

Local School Financial Procedures

Pike Road Board of Education

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To: Officer/Sponsor of School-Related Organizations

The majority of public K-12 schools in Alabama operate under the accreditation standards of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS/CASI). The *Accreditation Standards 2005* published by SACS/CASI includes in *Standard 2 Governance and Leadership 2.4* the following requirement: **In fulfillment of this standard, the leadership of the school...Controls all activities, including extra-curricular, that are sponsored by the school.** This publication also provides in *Standard 6 Financial Resources 6.15* the following requirement: **In fulfillment of this standard, the school...Controls all funds raised in the name of the school...** Interpretations of these standards, primarily *Standard 6.15*, have created conflicting guidance from various sources relating to the accounting requirements for school-related organizations.

In addition to the requirements of SACS/CASI, the Alabama State Department of Education must also consider other factors in providing Guidelines for Financial Operations of School-Related Organizations, including:

- A. State laws giving the authority to establish financial and administrative requirements for local schools to the:
 - State Superintendent of Education
 - State Board of Education
 - Local Board of Education
 - Department of Examiners of Public Accounts
- B. Governmental Accounting Standards Board (GASB):
 - Generally Accepted Accounting Principles
 - GASB Statement No. 14 – The Fiscal Reporting Entity
 - GASB Statement No. 39 – Determining Whether Certain Organizations are Component Units
- C. Federal Legislation:
 - Internal Revenue Service
 - Congressionally Chartered Organizations

The determination that a particular club or organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the club or organization's operations at a school. The fact that an organization would not exist without the school it supports has no bearing on determining that the organization is a school activity. However, the purpose of these guidelines is to assist these organizations, school officials, school bookkeepers, auditors, and other agencies in determining the proper accounting for school-related organizations.

Student Organizations

Student clubs and classes are usually recognized as school activities. The student officer/sponsor and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports or benefits from a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one account or separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held at locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

Parent Organization

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA, the PTO and the PTSO are the most common parent organizations. Each of these organizations has a national organization that publishes guidance for the financial operations of the individual school organizations. In order to maintain the financial operations outside the control of the school the parent organization must comply with the following requirements:

- a) The organization must have an employer identification number from the IRS.
- b) The organization must have a separate mailing address from that of the school.
- c) The organization must provide a report of the annual audit of the organization to the school/central office.
- d) The organization must make the financial records available to all authorized school/district personnel and auditors upon request.
- e) The organization must provide a copy of the approved minutes from any meetings and monthly financial records to the school administrator/athletic director and the bookkeeper.
- f) The organization must not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.

These organizations will become school activities if:

- a) One of the requirements above is not adhered to,
- b) Both parties mutually assent to the fiduciary control of the principal, OR,
- c) A school employee leads fund-raising or maintains the accounting records for the organization.

Booster Organizations

All school-sponsored extra-curricular activities must be under the control of the school principal. Booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extra-curricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school.

Common activities a booster organization performs under the control of the school principal are:

- a) collection of gate receipts/admissions to attend the school function
- b) operation of concessions on school property during the school function
- c) collection of parking fees for the school function
- d) operation of a training camp that includes students of the activity it supports
- e) operation of an exhibition or competition that includes students of the activity it supports

Section 1

PUBLIC AND NON-PUBLIC FUNDS

Funds maintained at the local schools are generated from many sources and for many purposes, but can generally be divided into two main categories: **Public Funds** and **Non-Public Funds**. Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

Public Funds

Funds are generally classified as public funds when the following criteria are met:

- Funds generated School-wide
- Funds that can be used for all students
- Funds controlled by the Principal or any school employee

Some specific examples of **Public Funds** include:

- Athletic Fund – gate receipts and parking receipts from athletic events (a reasonable portion (25%) of the parking receipts may be allocated to the booster club (a non-public activity) as payment for working the parking lot, the remainder is to be receipted to the athletic activity)
- Concessions Fund – IF the school purchases the supplies and retains the proceeds
- Dues and fees REQUIRED by the school or for a specific class (i.e., lab fees for science class, parking fees, locker technology fees, etc.)
- Fundraising events designated for school operation
- Non-public funds when co-mingled with public funds

Some examples of **ALLOWABLE** expenditures of **Public Funds** include:

- Pre-game meals for athletic participants and coaches ONLY
- Student recognition in form of trophies, plaques, and academic banquets (must promote academic excellence and recognize special deeds that strengthen public education)
- Transportation to school-sponsored activity
- Officials
- Tournament Fees
- Equipment and repairs and maintenance

Some examples of **UNALLOWABLE** expenditures of **Public Funds** include:

- Food for faculty and staff holiday luncheon
- Meals/Refreshments for volunteers as sign of appreciation
- Refreshments for Kindergarten Kickoff
- Gifts/Flowers for faculty and staff
- Gifts/Donations to an individual or organization
- Post-game celebrations, position dinners

Non-Public Funds

Funds are generally classified as non-public funds when the following criteria are met:

- Funds generated by a particular group (for example, PTO, Clubs, Teams (Math, BLT), Boosters (Football, Band))
- Funds used for that particular group (for example, PTO, Clubs, Teams (Math, BLT), Boosters (Football, Band))
- Funds controlled by the students and/or a school-related organization

Some specific examples of **Non-Public Funds** include:

- Club Dues and Fees (self-imposed)
- Donations - IF letter from donor specifies for the organization's use
- Fundraisers NOT designated for school operation
- Concessions – IF a particular group purchases the supplies and retains the proceeds

Some examples of **ALLOWABLE** expenditures of **Non-Public Funds** include:

- The examples listed under allowable and unallowable expenditures of public funds

*The State Ethics Law addresses purchases made for school employees and their families.

Some examples of **UNALLOWABLE** expenditures of **Non-Public Funds** include:

- Illegal use of funds (alcoholic beverages, etc.)

Regulations concerning public and non-public funds are as follows:

- Public funds **cannot** be transferred to non-public fund activities. If funds are transferred from a public account to a non-public account, then funds are considered co-mingled and the non-public activity becomes a public activity.
- Non-public funds can be transferred to a public account. HOWEVER, once transferred, they become public funds incurring all the legal restrictions.
- Check with the custodian of funds, local auditor, and/or SDE if classification of expenditure is a concern.
- If in doubt, consider it PUBLIC FUNDS.

Section 2

BANKING

Schools must use an Alabama banking institution that provides protection for school funds under the Security for Alabama Funds Enhancement Program (SAFE), administered by the Alabama State Treasurer's office.

School-related organizations may not establish a bank account in the name of the school or an organization pertaining to it, unless prior authorization by the Chief Financial Officer is obtained.

Section 3

RECEIPTING FUNDS

ALL ACTIVITIES AND EVENTS WHERE CASH IS TO BE COLLECTED MUST BE APPROVED BY THE SCHOOL PRINCIPAL BEFORE CASH IS COLLECTED. THOSE COLLECTING CASH FOR UNAPPROVED ACTIVITIES AND EVENTS WILL BE PERSONALLY LIABLE FOR ANY RISK, CLAIMS OF MISSING CASH, EXPENSES INCURRED, OR OTHER ADVERSE RESULTS FROM NOT FOLLOWING PROCEDURES. THERE MAY BE ADDITIONAL ACTION TAKEN BY ADMINISTRATION.

A. Deposit Policy

If possible, all monies on hand should be receipted and presented to the bookkeeper for deposit. If funds cannot be receipted in a timely manner, all monies should be presented to the principal daily for the safeguarding of funds.

B. Acceptance of Checks

All checks issued to the school should have adequate information on the checks before being accepted in the school. This information is necessary should an insufficient funds check be issued to the school and need to be turned over to a third party for collection.

- Name, home address and home phone number of issuer should appear on the front of the check
- The check should display the current date (no predated or postdated checks)
- The check should be made payable to the school
- A two party check should **never** be accepted (a two party check lists two parties in the “payable to” field)
- The check must be signed
- The check must be written in blue or black ink (the bank will not accept a check written in red, purple or green ink)
- The long hand written amount of the check should be used to determine the amount of the check **not** the numeric written figure
- If a company’s check is received, an owner’s name will need to be noted on the check in case the check is returned
- Whenever possible, a driver’s license number should be written on the check

The check stub or copy of the check received from a business must be retained for audit purposes.

C. Cash Receipts

DO NOT cash personal checks out of the funds receipted, regardless of the individual making the request. All monies are to be deposited in the same form (i.e., cash vs. checks) as originally collected. Checks cashed from money receipted could result in a problem if the check is returned “not paid” by the bank. Change may be made from the cash receipts collected.

Cash received may **NOT** be used to make payments of any kind.

D. Receipt Book

Officer/sponsors may be issued a receipt book from the bookkeeper to record all funds collected. This includes funds for Publix, Bruno’s, etc. All receipts should be issued in sequential order.

When money is received, a receipt should be prepared and the original copy of the receipt detached and given to the donor/payer. The person receipting the money must **never** write a receipt to himself or herself. At the end of the day, the total of the receipts should equal the total of the cash plus checks in hand.

Receipts are never to be destroyed or changed. If a mistake is made, write **VOID** on both copies, staple original to the duplicate and initial. Receipts are only to be issued when money is received. Under no circumstances are receipts to be issued in advance. If time does not permit proper receipting, money should not be accepted.

No monies, cash or checks, shall remain in an officer/sponsor's possession overnight, regardless of the amount. If an officer/sponsor is unable to receipt funds, he or she is to place the cash and/or checks as well as the receipt book in an envelope with his/her name and the date on the front, seal it securely and give it to an administrator for safe-keeping overnight in the vault. The next morning, the officer/sponsor may retrieve the same envelope to continue receipting/collecting funds. The officer/sponsor is responsible for all funds collected until turned in to the office.

Officer/sponsors MUST not cash personal checks out of the funds they have receipted. All monies are to be remitted to the bookkeeper in the same form (i.e., cash vs. checks) as originally collected.

The following information should be provided on all receipts in the 'Receipt Book'

- The total amount of funds received (written out and stated numerically)
- The date of collection
- The student's first and last name, if parents name is different, also write parent's name to the side
- The purpose/activity for the funds received
- The amount(s) received identified as cash, check or a combination of the two (include check numbers if only one or two received)
- The Principal signature line should be left blank
- The original signature of the individual receiving the funds and issuing the receipt

A Master Receipt will be issued to the organization's treasurer for the cash receipted.

E. Multiple Receipt List (MRL)

Under certain circumstances the use of a Multiple Receipt List (MRL) or "group" listing may be used to receipt money. It is beneficial to use an MRL as opposed to the receipt book if all monies being collected are for the same activity and the student doesn't require a copy of the receipt. The amounts collected do NOT have to be the same.

In the event one donor/payer requests a receipt, an MRL may still be used for the remainder of the group. An individual receipt from the receipt book should be completed in the normal manner for this donor/payer and the remaining group should be listed on the MRL.

F. Cash Box

An officer/sponsor should notify the bookkeeper a few days in advance of the need for a cash box. The day of the event the cash box can be checked out to the designated person in charge. A 'Cash Box Assignment Sheet' should be completed and a 'Cash Box Count Sheet' should be given to the individual responsible for the cash sales/receipts. After the sale/event, this person, in the presence of another person, counts the cash and completes the 'Cash Box Count Sheet'.

The cash box and the completed form are then given to the bookkeeper for receipting into the school's books. The receipt is made out to the person turning in the monies. The 'Cash Box Count Sheet' should be attached to the Master Receipt as supporting documentation.

Parent-Teacher Organizations may keep up to \$200 cash on hand for school events where a cash box is necessary. These funds must remain in the vault for safekeeping.

G. Online Payment Program

An alternative option to the collection of cash and checks at the school is the on-line payment program. This program provides a convenient way to collect school-related dues and fees, field trip costs, camp fees, uniform costs, ticket sales and fund-raiser monies. This program is offered at a minimum transaction fee.

Section 4

RETURNED CHECKS

Accepting a check from an individual or a business brings a risk that the check will be returned by the bank for non-sufficient funds or a closed account. Checks accepted from individuals should contain the following information:

Full Name
Current Residence Address
Home Telephone Number

Pike Road Schools has an agreement with NexCheck for the recovery of all returned checks. If the payer's bank returns his/her check unpaid, our bank will automatically forward the returned item to NexCheck for electronic re-presentment. The check is not returned to the school. Once the check is debited from our account we cannot accept payment for them. NexCheck will notify the check-writer in order to recover the face value of the check plus a state authorized collection fee. The face value of the check will be debited from the payer's account electronically. If the payer can prove the check was returned due to a bank error, documentation from the bank should be obtained and forwarded to NexCheck within 30 days of receipt of notification.

If uncollectible, a non-sufficient funds check must be written-off to the income account to which the funds were originally receipted. The payer will then be placed on a risk list and dealt with on a cash only basis.

Section 5

TRANSFERS

Revenues may be transferred from one activity to another using a transfer-out from one activity and a transfer-in to another activity. This prevents overstatement of total revenues. Generally, these transfers would be made at

or near the beginning of the school year and at the conclusion of fundraisers to move funds to budgeted activities.

Funds can only be transferred from the support organization's account with proper authorization from the President and/or Treasurer.

Section 6

THEFT OF SCHOOL FUNDS

If a theft, loss, or flagrant misuse of school funds occurs, notify the Police and the Chief Financial Officer immediately. In the event of a robbery, notify administration, and/or the Police, if necessary.

Section 7

TICKET SALES

Tickets should be sold at all events where admission is charged (athletic events as well as spring fling, fall festival and fine arts performances). The use of tickets for admission events, when properly managed, assures that entrants to events paid the admission fee and that all admission charges are deposited in the school's bank account. Pre-numbered tickets obtained from the bookkeeper should be used for all events. If generic tickets are sold for seasonal events, such as football or basketball games, ticket colors should be alternated. Security practices, such as having a ticket collector tear tickets in half, may be necessary at some events to avoid the re-use of tickets by entrants to the event. The ticket collector should not be the ticket seller.

A "TICKET SALES REPORT" must be issued for each individual selling tickets at the time the tickets are provided to them for the event. The bookkeeper should complete the top portion of the form. When the event is over, the money should be counted, the form should be completed and signed by two or more persons in charge of ticket sales, and the unused tickets returned to the bookkeeper.

The number of tickets sold multiplied by the price per ticket must equal the amount of cash turned in by the seller. Any exceptions or problems should be noted on the 'Ticket Sales Report'.

A Master Receipt will be issued to the organization's treasurer for the cash collected from ticket sales. All cash collected must be deposited intact. **DO NOT** use cash collected to cash any checks, including school checks issued for officials or security personnel, or make purchases, including food for concessions.

Section 8

PURCHASES

A. Purchase Orders

A Purchase Order (P.O.) must be completed and signed by the Principal BEFORE a purchase of goods and/or services is made or a contract is signed. Reimbursement should not be made to any officer/sponsor who purchases goods and/or services in the school's name without a purchase order.*

*There is one exception. A reimbursement may be made to the OFFICER/SPONSOR of a SCHOOL-RELATED ORGANIZATION without prior authorization from the Principal if ALL of the following are met:

- Purchase must be an EMERGENCY (bookkeeper and/or Principal is unavailable)
- Purchase must be made with NON-PUBLIC FUNDS only
- Funds must be available
- Purchase must not exceed \$100
- 'Check Request' must include original receipt/invoice
- Must submit request for reimbursement within 3 business days of purchase
- Must be reimbursement to an OFFICER/SPONSOR of a support organization
- No requests for reimbursement may be made after April 15th

A purchase order provides protection to the vendor for not charging Alabama sales tax on the school's purchases. When this form's information is entered into the HARRIS Accounting Program, a purchase order number is generated. The form must be numbered in the upper right hand corner.

The following information should be provided on all purchase orders:

- Purchase Order Number
- Date P.O. was completed

- Company from whom item/service is being purchased (if not sure, then one of the companies being considered – this can be changed later)
- Remittance address (the address that the check is to be mailed)
- Description of the item(s) being purchased. This needs to be detailed enough so that it can be determined if these particular items were received. For example, “supplies” is NOT sufficient. “Napkins, cups, candy bars and popcorn” would be considered sufficient. A P.O. cannot be processed with the item number alone.
- Quantity and unit price of each item, if applicable.
- Special instructions (need check by, return check to me for mailing, etc.)
- Total order and add shipping costs. This does NOT have to be the exact amount that will be paid. In most cases, this will be an educated guess and may read “NTE” (not to exceed).
- Signature of officer/sponsor requested by (no initials)
- Signature of Principal authorizing purchase

If the actual cost is materially greater than the amount originally estimated on the purchase order, the school principal must make a statement on the purchase order that the “actual item cost exceeded the estimated cost” and why, then sign or initial the statement prior to payment of the invoice. (“Materially greater than” is defined as when the difference is EITHER 10% or more of the original P.O. amount OR greater than \$500.00). The purchase order will then be attached to the invoice and check stub as support for the expenditure.

A purchase of goods and/or services by the local school should follow these procedures:

1. A Purchase Order should be completed in triplicate by the officer/sponsor.
2. A verification of funds available should be completed before a number is assigned.
3. The PO must be submitted to the Principal for his/her signature **prior** to the purchase being made.
4. Copies of the purchase order should be distributed to the vendor (pink copy), the officer/sponsor (yellow copy) and retained by the bookkeeper (white copy).
5. The bookkeeper’s copy should be filed by vendor name, in an open purchase order file, to be matched with the packing slip and/or invoice when received.
6. Once the invoice is received by the bookkeeper, it and/or the packing slip should display the signature of the officer/sponsor verifying that the merchandise was received and the order is complete.

7. The invoice should be matched with the related purchase order and placed in a file for payment.

It is the responsibility of the bookkeeper to check open purchase orders monthly. If a purchase order remains open after a reasonable period of time has past, the bookkeeper should inquire the status of the order.

Section 9

EXPENDITURES

A. Check Procedures

All obligations of the school are to be paid by a computer generated check; off-line checks are prohibited unless authorized by Central Office.

Checks cannot be made payable to "Cash".

If for any reason a check is outstanding for sixty (60) days, efforts must be made to ascertain that the check reached the proper party before the check is voided. School checks should be printed with the statement "VOID AFTER 90 DAYS".

If a check is lost, it is necessary to void the check. A replacement check may be issued.

Cash expenditures are prohibited.*

B. Invoices

An invoice must be obtained for each purchase order before payment is made. An original invoice must be secured to serve as a basis for issuing any check; statements are insufficient documentation from which to pay an invoice. (Payments are not to be made from a statement in order to prevent duplicate payment and to ensure more accurate accounting records). The invoice must include the name and address of the vendor, a full description of the items purchased, an itemized listing of prices, and the total amount to be paid. During the school year the person for whom the purchase is intended must sign off on the invoice and/or packing slip before payment is to be made. Purchases received at times when school is NOT in session may be received by available staff, provided the packing slip agrees to the purchase order, otherwise the person for whom the purchase is intended must be notified to come in. The school should not allow partial orders of merchandise nor should back orders be allowed. **Payment of an invoice should never be made BEFORE the merchandise is received.***

*There is one exception. A payment of goods/services PRIOR to the receipt of such goods/services may be made if ALL of the following are met:

- Purchases must be made with non-public funds only
- Funds must be available
- Purchases must have prior approval from the Executive Board assuming loss if goods and services are not received
- Purchase order must be completed and signed by the Principal BEFORE a purchase of goods and services is made or a contract signed
- Purchase order must include minutes of Executive Board stating knowledge of risk and approval to proceed

Please note this is not a “best business practice” and it is highly recommended that school-related organizations avoid such situations. An alternative available is the purchase of goods and services by an executive board member followed by reimbursement when goods and services received.

C. Deficits

Under NO circumstances is the activity of a school-related organization EVER to be in a deficit position.

D. Sales Tax

All schools are exempt from paying sales tax. A signed purchase order and/or 'Uniform Sales & Use Tax Certificate' MUST be presented to the vendor when items are purchased. If vendors do not honor the sales tax exemption, please consider another company who will comply with this exemption.

Officers/sponsors may not use the school's sales tax exemption for personal purchases. Sales tax is NOT a reimbursable cost to the officer/sponsor.*

*There is one exception. Reimbursement of sales tax may be made to an officer/sponsor, if all of the following are met:

- Purchase must be an EMERGENCY (bookkeeper and/or Principal is unavailable)
- Purchase must be made with NON-PUBLIC FUNDS only
- Funds must be available
- Purchase must not exceed \$100
- 'Check Request' must include original receipt/invoice
- Must submit request for reimbursement within 3 business days of purchase
- No requests for reimbursement may be made after April 15th

Please note this is not encouraged and it is highly recommended that school-related organizations avoid such situations.

E. Use of Store Credit Card

A separate 'Credit Card Sign-out Sheet' will be maintained for each store credit card. If an officer/sponsor wishes to use the school's credit card, a properly completed P.O. is required prior to signing out the card. The sign-out log is completed with the date, the officer/sponsor's name and the P.O. number. After the purchase is made, the officer/sponsor returns the card with the signed receipt for the items purchased. The log is then completed with the date the card was returned and the officer/sponsor then initials it.

When the credit card statement is received, the bookkeeper matches the receipts to the statement and P.O.s. All are then attached to the check copy as its support documentation.

F. State Ethics Law

No public employee shall use his or her position to obtain personal gain for himself or herself, or a family member or any business with which the person

is associated. Personal gain is achieved when the public employee or a family member thereof receives, obtains, exerts control over, or otherwise converts to personal use the object constituting such personal gain.

The State Ethics Law defines conflict of interest as doing business with a company whereby the public employee (or his/her spouse) has a substantial financial interest by reason of ownership of, control of, or the exercise of power over any interest greater than 5%.

Gifts, prizes, or other merchandise obtained from the purchase of school items (incentives) are the property of the school and the Pike Road Board of Education. Officers/sponsors are prohibited from purchasing personal items through the school. Officers/sponsors will neither solicit nor accept funds or gifts of de minimis value from vendors.

Section 10

PAYMENTS TO INDIVIDUALS FOR SERVICES RENDERED

- **To School Personnel**

No school is authorized to make supplemental payments to personnel for any services rendered in connection with the normal and customary duties associated with the employee's job description. Any supplemental payment for extra work "above and beyond" the normal duties of a specific job must be submitted to the Superintendent for approval prior to such payment.

Upon approval, remit to the Payroll Department supplemental payments for any "extra" services rendered. Such payments will be made on the regular monthly payroll to ensure that all deductions are properly handled and reported on the employee's Form W-2 at the end of each year.

Schools are expressly prohibited from making loans to employees.

- **To Non-School Personnel**

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-school personnel for **services** rendered. Records must be maintained to account for any payments or any service rendered by any individual or organization that is not an employee of the Board, and a Form 1099-Misc must be filed in accordance with Internal Revenue Service guidelines.

Examples of individuals who would fall into this category include but are not exclusive of:

Speakers (Honorariums)	Disc Jockeys or Bands
Judges	Choreographers
Visiting Authors	Officials
Lawn Care Service	Security
Cleaning Service	Proctors
Catering Services	Videotaping Services
Individuals selling apparel	Consultants

A 'Form W-9' should be completed by the individual/company representative PRIOR to them receiving their first payment of the school year. Completing this form insures that all necessary information is available for the proper filing of Form 1099-Misc for this individual.

Even though a service might be performed by someone with a company name (i.e. Rolling Thunder Productions, or Accents and Apparel) it does NOT mean that they are operating with a business license or have a separate tax identification number. Both individuals and companies are required to complete the W-9 form. If in doubt as to whether a "company" is one in fact or merely one in name, have the representative complete the W-9 form. "If in doubt, fill it out."

The payments for these services follow the same procedures as outlined in the section on **EXPENDITURES**.

Payments made to a corporation, for merchandise or as reimbursements or other expense allowance are **not reportable**.

Section 11

MONTHLY REPORTING

All revenues and expenditures shall be reviewed monthly and approved by the principal or CSFO.

A copy of the monthly bank reconciliations and financial statements of the support organization must be filed with the bookkeeper on a monthly basis.

In turn, a report itemizing the funds collected and disbursed for each activity will be made available by the bookkeeper at the designated representative's request.

A current copy of the support organization's by-laws should also be on file with the bookkeeper.

Section 12

DONATIONS & GIFTS

A. Monetary Donations

Monetary donations received in excess of One Thousand Dollars (\$1,000.00) must be approved by the Chief Financial Officer before they are accepted.

These donations are to be receipted following the same procedures as outlined in the section on **RECEIPTING FUNDS**.

Records should be kept of all donations, including the donor's name, amount of the donation, the date received, and information regarding the disposition of the monetary donation (including restrictions, if applicable). If the donor has no preference as to how the monies are to be used, then this, too, should be documented in a signed statement from the donor ("to be used at the discretion of").

Money that is given to a school after an application has been submitted is considered a grant.

B. Gifts

Gifts received in excess of One Thousand Dollars (\$1,000.00) must be approved by the Chief Financial Officer before they are accepted.

These gifts are to be recorded following the same procedures as outlined in the section on **INVENTORY**.

Detailed records should be kept of donated materials and services, including the description and approximate value.

C. State Ethics Law

The State Ethics Law limits gifts for school employees and their families. School employees shall not solicit or receive anything regardless of whether or not the thing solicited or received is a thing of value. School employees may receive items of "de minimis" value. "De minimus" is defined as a value \$25 or less per occasion and an aggregate of \$50 or less in a calendar year from any single provider.

Section 13**FIELD TRIPS**

Monies collected from students for Field Trips must be receipted, deposited, and expended through the school's financial records. **FIELD TRIPS ARE NOT TO BE CONDUCTED FOR A PROFIT.**

A purchase order should be completed upon approval of the field trip. One P.O. should be presented for the admission fee and another for the transportation costs. Use a 'Field Trip Approval Form' to calculate the cost of transportation if a school bus is to be used.

An invoice will be issued by the Transportation company to cover the cost of the school bus.

The admission price of a ticket may be refunded if 1) the ticket has not been purchased and 2) the cost of the ticket was not pre-determined by the number of participants.

Monies raised for Field Trips from fund raising activities must state the source of funds.

No student should be denied participation in a field trip due to lack of funds.

Section 14**FUNDRAISING ACTIVITIES****A. General**

A fundraiser is considered to include ANY activity involving the sale of items to individuals that has the POTENTIAL of making a profit. Whether the activity results in a profit or a loss is NOT a consideration. This includes Santa Shop, silent auctions, gift wrap, and coupon book sales, and any other items NOT considered resale. Resale items are those whose individual cost is easily determinable and that cost is what the item is resold for.

Foods of minimal nutritional value may not be sold during the school day.

Elementary school students cannot be involved in any door-to-door

solicitations or sales.

Neither schools nor support organizations can solicit funds for non-related organizations (for example, the Senior Class Officers cannot sell tickets for the Kiwanis Club fundraiser).

Crowd funding platforms such as Donors Choose used for raising funds for school purposes MUST be pre-approved by the school Principal prior to each campaign you are involved with and the standard fundraising forms shall be completed before and after each campaign. **Go Fund Me accounts created by employees are not permitted at this time and the board does not sanction the use of them.**

Schools are prohibited from selling raffle tickets in which a prize is awarded by chance. However, the school may sell tickets for a chance to participate in a “game of skill” where the winner will be awarded a prize.

B. Accounting

A completed ‘Fundraiser Authorization Form’ must be submitted to the Principal for approval **PRIOR** to ANY part of the activity being undertaken. If a fundraising company is to be used, then the form must be completed at least ONE MONTH prior to the contract being signed. (This would be a good time to complete the purchase order, as well.)

Any funds raised by a group associated in any way with the school should be under the control of the school principal and be an **integral part** of the school’s accounting system with the same constraints and requirements of the school. How those funds are accounted for depends on who is raising the funds and who will control the funds.

A cash box needs to be checked out to the designated person in charge. A ‘Cash Box Assignment Sheet’ should be completed and a ‘Cash Box Count Sheet’ should be given to the individual responsible for the cash sales. A Report of Fundraising Activity should be submitted to the Principal within 10 days of the completion of the fund raising activity. This form should document the result of the activity and must be filed for audit purposes. After the sales, this person, in the presence of another person, counts the cash

and completes the Cash Box Count Sheet.

The cash box and sheet are then given to the bookkeeper for receipting into the School's books. The receipt is made out to the person turning in the monies. The Cash Box Count Sheet should be attached to the Master Receipt as supporting documentation.

- **Silent Auction**

A cash box needs to be checked out to the designated person in charge. A 'Cash Box Assignment Sheet' should be completed and a 'Cash Box Count Sheet' should be given to the individual responsible for the cash sales.

After the sales, this person, in the presence of another person, counts the cash and completes the Cash Box Count Sheet.

The cash box and sheet are then given to the bookkeeper for receipting into the School's books. The receipt is made out to the person turning in the monies. The Cash Box Count Sheet should be attached to the Master Receipt as supporting documentation.

An alternative to receipting cash and checks is use of the online payment program. The highest bidder may define the amount to be paid based on his/her winning bid.

- **Gift Wrap Sales**

The use of a Multiple Receipt List (MRL) or "group" listing may be used to receipt money. It is beneficial to use an MRL as opposed to the receipt book if all monies being collected are for the same activity and the student doesn't require a copy of the receipt. The amounts collected do NOT have to be the same.

In the event one donor/payer requests a receipt, an MRL may still be used for the remainder of the group. An individual receipt from the receipt book should be completed in the normal manner for this donor/payer and the remaining group should be listed on the MRL.

- **Coupon Book Sales**

The use of a Multiple Receipt List (MRL) or "group" listing may be used to receipt money. It is beneficial to use an MRL as opposed to the receipt book if all monies being collected are for the same activity and the student doesn't

require a copy of the receipt. The amounts collected do NOT have to be the same.

In the event one donor/payer requests a receipt, an MRL may still be used for the remainder of the group. An individual receipt from the receipt book should be completed in the normal manner for this donor/payer and the remaining group should be listed on the MRL.

An alternative to receipting cash and checks is use of the online payment program. The purchaser may define the number of copies he/she wishes to purchase.

- **Concessions**

Concessions include event concessions and school concessions. Because all concessions involve cash, and neither cash receipts nor tickets are used to control the exchange of money, proper accounting for the sale of products and income is essential. A cash box needs to be checked out to the designated person in charge. A 'Cash Box Assignment Sheet' should be completed and a 'Cash Box Count Sheet' should be given to the individual responsible for the cash sales.

After the sales, this person, in the presence of another person, counts the cash and completes the Cash Box Count Sheet.

The cash box and sheet are then given to the bookkeeper for receipting into the School's books. The receipt is made out to the person turning in the monies. The Cash Box Count Sheet should be attached to the Master Receipt as supporting documentation.

Section 15

CLUBS

Club or organizational funds are considered **non-public** if they consist of self-imposed fees, dues and/or fund raising money. They are considered **public** if the fees or dues are required by the school or if the school gives a portion of its funds to the club (such as a percentage of the activity fees).

If a club's funds are classified as public because it receives some of its monies from the school, then an individual account should be established to hold its self-imposed fees and fundraising monies for making any non-public expenditures.

Clubs are to keep minutes of their meetings. If funds from a club or organization are to be given to an individual, a charitable group, or another organization, a copy of the minutes of the meeting in which this action was approved should be attached to the purchase order which is submitted to the school bookkeeper for payment of this donation.

Clubs are not to accumulate large balances.

Remember, once money is public it must remain public.

Section 16

FIXED ASSETS

A. General

Capitalized/Non-capitalized Fixed Assets, which a school acquires through purchase, will be recorded in the accounting records at **cost**. Cost includes not only the price paid for the asset itself, but also any other money spent in order to make the asset ready for use. For example, if the school is required to pay freight charges on the purchase of furniture, the freight charges should be included as a cost of the asset.

Items, which the school has received by donation, will be recorded at estimated fair market value. The bookkeeper or designee should obtain documentation to support the value assigned. For example, an estimate of the price for which the donated asset could be sold would support the value assigned to equipment items. In situations where the exact fair market value is difficult to determine, the estimate should be conservative rather than excessive.

All officers/sponsors should be made aware of the importance of safeguarding school property. Instances of misuse, damage, theft and mysterious disappearance must be reported immediately.

From time to time an organization may have items on hand that should be inventoried (t-shirts, holiday shop merchandise, etc.). A physical count of this inventory should take place at the end of each fiscal year.

B. Damage of School Property

Acts of vandalism against school property cost the school system thousands of dollars annually...money that could be better spent in other ways. For this reason, every effort should be made to reduce the possibility of vandalism to

school property. All acts of vandalism should be reported to the Superintendent's office immediately.

C. Misuse of School Property

Misuse of school property should be reported to the Superintendent immediately. SCHOOL EQUIPMENT AND OTHER PROPERTY MUST NOT BE USED FOR PERSONAL GAIN. Officers/sponsors should not take school-owned equipment home. Property taken home is not insured by the State of Alabama Property Insurance and any loss would become the responsibility of that individual. Exceptions must come from the Principal in writing. If approved, the equipment must be checked out in the bookkeeper's office on the 'Inventory Checkout Log'.

D. Theft of School Property

When an item has been lost or stolen, a police report must be filed immediately. A 'Fixed Asset Change or Disposition Form' should be completed, signed by an administrator and forwarded along with a copy of the police report to the fixed asset supervisor at the Central Office. The original police report must be retained with the school's inventory records.

E. Change in Location or Disposition of Fixed Asset

Certain items may, on occasion, be temporarily relocated to another room or school. If this relocation is for a period of time not exceeding more than 60 days, it will not be necessary to fill out a 'Fixed Asset Change or Disposition Form'. If the relocation is permanent, a 'Fixed Asset Change or Disposition Form' should be submitted to the fixed asset supervisor.

When an item is broken beyond repair, a 'Fixed Asset Change or Disposition Form' should be completed, signed by an administrator and forwarded to the fixed asset supervisor. Upon receipt of this form the warehouse will be notified for pickup of the item.

When an item is no longer needed a 'Fixed Asset Change or Disposition Form' should be completed, signed by an administrator and forwarded to the fixed asset supervisor. Upon receipt of this form a Central Office designee will notify all school locations of the item's availability. If another location requests the item, it will be picked up and delivered to that location. If the item is not requested by any other school, it will remain at the originating location until it is donated to another school system or is placed for auction.

F. Ownership of Property

The local school is an extension of the Pike Road Board of Education, which is a creation of the State of Alabama. As such, the local school does not “own” any real or personal property. All property (real and personal) belongs to the State of Alabama and is under the control of the Pike Road Board of Education and the Superintendent.

Items purchased with funds from clubs and/or organizations developed to aid the local schools and which would not exist without the school, become the property of the State and shall remain at the school of origin. These funds may come from dues, fund raisers and/or donations. Organizations include boosters as well as PTO's.

Items gifted to the school or a member of the faculty become the property of the State and shall remain at the school of origin.

Items purchased with funds from donations such a teacher's classroom instructional donation become the property of the State and shall remain at the school of origin.

Items purchased with funds from a grant become the property of the State and shall remain at the school of origin, with one exception.

Section 17

BUDGETING REQUIREMENTS

An annual budget as well as a copy of the Officers and Committee Chairs must be submitted to the bookkeeper upon approval of the general membership.

Section 18

NON-COMPLIANCE

Strong controls over finances allow for accountability to students, parents employees, taxpayers, bondholders, vendors and regulatory bodies. An ‘Acknowledgment of Procedural Non-Compliance’ will be completed by the bookkeeper when a policy or procedure has not been properly followed.

The ‘Acknowledgment of Procedural Non-Compliance’ form is to be attached to the originating document. Copies of the form should be retained 1) in a file for the Principal’s review and 2) in a file for the auditors.

EXAMPLES:

1. An officer/sponsor submits an invoice for payment at the same time a P.O. is requested for the expense. The policy violated should read, "No prior approval given for purchase of goods or services."
2. An officer/sponsor submits monies for receipting after having them in his/her possession for several days. The policy violated should read, "Money was not turned in for safekeeping and timely deposit."

If an organization does not adhere to the policies and procedures set forth in the PRBOE Guidelines for Financial Operations of Support-Related Organizations, all receipts will become public funds under the control of the Principal.

