which belong to the school district and are used to support district programs. District activity funds should be included with all other district funds and reported as governmental funds.
- Student activity funds which belong to the students and support student clubs and organizations. Student activity funds remain under the control of the school principal and are accounted for at the school site.

Activity funds are categorized as either governmental funds or fiduciary funds. Effective July 1, 2019, any activity funds that are fiduciary in nature are classified as ccustodial funds, as defined by GASB Statement Number 84.

### ONTROLS FOR ESTABLISHING AND MAINTAINING ACTIVITY FUNDS

Public trust demands an efficient system of accounting for all money received and expended through school activity fund accounts. The system of safeguarding and accounting for activity funds is dependent on the soundness and effectiveness of board of education policies and guidelines. The board has the responsibility of ensuring accurate accounting for all accounts, as well as ensuring activity funds are expended as intended by the policies in place for each activity.

The dispersed nature of student activity funds and the multiple site collections for some district activity fund revenues dictate a need for orderly controls on all activity funds. These controls include establishing lines of authority and a set of policies to guide the operation of all activity funds.

(Note: these guidelines are minimum controls on which local school districts may expand and are dependent upon the organizational structure of the school system.)

Lines of Authority

Proper control begins with the appropriate recognition of lines of authority over all monies handled by the district. The local board of education should adopt a set of guidelines and regulations that include minimum requirements (see figure 1) for the approval and oversight of the activity funds. Below is an example of minimum requirements, with the assumption of the illustrated organizational structure:

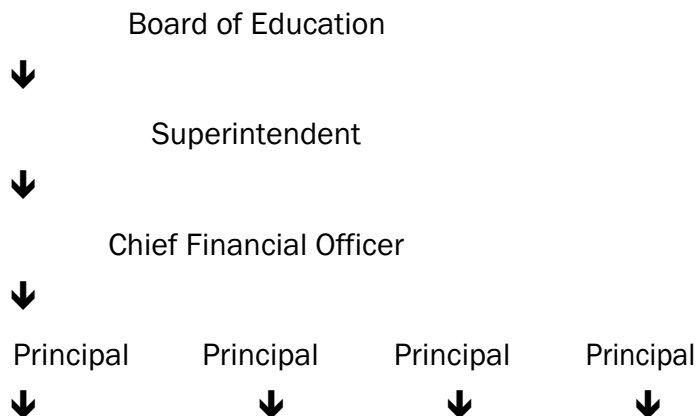
- *Board of Education.* The board of education should adopt policies to govern the establishment and operation of all activity funds. The district's auditors should review these policies for sound accounting and reporting principles.
- *Superintendent.* The superintendent should be directly responsible to the board of education for administering all board policies.
- *Chief Financial Officer / Finance Director.* The chief financial officer should have overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the board. The chief financial officer is also responsible for implementing and enforcing appropriate internal control procedures.
- *Principal.* The principal at each school site should be the designated activity fund supervisor for that school building. The activity fund supervisor has overall responsibility for the operation of all activity funds, including collecting and depositing activity fund monies; approving disbursements of student activity fund monies; and adequately supervising all bookkeeping responsibilities. The activity fund supervisor should be a signatory for all disbursements, including checks drawn on the activity fund should the disbursement function be decentralized.
- *Sponsors.* The sponsor of each student organization is responsible for supervising all activities of the organization, including approving student activity fund transactions. Sponsors should be employees of the district and under the direct control of the activity fund supervisor.

Lines of Authority

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Figure 1

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Sponsors

Sponsors

Sponsors

Sponsors

## General Policies and Procedures for the Establishment and Operation of Activity Funds

Policies relating to student and district activity funds should be in writing and distributed to all activity fund supervisors, sponsors, and accounting personnel. A useful set of general policies includes at least the following:

- Each activity type should be established and approved by the board of education. Specific board approval of a club/organization is required if a separate checking account is maintained.
- All activity funds are required to be supervised by an employee of the school district. The activity advisor is approved by the principal of each school, or the superintendent of the school district when necessary. The activity advisor is responsible for adhering to the procedures set by the district, and the principal is responsible for supervising the activity advisor.
- All activity funds should be subject to sound internal control procedures, including segregation of duties for key functions.
- All activity funds should be accounted for on the same fiscal year basis as all other school district funds.
- All activity funds are subject to an external audit and must also be subject to well-defined procedures for internal auditing or review of the activity on a regular basis, no less than annually.
- All employees responsible for handling and recording activity fund monies should be bonded by the district.
- Each school system should have a Board approved policy designating the activity funds supervisor. In most districts, this person will be the building principal.
- Each activity fund supervisor (principal) should maintain a checking account for the School, where the disbursement function is decentralized.
- Someone other than the fund supervisor (principal) should be authorized to sign checks, either the superintendent or chief financial officer.
- Depositories for student activity funds should be approved by the board of education and be further subject to the same security requirements as all other board funds. (i.e. collateralization of deposit requirements.)
- School Activity Accounts should not be used for salary supplements or similar payments to compensate school employees for any activity related to school resources or students if the activity accounts are decentralized from the payroll process. Employee compensation must always go through the district's payroll process and is subject to both employer and employee deductions.
- All activity funds should operate on a cash basis, meaning that no commitments or indebtedness may be incurred without board approval.

- A system of purchase orders and vouchers should be applied to all activity funds that requires written authorization for payment and should be strictly enforced.
- A system for receipting cash should be adopted that includes using pre-numbered receipt forms for recording cash and other negotiable instruments received.
- All receipts should be deposited intact. That is, all receipts should be deposited in the form in which they are collected and should not be used for making change or disbursements of any kind.
- All receipts should be deposited daily to adhere to best business practices. Each district should prepare a plan detailing how undeposited funds will be secured until a deposit can be made. In no event should undeposited funds exceed 5 days from the date of the receipt.
- Most fund accounting software now includes laser printing of checks, purchase orders and other district issued documents. Accordingly, these documents are printed on blank stock and check or document numbers are software assigned in numerical order. The Board approved signatures are electronically printed on the checks and the software tracks the last and next document numbers. In the event the user assigns the check or document numbers, a perpetual check number log should be maintained to provide an audit trail.
- Bank statements for activity funds should be reconciled as soon as they are received. The reconciliation should be prepared by an individual that is independent of the receipt and check issuance processes. The school district should ensure the school level accountants do not prepare their own bank reconciliations, allowing for adequate segregation of duties.
- Using activity fund receipts to cash checks to accommodate individuals, to make any kind of loan, to pay any form of compensation directly to employees, or to extend credit should be strictly prohibited.
- Monthly financial reports on all activity funds should be prepared and submitted to the administration and the board of education. (State Law 20-2-962 requires at least quarterly reporting).
- A full reporting of activity funds should be included in the district's annual financial statements. The detail of each activity that is summarized on the general ledger should be available for internal and external audit review.
- Student activity fund monies should benefit those students/activities who have contributed to the accumulation of such monies, for the purposes defined for each activity/club. The policy should address the use of funds raised by each activity in the event the activity ceases to exist in future periods. Specifically, how are the funds allowed to be spent, and can the funds be transferred to supplement other activities and clubs.

- A board-approved process, or board-designated approval process should be specified for all fundraising activities, and any fundraising event should require advance approval. Please note that this requirement does not automatically translate to the Board having administrative control of the activity. The policy should specify the level of approval required. If the Board is simply approving the students' decision for fundraising activities, administrative control does not lie with the Board.
- A board-approved process, or board-designated approval process should be specified for all field trips or competitions attended by an activity. Please note that this requirement does not automatically translate to the Board having administrative control of the activity. The policy should specify the level of approval required. If the Board is simply approving the students' decision for fund-raising activities, administrative control does not lie with the Board.

### SEGREGATION OF DUTIES RELATED TO ACTIVITY FUNDS

The volume of activity fund transactions and the amounts on deposit are substantial in most school districts. Because significant amounts of activity fund cash receipts are collected as currency, not checks, internal control procedures designed to safeguard monies collected should be especially emphasized. Although the foregoing general principles are helpful in addressing concerns about safeguards, additional attention should be given to segregating the duties related to activity funds. Specifically, three critical duties should be segregated for internal control purposes:

- (1) signing checks in a decentralized disbursement environment
- (2) maintaining fund accounting records
- (3) reconciling bank statements.

The segregation of duties demands that more than one person be involved in satisfying accounting procedures. As a rule, although the school principal is appointed as activity fund supervisor, other positions normally carry out the actual work of processing the activity. It is particularly important to identify, describe, and monitor the duties of the activity fund accountant in relation to the segregation of duties.

The activity fund accountant is typically assigned the task of collecting activity fund monies. Associated tasks include preparing the deposit slip and depositing monies. In addition, maintaining the activity fund accounting records generally falls to this same person, as does preparing checks for disbursements. These tasks demand adequate training and require the accountant to have a thorough knowledge of fund structure; the differences between district and student activity funds; and the process of accounting, auditing, and reporting. As described earlier, the activity fund accountant should be bonded.

The work of any individual handling money should be subject to appropriate checks and balances. Signature controls are an important aspect of accounting procedures. Recommended signatures are the principal of the school and someone other than the activity fund accountant. The district should develop written procedures indicating the proper authorizations for the expenditure process. Procedures should indicate which positions are

responsible for entering invoices to be paid, authorizing the disbursing of funds, and also the authorizing signature, along with the school principal, is affixed to the check.

Reconciling accounting records for the activity funds is a critical aspect of a system of checks and balances. A third person (someone other than the accountant or activity fund supervisor) should be responsible for reconciling bank statements and verifying receipts and expenditures. Essential to this process are internal accounting controls over the activity fund cash collections. Adequate procedures should be established for completing an audit trail that creates sufficient documentary (physical) evidence for each step in the flow of transactions within the activity fund. These procedures include using pre-numbered forms and receipts, purchase orders and vouchers, and a perpetual inventory of pre-numbered forms and receipts and tickets; depositing receipts intact; and making timely deposits. State-specific statutory controls, such as quarterly reporting and the types of allowable funds sources, should be strictly observed when disbursing student and district activity funds should be strictly observed.

#### REPARATION AND REVIEW OF MONTHLY ACTIVITY FUND REPORTS

O.C.G.A. 20-2-962 requires the principal of each public school to make a quarterly report to the board of education immediately upon the end of each quarter of the fiscal year and include all receipts and expenditures of the past quarter. Financial Review recommends a monthly report of cash receipts and disbursements of the activity fund should be prepared and reviewed by the activity fund supervisor (principal) and submitted to the school district office. Column headings should include the following:

- Beginning cash balance,  
*(which should agree with the ending cash balance on the prior month's report)*
- Cash receipts
- Cash disbursements
- Ending cash balance
- Unpaid purchase orders
- Unencumbered cash

The activity fund accountant also should prepare a monthly financial report for each student organization, showing the organization's cash receipts and disbursements. These reports should be reviewed by the activity fund supervisor (principal) and advisor. Each advisor should then compare the report prepared by the activity fund accountant with the advisor's records. Any discrepancies should be resolved immediately. Additionally, the school finance office should periodically perform internal audits of the reports and supporting records.

#### ACCOUNTING FOR THE SCHOOL ACTIVITY ACCOUNTS IN THE SCHOOL DISTRICT ACCOUNTING RECORDS

##### Application of GASB Statement 34 to School Activity Funds

GASB Statement 34 made significant changes in financial reporting for all governments, including school districts. However, GASB 34 did not *ADD* the requirement for including school activity accounts. School activity accounts have always been required to be included in the



school district's financial statements, but GASB 34 is the first statement to add penalties for failing to include them in the district wide financial statements.

The purpose of the government-wide statements is to provide a broad overview of the entity. Because fiduciary fund resources are not available for use by the government, fiduciary activities are excluded from the entity-wide financial statements. In accordance with the new reporting model, fiduciary activities, which may include student activity funds, are reported only in the fund financial statements. The impact of Statement 34 on district and student activity funds is summarized below:

- If student activity funds are classified as fiduciary (custodial) funds; they are not reported in the government-wide financial statements. Instead, these balances are reported only in the fund financial statements.
- District activity funds that are classified as governmental (special revenue) funds are consolidated with all governmental activities in the government-wide financial statements. District activity funds will also be presented in the governmental fund financial statements.
- Fiduciary funds are presented in the fund financial statements by fund type. Student activity funds, as custodial funds, report no operating activity and are, therefore, presented only in the statement of fiduciary fund net position. Effective with the implementation of GASB Statement 84 in FY 2020, the custodial funds will report a Statement of Changes in Fiduciary Net Position. This statement will include the total additions and deletions of the custodial fund activity.

#### Account Classifications for Revenues and Expenditures

Many school districts and individual school sites derive significant revenue from enterprise activities and alternative sources: vending machines, school stores, class ring sales, and a wide variety of fundraising activities such as magazine sales, candy sales, and school pictures. In addition, large sums of money are generated through interscholastic sports in the form of gate receipts and other contributions. These revenues are typically associated with activities conducted at the school level that generate revenues to be used for the benefit of the school. In many instances, particular student organizations oversee one or more such enterprise activities. In other instances, the district administers the revenues for its own programs. If a student organization is in charge of the administrative operations of an enterprise activity, the money should be accounted for through that organization's separate activity fund. If the district determines the use of the funds, the money should be accounted for with other district funds in the district's governmental fund accounts. However, in all instances, the funds should be recorded on the district's financial records.

Expenditures of the activity funds must be reported using the same format as all other expenditures of a school district and follow the defined chart of accounts for school districts. Expenditures generally include costs of activity events such as conferences, competitions, and field trips. An activity will also have expenditures related to the cost of fundraisers and supplies. The district should determine if the costs are for activities directly related to instruction, community service, or fundraising. Most expenditures of activity accounts are reported in functions 1000 – Instruction; 3200 – Enterprise Operations; or 3300 – Community Services. Other functional categories may apply, depending on the type of activity of the student organization or club.

## GASB 61 and Potential Component Units

School districts and student groups are also increasingly benefited by affiliated organizations that support curricular, co-curricular, and extra-curricular activities. Affiliated organizations include groups such as Parent-Teacher Associations (PTA's), Parent-Teacher Organizations (PTO's), school foundations, athletic booster clubs, and so on. Contributions by these groups often include supplies, materials, equipment, and even school facilities, such as weight training rooms.

In the case of revenue from affiliated organizations such as booster clubs and foundations that support the schools, board authorization to receive such funds is needed. In some cases, based on the requirements of GASB Statement 39 and GASB 61, *determining whether certain organizations are component units*, these affiliated organizations may be reflected in the financial statements of the school district as discretely presented component units. Whether or not the organizations are included as component units, decisions regarding allocation of the donations should be made based on whether the curricular or co-curricular program is the primary beneficiary, as well as on the basis of *fundamental fairness in resource allocation*. Due to *disbursement control issues*, the actual accounting of receipts and disbursements for these affiliated organizations should not be maintained by school district employees.

## GOVERNMENTAL OR FIDUCIARY DETERMINATION

### Prior to July 1, 2019

Prior to GASB Statement 84, the distinction between the two fund types was based on the *purpose* of the funds, that is, the programs supported by the funds. The following test was considered when determining fund type:

- District Activity Funds (*Governmental Funds 500 or 505*) belong to the district, are used to support its co-curricular and extra-curricular activities and are administered by the school district. Authority for approval of disbursing district activity fund monies, however, rests only with the school board. In other words, the district determines how the district activity fund monies are spent and the district programs that receive support. *This control may be delegated to the local school principal.*
- Examples of Authorized District Activity Funds:
  - Athletics
  - Band Uniforms
  - Book Fair
  - Lyceums
  - Music Concerts
  - School Plays
  - School General Fund
  - Special Field Trips

- Student Activity Funds (*Agency Funds – 705 or 759*) support activities that are based in student organizations. Students not only participate in the activities of the organization, but also are involved in the administrative function of managing and directing the organization's activities. *An important distinction is that disbursing monies from the student activity fund may be subject to approval by the student organization, rather than by the principal or board of education.*
  
- Examples of Authorized Student Activity Funds:
  - Art Club
  - Auto Club
  - Cheerleaders Club
  - Chorus Club
  - Class of 200X
  - Class of 200Y
  - Class of 200Z
  - Debate Club
  - Drama club
  - Foreign language Club
  - Journalism Club
  - Marching Band
  - National Honor Society
  - Pep Club
  - Photography Club
  - Student Council

Subsequent to July 1, 2019 – effective with the implementation of GASB Statement No 84

Per GASB Statement Number 84, *Fiduciary Activities*, an activity is considered a fiduciary activity if all the following criteria are met:

- b. The assets associated with the activity are controlled by the government;
- c. The assets associated with the activity are not derived either: (1) solely from the government's own-source revenues or (2) from government-mandated nonexchange transactions or voluntary nonexchange transactions except for pass-through grants for which the government does not have administrative involvement or direct financial involvement;
- d. The assets associated with the activity have one or more of the following characteristics: (1) the assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government. (2) the assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals. (3) the assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

Based on these requirements, a school district must consider whether an activity fund is governmental or custodial in nature. Key questions to ask relate to whether the government (i.e., school district or school) has administrative control of the activity fund.

The following Q&A included in the of the GASB 84 – Fiduciary Activities Implementation Guide, dated December 17, 2018, help demonstrate the difference between activities which are governmental funds and custodial funds:

Example 14.17.

Q—A school board is responsible for establishing the fees charged by student clubs to their members. The clubs are not legally separate from the school district. Assuming that the school board has no other policies in place related to the disbursement of funds for various student clubs, does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. Footnote 1 of Statement 84 provides examples to consider in determining whether a government has administrative involvement. The establishment of fees related to the generation of funds is analogous from a revenue standpoint to the example provided regarding determining eligible expenditures. In other words, establishing specific guidelines

on how the resources can be spent is analogous to establishing guidelines on the amount at which fees are set. In that scenario, the school board is establishing the amount at which fees are set, and, therefore, the school district does have administrative involvement and the criterion in paragraph 11c(2) of Statement 84 is *not* met.

Example 2

4.18

Q—A student club is established in accordance with the school district's operating policies. The club is not legally separate from the school district. The students of the club conduct

fundraising events, the proceeds of which are deposited into a savings account held by the school district. The student club president, with the members of the club, establishes how the resources can be spent and approves disbursements from the account. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—No. Footnote 1 of Statement 84 provides examples to consider when determining whether a government has administrative involvement. In assessing whether a government has administrative involvement, a “substance versus form” consideration is appropriate. For example, the government’s role would have substance if the school board, school administrator, or faculty advisor (who is representing the school district) establishes how the resources can be spent through approved policies. In that scenario, the students (the beneficiaries) are establishing how the resources can be spent, and, therefore, the school district does not have administrative involvement and the criterion in paragraph 11c(2) of Statement 84 is met.

### Example 3

4.20

Q—A school district holds the funds raised by various student clubs, which are not legally separate from the school district. The funds are used to pay for various club activities during the year. There is no school board or school administration policy related to how the resources of the club can be spent. The disbursements from the aggregated club account are approved by the faculty advisor (who is representing the school district) assigned to each club. Approval, rejection, or modification of the spending is strictly at the discretion of the faculty advisor. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district’s role is considered to be substantive because in the absence of an approved policy, the faculty advisor (who is acting in the capacity of a school district representative) has the ability to reject, modify, or approve how the resources are spent. The faculty advisor’s approval is more than just a formality and is analogous to the example provided in footnote 1 of

Statement 84 regarding the determination of eligible expenditures that are established by the government.

### Example 4

4.21

Q—A school board establishes and approves a policy related to the disbursement of funds for various student clubs that are not legally separate from the school district. The policy includes specific guidelines related to how the funds raised by the clubs can be spent. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district’s role is considered to be substantive because the school has established specific guidelines on how the resources can be spent in an approved policy.

Example 5

4.22

Q—Assume the same facts as in Question 4.21, except that the policy that applies to all clubs only addresses issues such as the authorized account signers and the prohibition of spending for illegal activities. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—No. The school district does not have administrative involvement. The school district's role is not considered to be substantive because the school has not established specific guidelines regarding how the resources of the clubs can be spent.

Example 6

4.23

Q—Assume the same facts as in Question 4.21, except that the state establishes specific guidelines on how the resources can be spent through administrative policy. Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

A—Yes. The school district does have administrative involvement. The school district's role is considered to be substantive because the school district is required to follow the specific guidelines established by the state, through legislation or policy, regarding how the resources can be spent.

Key Considerations When Determining Whether or Not an Activity Fund is a Governmental Fund or a Custodial Fund (GASB Statement 84, paragraph 11c):

1. Are the assets administered through a trust in which the school district or school is not the beneficiary, or the benefits are provided to an outside recipient, or legally protected from the school district or school's creditors?
2. Are the assets for the benefit of individuals and the school district or school has no administrative or direct financial involvement?
3. Are the assets for the benefit of an organization that is not legally part of the school district or school?

SCHOOL ACTIVITY ACCOUNTS RECORDED ON THE ANNUAL FINANCIAL REPORT

As stated earlier, School Activity Accounts are required to be reported with the District's financial statements. This information is to be reported in total only and can be accomplished by a journal entry at year-end. Integration of the principal accounts into the School District's financial accounting system is not required. All underlying worksheets and documentation pertaining to these

accounts should be retained for audit. In no instance is the District *required* to book each school activity account transaction in the District level accounting records. (Accounting System).

Year-to-date reports for each school, or the district, can be totaled and recorded in the District's financial statements at year-end. It is perfectly acceptable for just the totals of each account to be posted to the District books and the account detail maintained at each individual school. However, all detail transactions along with copies of invoices and receipt documentation at the school level must be maintained according to the records retention policy for local and state audit purposes.

The journal entries to record this activity would follow the following format (Note – the function code used should be the one pertaining to transaction recorded. Function 1000 is used for illustration purposes only):

Governmental Funds (500)

20-500 - XXXX - 101	X,XXX.XX	
20-500 - XXXX - 799	X,XXX.XX	
20-500 - XXXX - 1920		X,XXX.XX
20-500 - 9990 -1000-610-XXXX (School Code)	X,XXX.XX	

Student Activity Funds (705)

20-705 -XXXX - 101	X,XXX.XX	
20-705 -XXXX - 799		X,XXX.XX
20-705 -XXXX - 1225		X,XXX.XX
20-705 -9990- 1000-610-XXXX (School Code)	X,XXX.XX	

Effective for FY 2018, Expenditures for School Activity Accounts must be recorded at the school facility code level for DE 46 reporting. This requirement is necessary to meet the reporting requirements of O.C.G.A. §20-14-49.11, per HB 139 passed during the 2017 legislative session. Therefore, the district must not consolidate the expenditure transactions of the schools prior to posting for transmission for the DE 46. The various activities/student sponsored organizations can be consolidated by school for year-end reporting, however, the school must maintain the accounting records to document the individual activity of each separate club/organization.

School Activity expenditures by must be recorded with each school’s state school code as a segment in the account posted to the General Ledger prior to posting the journal entry if posting from external software or from subsidiary ledgers to an integrated accounting software. Please note, the school code is not always the same code as the facility code. The school code is the FTE-reporting code.

As noted in the sample transactions above, the LUA must record the expenditure transactions utilizing the state chart of accounts, including the school codes for DE 46 reporting. However, the LUA must summarize the school activities of each school prior to posting the journal entry for each facility. It should also be noted that it is not required to post balance sheet accounts and revenues by school code; however, it may facilitate school level income statements and trial balance reporting at the local level.

Accounting for School Activity Accounts (Principal’s Accounts)

School Activity Accounts (Principal Accounts) can generally be divided into two fund types.

- Student Activity Funds (Governmental Funds 500, or Fund 505 for a local charter school within a district)
- Student Activity funds (Custodial Funds 705, or Fund 759 for a local charter school within a district).

Additional fund types that are also used include:

- Principal Account Expendable Trust Fund (Fund 715) where the principle and earnings may be expended for purposes specified in the trust agreement.
- Principal Account Nonexpendable Trust Fund (Fund 725) where only the earnings on the principle may be expended and the principle must remain intact.

The determination of which fund type, depends in part on whether or not the school district or school has a direct administrative role in the activity represented.

Revenue Sources

- |                      |      |                       |      |
|----------------------|------|-----------------------|------|
| • Commissions        | 1205 | • Fundraising         | 1225 |
| • Concessions Sales  | 1210 | • Gate Receipts       | 1230 |
| • Club Dues and Fees | 1215 | • Miscellaneous Sales | 1235 |
| • Donations          | 1220 |                       |      |



## Expenditure Functions

- 1000 – Instruction
- 2210 – Improvement of Instructional Services
- 3200 – Enterprise Operations
- 3300 – Community Service Activities

## Program Numbers

(8000-8999 Local use) - Districts may assign a program number for each type fund. (i.e., 8001-All athletic funds in District) – Alternately, an LUA may use Program Code 9990 for all School Activity Account Revenue and Expenditures for DE 46 Reporting . Local use program codes as noted above may be used at the discretion of the LUA and rolled into 9990 for the DE 46 financial reporting to GA DOE.

Reporting of Balance Sheet, Revenues and Expenditures to GDOE will be in the Financial Reporting Format prescribed by State Board Rule 160-5-2-.21. The same chart fields should be populated.

- For balance sheet: Fund-Balance Sheet
- For revenues: Fund-Program-Source
- For expenditures: Fund-Program-Function-Object-School Accounting for all

activity funds is the responsibility of the school district.

## SMMARY

School Activity funds are Board of Education sponsored funds, similar to the general fund or special revenue funds. They are created for the purpose of accounting for monies related to co-curricular activities such as student organizations and athletics. Activity funds may be classified as fiduciary funds, based on the administrative involvement of the school district and/or school.

The collection, disbursement, and accounting for activity fund monies is usually centralized at the school level, with the school principal designated as the activity fund supervisor. The school level accountant normally manages the record-keeping of the activity.

As governments increasingly respond to the demands for fiscal and operational accountability and transparency, best practice dictates the creation of strong internal controls surrounding activity funds, *including assurance that all transactions are recorded and reported in district financial records.* Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error and abuse.