



# **LOCAL SCHOOL ACCOUNTING PROCEDURES MANUAL**

Approved by the Winston County Board of Education  
July 31, 2008  
Updated: January 30, 2018

This revision dated January 30, 2018 supersedes all previous versions.

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## I. INTRODUCTION

As required by the Alabama State Department of Education Consolidated Monitoring, this Local School Accounting Procedures Manual provides uniform written accounting procedures for all schools in the Winston County School System. The procedures identified in this manual do not replace policy, but detail the necessary procedures to carry out policy. At any time a conflict arises between procedure and policy, policy supersedes procedures. Updates to this manual may be necessary due to evolving issues and authoritative mandates.

The position of Principal carries with it the full responsibility for all financial matters relating to the school. It is imperative that the principal gives his/her personal attention to the collection, expending, accounting for, and overall supervision of all financial affairs. The principal has the responsibility for collecting and disbursing all monies in a manner approved by the board of education and in accordance with generally accepted accounting principles and procedures (GAAP). Each principal and school bookkeeper should be familiar with the contents of this manual and implement and adhere to the procedures herein. The responsibility for school accounting as well as other operations ultimately rests with the principal.

The fiscal year for all school systems is October 1 through September 30. The scholastic year is July 1 through June 30.

The NextGen version of MCAI Local School Accounting (LSA) developed and maintained by Harris School Solutions is utilized in the Winston County School System. The computerized accounting system is designed to record the receipts and disbursements of each school and to establish control measures over cash and other assets.

- All monies received from any source in or about the school by any employee or group are regarded as School Funds.
- Funds are received, receipted, deposited and then recorded in the system at the school on a daily basis.
- Expenditures are incurred only under the authorization of the Principal. Such authorized expenses are paid by check disbursed at the local school level.
- The activity at the local school is summarized at the end of every month and compiled into monthly financial statements. The monthly financial statements are submitted to the Board of Education at its monthly meeting.
- Because records are the basis of the monthly financial reports, it is essential that each school's records are accurate, current, and they exhibit the true financial position of the school's funds.

The general ledger portion of LSA utilizes a double entry accounting system, meaning each entry requires a debit and a credit to manage and report financial information for school activities. A complete audit trail is provided for each entry made into the system.

The primary reports include:

- a) Activity Status Report
- b) Balance Sheet
- c) Principal's Report
- d) Trial Balance
- e) Monthly Financial Statement

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- f) Cash Receipts Journal
- g) Operations Report
- h) Cash Disbursements Journal
- i) Bank Reconciliation Report

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## II. BASIS FOR ACCOUNTING SYSTEM

The basis for the automated accounting system is the general ledger account number system. (Visit [www.alsde.edu](http://www.alsde.edu) – Sections – LEA Financial Assistance – Accounting Manual for the latest version of the accounting manual.) Each general ledger account code consists of thirty-one digits divided into sections, as follows:

1. Activity Number/Major Account Group
2. Fund & Account Group
3. Account Type
4. Account Code
5. Object
6. Cost Center
7. Funding Source
8. Appropriation Year
9. Program
10. Special Use

### ACTIVITY NUMBER/MAJOR ACCOUNT GROUP

The major account code is an activity number, which classifies activities into specific account groups. There are eight major group categories for the activities represented by the first four digits of the above general ledger account code components.

- |      |                    |
|------|--------------------|
| 1000 | Fees               |
| 2000 | General            |
| 3000 | Clubs              |
| 4000 | Classes            |
| 5000 | Accommodations     |
| 6000 | Athletics          |
| 7000 | Student Activities |
| 8000 | Other              |

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**FUND AND ACCOUNT GROUP**

Local school accounting uses only two fund types which correspond to a specific funding source. They are:

Special Revenue Fund:	Fund Type 12	Funding Source 7101
Expendable Trust Fund	Fund Type 32	Funding Source 7501

**FUND TYPE**

Assets	1
Liabilities	2
Fund Equity	3
Revenues	4
Expenditures	5

**ACCOUNT CODE**

Assets:	0100-0199	
Cash in Bank		0111
Change Cash		0115
Liabilities:	0200-0299	
Accounts Payable		0251
Fund Equity:	0300-0399	
Reserve for Encumbrances		0341
Unreserved Fund Balance		0350
Encumbrance Offset		0358
Adjustments to Beginning Balance		0360
(Use Only When Instructed by the Chief School Financial Officer)		

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**REVENUE – See the SDE Accounting Manual for the most current listing of revenue codes.**

Public Revenues	4-(7100-7499)
Admissions	4-7110
Appropriations	4-7140
Concessions	4-7180
Commissions	4-7220
Dues & Fees (Required)	4-7260
Fines & Penalties	4-7300
Fund Raiser	4-7340
Grants	4-7380
Sales	4-7420
Donations	4-7430
Accommodations	4-7440
Other Public	4-7490
Non-Public Revenues	4-(7500-7999)
Concessions	4-7510
Dues & Fees (Self Imposed)	4-7610
Fund Raiser	4-7710
Donations	4-7810
Accommodations	4-7850
Other Non-Public	4-7910
Either Public or Non-Public Revenue	
Interest	4-6810
Operating Transfers In (Internal between activities)	4-9210
Operating Transfers In (External from C.O.)	4-9230
Any other revenue code needed to classify a revenue	4-XXXX

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**FUNCTION OF EXPENDITURE-** . See the SDE Accounting Manual for the detail needed to properly code the function code of the expenditure. Use the codes to the far right in the SDE Accounting Manual.

The Function of Expenditure account code describes the activities being performed for which a service or material object is acquired. In determining the function code, attention should be focused on the specific activity being performed and not the program that will be benefited. See the definition of program codes to further distinguish these two separate codes.

Instructional Services:	5-(1000-1999)	
Instruction		5-1100
Instructional Support Services:	5-(2000-2999)	
Student Support		5-(2100-2199)
Other Student Support		5-2190
Instructional Staff Support:	5-(2200-2299)	
Instructional Staff Development		5-2215
Educational Media		5-2220
School Administration:	5-(2300-2399)	
Office of School Administrator		5-2310
Operational & Maintenance Services:	5-(3000-3999)	
Building Services		5-3200
Auxiliary Services:	5-(4000-4199)	
Student Transportation		5-(4100-4199)
Extra/Co-Curricular		5-4150
Capital Outlay - Real Property:	5-(7000-7999)	
Site Acquisition and Improvement		5-7100
Building Acquisition and Improvement		5-7200
Other Expenditures:	5-(9000-9899)	
Other Expenditures		5-9800
(Note: Use with these object codes only)		
Items for Resale		478
Other Objects		699
Other Fund Uses:	5-(9900-9999)	
Transfer Out		5-9910



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**OBJECT OF EXPENDITURE** - See the SDE Accounting Manual for the detail needed to properly code the object code of the expenditure. Use the codes to the far right in the SDE Accounting Manual.

The Object of Expenditure details the type of item or service purchased with the funds. This portion of the code explains what is being purchased.

Purchase Services	300-399
Materials & Supplies	400-499
Items for Resale	478
Capital Outlay	500-599
Other Objects	600-899
Other Fund Uses	900-997
Operating transfers out (Internal between activities)	920
Operating transfers out (External to C.O.)	923

**COST CENTER** - This portion of the code denotes the local school for which the revenue/expenditure is being recorded. See the SDE Accounting Manual for pooled cost center codes.

Addison HS	0010	Addison Elementary	0015
Double Springs Elementary	0020	Double Springs Middle	0025
Lynn HS	0030	Lynn Elementary	0035
Meek HS	0040	Meek Elementary	0045
Winston County HS	0060	Winston County Tech Ctr	6000

**FUND SOURCE** - There are only two fund sources at the local school level.

Fund#12	7101	Public
Fund#32	7501	Non-Public

**APPROPRIATION YEAR** - Only use "0" current year

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### PROGRAM CODES

A program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. The program code component allows local education agencies to charge program costs, instructional and support, directly to the benefiting program. For example, special education transportation costs are recorded to the support services function transportation, even though they should be charged directly to the special education program. For regular education program, this component allows for costs to be recorded by grade level or subject areas. **See the SDE Accounting Manual for the detail needed to properly code the program code of the expenditure. Use the codes to the far right in the SDE Accounting Manual.**

Regular Education	1000-1999	
Kindergarten		1100
Elementary		1200
High School		1500
Pooled		8100
Special Education	2000-2999	
Elementary		2300
High School		2400
Gifted		2800
Pooled		2900
Career/Technical Education	3000-3999	
Guidance		3500
Administration		3600
Family & Consumer Sciences		3700
Other Career/Technical		3800
Non-Regular Day School Instructional	4000-5999	
Summer School		4300
Extra-Curricular - Academic		4400
Extra-Curricular – Athletic		4500
Pre-School		4712
Extended Day		4800
Pooled Program	8000-8999	
Non-Instructional	9000-9997	
Transfer Out		9910

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**SPECIAL USE CODES**

Special Use Codes are to be utilized when greater specification for an expenditure/revenue is needed. The State Department reserves the use of the first 99 special use codes. The LEA can designate the use of codes 100 and greater.

State Department of Education 0001-0099

Winston County School System Use 0100-9999

AHS	0110	Substitute Pay	3801
AES	0115	Substitute Bus Driver	3802
DSE	0120	Maid Salary	3803
DSM	0125	Lunchroom Salary	3804
LHS	0130	Secretary Salary	3805
LES	0135	Janitor Salary	3806
MHS	0140		3807
MES	0145	Driver's Ed Fees	3808
WCHS	0160	Ex Curricular Bus Driver Benefits	3809
WCTC	0170	Secretary/Receptionist Salary	3810
Alternative School	1700	Teacher Aide Salary	3811
		Lost Textbook	3812
		Bus Damage	3813
		Other	3814
		Coaching Supplements	3815
			3816
			3817
		Extra-Curricular Gate Keeper	3818
		Extra-Curricular Bus Driver	3819
		Summer School Fees	3820
		Parking Lot Fees (Ballgames)	3821
		Other Pay – Benefits	3824
		Coaching Supplements Benefits	3825
		Ex Curricular Gate Keeper Benefits	3828
		NSF Check Expense	3699
		Insurance Loss Replacement	3999

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### III. CASH RECEIPTS

#### RECEIPTING MONEY

Receipts are to be issued only 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.

At the beginning of the fiscal year the school will issue each teacher a book or sheet of pre-numbered receipts and will maintain a log of the sequence of numbers issued to each teacher. The teacher must initial this log to evidence that the receipts were issued to him/her. This log will serve as a control that all books/sheets issued are returned. The bookkeeper will record the teacher's name on the sheet. When the receipt book/sheet is used in its entirety, it must be returned to the school office. The bookkeeper must date and initial the log to evidence this. Additional receipt books/sheets will not be issued until used receipts are returned. The bookkeeper will make sure that all receipt books/sheets are returned at the end of the school year.

When cash is received, a cash receipt must be prepared in duplicate with the original to be given to the person making payment and the duplicate to be retained as the official cash receipts record. The following will be notated on all cash receipts issued:

1. Name of the individual from whom cash is received
2. Name of the organization for which the cash is collected and/or purpose for which the cash is collected.

Receipts must always be written to a person. Receipts must never be written to "picture sales," "candy sales" or "students". The person receipting the money must never write a receipt to himself/herself.

Each principal has the option of waiving the requirements to write a receipt to each student in a class when the amount being collected from each person does not exceed \$10.00. If the principal chooses this option, the teacher may write one receipt to one student in the class for the entire amount collected. However, the teacher must retain a list of the students and the amount paid by each, record the receipt number issued on the face of the list and maintain the list with the receipt book.

The money collected by each teacher must be submitted to the office no less than once each day by the time designated at the local school. All monies, including concession receipts, must be counted and summarized on a Cash Voucher Form before being brought to the office. All money turned in to the school office must be totaled.

Receipts should never be destroyed or changed. If a mistake is made, write VOID on the receipt and staple it to the back of the receipt sheet or in the receipt book. Receipts are only to be issued when money is received.

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**GUIDELINES FOR PRINCIPALS TO SHARE WITH FACULTY/STAFF**

All principals should cover the following items with all faculty/staff at the beginning of each school year:

1. Teachers will turn in money daily. Teachers are not allowed to keep money in classrooms overnight.
2. Explain to teachers the process for collecting, receipting, and turning in money as detailed on page 10.
3. Time sheets must be filled out daily by employee with time in and out entered. Information must be accurate. Do not use a check mark on timesheets. Teachers must designate type of leave when absent, or sick leave will be assumed. Professional leave must be approved in advance of the leave by submitting a Professional Leave Form to the Central Office. Temporary school activity leave must be approved in advance of the leave by submitting a Temporary School Activity Leave form.
4. Name on all required information must be **signed, not printed.** (ex. -time sheets, purchase orders, trip request forms, etc.)
5. Explain to teachers how and when a purchase order is to be obtained - give a sample purchase order to each teacher at the faculty meeting. Only bookkeeper will put the date on a purchase order. Purchase orders must be kept in sequential order by date and purchase order number.
6. Purchase orders may not be delivered until signed by the teacher and the principal. The purchase order is the documentation that certifies the school's tax exempt status to the vendor.
7. Payment will only be made from an itemized invoice signed by the teacher stating that all items have been received.
8. Requests for checks with no invoice will be used only as follows:
  - a. Officials
  - b. Change for gate
  - c. Refund for lost books
  - d. Refund for student class fee
  - e. Refund for field trip money
9. Teachers must open and check money in envelopes from students to be sure correct amount is presented.
10. Teachers are to complete a Cash Voucher Form to present to the bookkeeper when money is turned in to the office for depositing.

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11. Teachers will not cash personal checks out of receipt money.
12. Teachers must keep voided receipts attached to their receipt book or sheet.
13. Schools will not accept post-dated checks.

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**BANK DEPOSITS**

All checks payable to the school or department must be endorsed immediately "FOR DEPOSIT ONLY" with school name and account number listed on the back of the check. All funds collected in a school, for whatever purpose, will be regularly deposited once each day. The deposit will be made at the end of the day to minimize the amount of cash maintained at the school overnight. All deposits must be counted and a deposit slip prepared before being taken to the bank for deposit. The deposit slip will be prepared in duplicate listing each check separately if feasible. This information is very important in case of a returned check. If the number of checks being deposited is too numerous to be listed separately, an adding machine tape **MUST** be run of the checks and attached to the duplicate deposit slip. **The sequence of office receipt numbers for which the deposit is being made must also be recorded on the deposit slip.**

Cash in school buildings should be kept to an absolute minimum. Local school principals will take necessary precautions to insure the safekeeping of all school monies under their control. **THE PRINCIPAL IS RESPONSIBLE FOR ANY SHORTAGES RESULTING FROM ERRORS OR OTHERWISE IN THE HANDLING OF SCHOOL MONIES.**

Cash receipts should be posted daily. It is recommended that posting be done from the cash receipt ledger sheet, which includes the cash receipt as part of the daily receipting. This worksheet is organized in the same format as the general journal entry screen on your computer. Cash receipts are entered under the following:

General Ledger Menu

Create Journal Entry

Type: C/R

For each cash receipt, the following information must be entered:

Journal # - activity code followed by revenue account

Debit/Credit selected

Amount - dollar amount to be posted

Reference - may enter deposit date or receipt number

Description – Short explanation of receipt

Receipt # - from pre-numbered receipt

Cash is automatically entered under cash receipts in NextGen. If a receipt is entered incorrectly, the receipt can be corrected while in the program or you can make corrections by going back into the program and reversing the wrong entries and entering the correct entries using the J/E option.

**NOTE** - If the receipt is for money collected and turned in by a teacher, use the receipt to record the sequence of teacher receipt numbers. If the receipt is for money collected directly in the office, use the receipt to note the payer's name and check number, or a description, if applicable. Office receipt numbers must be listed here.

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**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 the District Attorney for collection.

- Name and address of issuer should appear on the front.
- The check should display a current date (no postdated checks)
- The check should be made payable to the school.
- No two party checks should be accepted.
- The check must be signed.
- The back of the check should have the proper endorsement stamp prior to being deposited.
- The long hand written amount of the check should be used to determine the amount of the check (not the numeric written figure).
- The person accepting the check should initial the check and write the activity number the money is being deposited into on the face of the check.
- The school office or lunchroom should never cash a check.

### **FEES**

No school fee of any kind may be charged in elementary grades (K-6).

No school fee can be charged for required courses.

Class fees may only be collected on elective courses and the money collected on such fees can only be disbursed by the purchase of items to be utilized in that particular course.

A student will have the same access to materials and supplies regardless of whether the student has paid his/her fees.

If a locker is part of the building contract and paid for with tax money, a locker fee is not legal. A reasonable service charge for a locker may be collected.

If individual schools have purchased lockers, a reasonable locker fee may be charged.

### **ACCEPTING A REFUND**

The term refund as used here refers specifically to refunds from vendors and/or refunds for expenditures made or to be made on the school's books. It is imperative that a refund received by the school be handled properly, as the result could inflate the expenditure or revenue.

A journal entry should be made using the "C/R" code. A credit is made to the expense account from which the expenditure was originally recorded.

**NOTE:** If the refund is received for an expense that occurred in a previous fiscal period, an adjustment to beginning balance will have to be made. Call the Chief School Financial Officer for the necessary entries.



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### CHILD NUTRITION PROGRAM DEPOSIT

The lunchroom manager is responsible for verifying the lunchroom deposit and taking the deposit to the bank. The following steps will ensure a correct lunchroom deposit:

- a) Break apart and count all money.
- b) Run a tape totaling all checks.
- c) Denomination of bills and coins should match the deposit summary.
- d) Deposits must be made daily. All funds must be deposited daily except for the change cash.
- e) Deposit slip should be checked for complete and accurate information.
- f) The validated deposit slip should be checked for accuracy before leaving the bank.
- g) Change cash must be deposited on a separate deposit slip at the end of the school year.

### NSF CHECKS

Schools are to set up a non-public activity for the transactions associated with handling NSF checks. Public funds cannot be used to cover the costs of NSF checks.

A check returned for insufficient funds must be recorded into the books, but this will differ based upon several factors as discussed below:

#### NSF Check is written and collected for within the same month.

No entry into the books is required unless there is a bank fee that has been collected. The amount of the bank fee will then be recorded as follows a cash receipt:

Create Journal Entry – C/R Type

		Credit
XXXX	32-4-6931-000-XXXX-7101-0-0000-0000	\$1.00

#### NSF Check is written and uncollected at the end of the month

Since the NSF check has appeared as a “force pay” on the bank statement, it must be entered into the accounting system in order for your cash to balance:

Create Journal Entry – J/E Type

You must debit accounts receivable, and credit your cash for the amount of the force pay. For example, if the check has been a donation for \$25.00, you would make the following entry to the appropriate fund source (public or non-public).

		Debit	Credit
0000	12-1-0137-000-XXXX-7101-0-0000-0000	\$25.00	
0000	12-1-0111-000-XXXX-7101-0-0000-0000		\$25.00

#### NSF Check is collected in a month other than that in which it was written

Once the check is collected, look at the entry where you originally entered it onto the books, and reverse the entry. For the example listed above, if \$55.00 were collected (\$25.00 for the NSF check and \$30.00 for a board fee), the following journal entry is necessary:

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		Debit	Credit
0000	12-1-0111-000-XXXX-7101-0-0000-0000	\$25.00	
0000	12-1-0137-000-XXXX-7101-0-0000-0000		\$25.00

Also, the following cash receipt is necessary for the recording of the fee collected into the NSF Activity account:

0000	32-1-0111-000-XXXX-7501-0-0000-0000	\$30.00	
XXXX	32-4-6931-000-XXXX-7501-0-0000-0000		\$30.00

End of Year Entry for NSF Checks

If your books are showing any NSF checks in function 0137, they must be closed out to a non-public NSF fee account. This does not mean that the checks cannot be collected after the new year begins, but **there can be no NSF checks left on the books at year end**. If they are collected in the new year, treat as a cash receipt into the NSF fee activity from where they were paid.

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#### IV. ADMISSIONS/GATE RECEIPTS

##### TICKET SALES

Pre-numbered tickets are required any time there is a required charge for entering a location or event or when there is a sign up advertising the event and the fee. When tickets to special events are issued to the sellers/gatekeepers, the Report on Sales of Tickets should be prepared for each seller to whom tickets are issued. (Each school may make or purchase their own tickets)

The seller/gatekeeper should sign the report at the time he receives his tickets and the chairman of the ticket sales must sign the report when the tickets are returned. The chairman must be the principal or other bonded employee designated by the principal to be responsible for administering the event.

The number of tickets sold multiplied by the price per ticket must equal the amount of cash turned in by the seller/gatekeeper. Unsold tickets will be accounted for on the form. In other words, the seller/gatekeeper must turn in either cash or tickets to account for all tickets issued to him. The chairman and the seller/gatekeeper must both count the cash and sign the report. Never allow only one person to count gate receipts. The original report on sale of tickets must be turned in to the principal's office for filing and a copy will be retained by the seller/gatekeeper.

Expenses, including payments to officials, will not be paid from the cash received through the sale of tickets. **All expenses will be paid by check.** The total ticket sales as shown on the Report on Sale of Tickets must equal the amount deposited in the bank with variances noted on the form. The principal or bonded employee will make the deposit the day of the event. The unsold tickets, the validated bank deposit slip, and the report on sale of tickets should be kept by the bookkeeper for auditors to review.

NOTE: There should be only one Report on Sale of Tickets Form completed for each per event, per seller/gatekeeper.

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### **GATE CHANGE FOR EVENTS**

Gate change should be obtained prior to an admissions event; however, the change must be deposited in the bank the night of the event (or put in the night deposit with the admissions receipts). The amount may vary according to each individual school. Basketball change or other sports where there are several games in a week may be kept out from the beginning of the season to the end of the season due to the number of games played in the week, but must be deposited immediately upon the conclusion of the season.

Each school should maintain a change cash fund account. Change cash is used as a change fund for the school store, cafeterias, gates, etc. Use the change cash account, not an expenditure account when the check is written for change. When re-depositing the start-up money, enter the cash change account as a credit. This procedure leaves a clear audit trail. All change cash must be redeposited at the end of the fiscal year and/or any other school closings.

#### Step 1 - Recording the Check Written for Change Cash

Write a check to your principal as the vendor for the amount needed for change cash. Record this check as you would any other invoice. Notice we are increasing one asset account as we decrease another asset account. There are no revenues or expenditures used in this journal entry.

G/L Code for the Invoice

0000-12-1-0115-000-XCCX-7101-0-0000-0000	Debit \$1,000
--	---------------

#### Step 2 - Recording the Redepositing of the Change Cash

After the event, write a receipt to your principal for the amount of the change cash and a separate deposit ticket for redepositing the amount that had been withdrawn for the change cash. Using the Create Journal Entry option, use a C/R to redeposit only the cash amount that had been used for change.

Credit the Change Cash Account

0000-12-1-0115-000-XCCX-7101-0-0000-0000	Credit \$1,000
--	----------------

#### Step 3 – Recording the Gate Receipt

Record the amount of the gate receipt as you would any other deposit by creating a journal entry using a C/R type entry.

Credit the Revenue Account for the Activity

XXXX-12-4-7110-000-XCCX-7101-0-0000-0000	Credit \$3,500
--	----------------

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**PROCEDURES FOR RECORDING GATE RECEIPTS, STATE PLAYOFFS, AND DISTRIBUTION OF NET REVENUE**

Playoff games that require gate receipts to be divided three ways should be booked as follows:

Step 1 – Depositing the Gate Receipt – Use Create Journal Entry, C/R

Credit the Revenue Account-Full Amount of Gate Receipt	
XXXX-12-4-7110-000-XCCX-7101-0-0000-0000	Credit \$3,500

Step 2 – Paying Expenses of the Game

Expenditures associated with the playoff game will be paid by the home team. All expenditures must be made by check as entered as a regular invoice.

G/L Code for the Invoice:

XXXX-12-5-XXX-XXX-XCCX-7101-0-XXXX-0000	Debit \$ 500
---	--------------

Step 3 – Distribution of Net Profit

After expenditures are paid, the home team will divide the net profit from the playoff game 3 ways. The home team, the visiting team, and the Athletic Association will each receive a third of the profit. A check should be written to visiting school and the Athletic Association in the amount of 1/3 of the profit. (\$3,500 total gate - \$500 expenditures = \$3,000 net profit / 3 = \$1,000 each)

Check Written to Visiting Team

Debit the Revenue Account as the G/L Code for the Invoice:

XXXX-12-4-7110-000-XCCX-7101-0-0000-0000	Debit \$1,000
--	---------------

Check Written to Athletic Association

Debit the Revenue Account as the G/L Code for the Invoice:

XXXX-12-4-7110-000-XCCX-7101-0-0000-0000	Debit \$1,000
--	---------------

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## V. PURCHASING

### PURCHASE ORDERS

Purchase orders provide the ability to produce an accurate financial status by reflecting encumbered expenses. By law, the completed, itemized purchase order is the document that establishes the school's tax exempt status for the purchase once the principal has approved it. All purchase orders are retained for the entire fiscal year; therefore a complete purchase order register can be generated for each month and the entire fiscal year.

The principal's office will maintain a supply of pre-numbered purchase orders/requisitions or utilize NextGen to auto number the purchase orders. The purchase order/requisition will be completed as to description, item number, quantity, unit cost, extension, and shipping charges. Avoid the use of "per attached list" for the item description unless there is an itemized requisition attached at the time the principal signs his/her approval of the purchase order. The purchase of foods, beverages, etc. for banquets, dinners, etc., must be explained on the purchase order as to the purpose. A separate purchase order will be prepared for each vendor. A copy will be forwarded to the vendor; the original will be retained by the principal's office to be matched with the invoice when it is received and the sponsor making the original request may retain a third copy. When the goods are delivered to the principal's office, the teacher who placed the order will sign the invoice indicating that a certain number of packages from this vendor. Before the invoice can actually be paid, the teacher or person placing the order must sign an original invoice, date and note any discrepancies (items cancelled, not received, damaged). Items not delivered are to be deleted from the invoice before payment can be made.

Purchase orders should be entered into Nextgen on a regular basis according to the individual school's activity level. (Daily if possible) The following items are required to enter a purchase order:

1. Purchase order number -- number pre-printed on purchase order or assigned by NextGen. (Purchase Orders used for CISM, Library, Technology, Professional Development, Common Purchases, and other funding sources that are to be paid by the Central Office are numbered by NextGen in the order they are received at the Central Office.)
2. Vendor number - when entered on computer will display the vendor name, check for verification of the information (Very important that vendor information is correct)
3. Purchase order date - the date the purchase order was issued should be entered in month, day, and year format. **P.O. must be issued prior to purchase.**
4. Amount - This should be the total dollar value of the purchase order and shipping charges. However, the amount may not always be the same as invoice due to price changes and shipping.
5. Distribution - Enter the general ledger account numbers and corresponding amounts on each purchase order.

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Schools that make numerous purchases with a given vendor during the month will be permitted to issue the vendor a purchase order at the beginning of the month for a specified dollar limit. This arrangement is to be used on a very limited basis. Example: Concession purchases

Once the information has been correctly entered, the purchase order must be approved in order for the information to be posted. In the event a purchase order must be modified or deleted, the program provides an option for accomplishing this task. If changes are made to the purchase order, both the person originating the purchase order and the principal must initial the changes. If a purchase order is voided, the purchase order must be retained and filed in numerical order for future reference.

All outstanding purchase orders (office copy) will be filed together until the invoice is received. When the invoice is received by the principal's office, it will be matched with the related purchase order and recorded as accounts payable until it is paid. After payment, the invoice and purchase order must be filed together in check number order or by vendor. The procedures for accounts payable and cash disbursements are described on pages 20 through 24. When the employee receives the items ordered from the purchase order, a comparison must be made with the employee's copy of the purchase order so the employee will know exactly what was received. A purchase order must be issued for a purchase requested by an employee. Recurring expenditures such as utility bills do not require a purchase order.

**A school will not issue a purchase order if local school non-public funds are not available to meet the encumbrance. Charge backs have been made to principals who knowingly issued purchase orders with no funds in an account to cover them.**

Purchase orders serve the following purposes:

1. The P.O. gives authority to individual or group to spend funds.
2. The P.O. gives the bookkeeper the opportunity to obligate monies from funds available, thus avoiding overspending.
3. The P.O. provides for sales tax exemption for the purchase.
4. The P.O. spells out the contract and/or specific details of the purchase, thus avoiding misunderstandings between the vendor and the school.
5. Most importantly - if purchase orders are posted daily, you will always be able to know your correct balance.

Only on rare occasions may a principal give permission to reimburse individuals for purchases without the prior completion of a purchase order. This approval must be before the purchase is made. The individual making the purchase will pay for the purchase and be reimbursed for the amount of the purchase less any sales tax that was charged.

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**VI. FUNDRAISING ACTIVITIES**

An accounting must be made as to total income and expense of each fundraising event. This accounting includes fundraising activities held during class time, activity periods and before or after school and applies to school organizations, classes and clubs.

A Report on Fundraising Activity, Form 21, must be completed for each fund raising activity and kept on file in the school. The top section of the form that asks for purpose of fund raiser, beginning date, ending date, organization conducting fund raiser, sponsor and dates of previous fundraiser(s) this school year must be completed by the sponsor two weeks before any fund raiser begins. The principal must approve this at that time.

After the fundraiser is complete the sponsor/teacher must fill out the revenue, expenditure and profit of each fundraiser and submit to the bookkeeper to keep on file for auditors and for future reference as to how much profit was made on each fundraiser.



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## VII. EXPENDITURES

### ACCOUNTS PAYABLE

Invoices and/or paid receipts are necessary before any payment of funds or reimbursements can be made. **Payments made without this essential documentation can be a charge back to the principal.**

Accounts payable provides for the recording of invoices. When invoices are merged, the appropriate expense accounts are automatically updated and outstanding encumbrances are relieved.

Before an invoice is entered, the bookkeeper should check the mathematical accuracy of the document by re-computing extensions and additions. Because the school is exempt from paying sales taxes, the bookkeeper should make sure that the invoice does not include taxes. Taxes that may be paid are food tax, lodging tax and lease tax. Notify the vendor if these charges are included and delete any taxes not appropriate from the invoice.

Payments are to be made based on invoices rather than statements. The reason that statements should not be used as the source of a disbursement is that duplicate payments are likely to result from payment of both the original invoice and the subsequent statement.

All disbursements should be supported by written documentation. If a disbursement is for goods or services not supported by a traditional invoice, the school should document the expenditure by use of a school-prepared invoice in addition to completion of a purchase order as previously detailed in this manual.

The school will implement the use of an expense report for all reimbursements of expenses to employees. The rate of reimbursement for travel will be the Board of Education's approved rate per mile payable only to the person who drives a car and provides the transportation for the travel. Reimbursement for meals and lodging for overnight trips will be limited to the employee's actual itemized expenses minus any charges for entertainment expenses. Personal telephone calls will not be reimbursed. Receipts must be itemized, not summary credit card receipts. The employee will submit all receipts to support the expenses claimed on the report, (without proper documentation, the employee cannot be reimbursed). All travel expenditures must be approved in advance by the Superintendent through the use of a Professional Development or School Activity Leave Form that must be submitted in advance of the travel, even if a substitute is not required. This form documents from which fund the travel reimbursement will be paid.

Cash advances will only be made if students are involved, i.e., basketball tournament where meals are provided. If the cash advance exceeds expenses, the balance should be returned to the school and should be credited to the account from which the cash advance was originally posted. Entry will be made through the Create Journal Entry option using journal code C/R. The principal will approve all expense reports filed by the school staff. If the invoices are to be paid through the Central Office, these forms will have to be approved in advance by the Superintendent before payment can be made.

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This approval is made via a Professional Leave or School Activity Form indicating from what funds travel will be paid.

If a principal is to be paid a travel reimbursement from local school funds, the reimbursement claim must be sent to the Superintendent for approval prior to payment.

### **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 a check. Statements and fax copies are insufficient documentation from which to pay an invoice.

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. The person who placed the order must sign that the items listed have been received before the invoice can be paid. The school should not allow partial orders or back orders. Payment of an invoice should never be made before all of the merchandise is received.

If the vendor does not have an invoice, the bookkeeper may use a school-prepared form for the necessary information.

Boards of education are exempt from the payment of Alabama sales tax. The completed, approved purchase order is the document that certifies exempt status for the school.

The principal must approve all invoices before payment is made. Cash expenditures are prohibited. The principal must initial all invoices for non-purchase order items or invoices exceeding the purchase order amount.

PAID should be marked on the invoice once paid. Once paperwork (purchase order and accompanying invoice) is marked paid, the check copy must be stapled on top. If duplicate checks are not used, the check number and check date must be written on the invoice, or a photocopy of the check may be attached. Each month's paid invoices must be put in numerical order by check number and filed together according to the month in which they are paid.

Gifts, prizes, or other merchandise obtained from the purchase of school items are the property of the school and the Winston County Board of Education. School employees are prohibited from purchasing personal items through the school. School personnel will neither solicit nor accept funds or gifts from vendors.

### **FIELD TRIPS**

Funds collected for field trips are to be used to cover the expenses of the field trip. Mileage for using a school bus is calculated at the state rate times the number of miles. This payment is sent to the Transportation Department along with the Field Trip Request Form.

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The invoice is coded as:

XXXX-12 or 32-5-4150-391-XXXX-7X01-0-4400 or 4500-0000

Payment of the bus driver is calculated on the Bus Driver Invoice according to the duration of the trip. The rate of pay plus applicable employer matching benefits must be sent to the Payroll Department.

The invoice is coded as:

XXXX-12 or 32-5-9910-923-XXXX-7X01-0-9700-3819

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## VIII. CASH DISBURSEMENTS

### ACCOUNTS PAYABLE CHECKS

All transactions of the local schools will be paid for by check: **no cash payments will be made.** All funds collected in a school will be spent for the purposes for which they were collected, except as otherwise approved by the principal or his designated representative. The school principal will sign all checks issued by the local schools. The checks must be pre-numbered and imprinted with the name of the school. The school supply of blank checks will be kept in a locked box or cabinet accessible only to those with proper authorization. Periodically, an accounting will be made of the supply. Blank checks must be secured.

Invoices must be selected for payment on a regular basis to be determined by the individual school based on its level of activity. Invoices should have an **approval to pay** signed by the person who received the items listed. If an item was not received, the employee receiving the purchases should make note of this and payment should be delayed until all items are received.

Payments must always be made from an invoice and never from a statement. The invoice must be itemized with a price listed for each item.

When the checks have been printed or written, the check copy, invoice, and purchase order with any other supporting documentation will be stapled together, filed in check number order or vendor order and retained for future reference.

A check will not be destroyed when an error is made. The check will be marked "void" or "spoiled," the signature portion of the check will be cut off and the check filed for audit purposes.

### OFFLINE CHECKS

In the event a check must be written manually, the check must be posted to the system through the offline check procedure. However, all procedures must be followed the same as if a regular check were being processed as stated above for audit purposes

### VOIDED CHECKS

#### Current Year Checks

When a check must be voided, verify with the bank that the check has not cleared and issue a stop payment if the whereabouts of the original check is not known. To void the check:

Go to Accounts Payable- Check Processing – Void Check. Enter the check number and a reason for voiding the check. Print the entries and place in your file, along with the voided check, for audit purposes.

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After a check is voided, the system reinstates the associated invoice to a merged status. The invoice should then be deleted. To do this:

From the Accounts Payable Menu, select Invoice Processing.

Select Inquire to find the invoice in the batch where it was originally paid

Once the correct invoice is loaded into the screen, select - delete, change the posting date to the current date, update, and save.

Print the entries for your monthly file.

Spoiled checks will be mutilated by cutting off the signature section, mark void in red and the check filed for audit purposes in regular numerical order. To spoil the check number:

From the Accounts Payable Menu, select Check Processing

Select Check Maintenance

Enter the check number and a reason for spoiling the check

Enter to update

#### Prior Year Checks

Prior year checks must be voided through the journal entry. The entry is as follows:

Journal code will be PYA (Prior Year Adjustment) through the journal entry process - Fund 12 is only an example; if it is non-public use Fund 32 and Funding Source 7501.

Debit	Credit	
12-3-0360-0000-XCCX-7101-0-0000-0000		\$125.00
12-1-0111-0000-XCCX-7101-0-0000-0000	\$125.00	

Mark the check void in the O/S check file using the Post Check Information option on the Enter A/P Check Reconciliation Data Program found on the A/P Bank Statement Reconciliation Menu. Enter the check number. Change the check status to void, then delete, and save. (**Note: Before making a Prior Year Adjustment call the Chief School Financial Officer.**)

### **REPLACEMENT CHECKS**

If a check is lost, it is not necessary to void the check. A replacement check may be issued using the following procedures:

- It is not necessary to do any journal entries.
- Verify that the original check has not cleared the bank.
- Stop payment on the original check and inform the bank of the replacement check number.
- Manually type a replacement check and type at the top of the check and the check stub—Replacement Check for Check No. XXXX.
- Make a copy of the replacement check to attach to the original check/invoice documentation.

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- Spoil the Replacement Check in the Bank Reconciliation File with an explanation of – Replacement Check of Check No. XXXX.
- Clear the bank statement by the original check number.

### **REFUND CHECK**

When issuing a check for a refund in the same fiscal year, the journal code that was used to record the revenue must be used as the journal code for issue of the check.

Example A \$12.00 check was received on a lost textbook.

The \$12.00 would be recorded as 12-4-6931-000-cctr-7101-0-0000-0000.

If the book is found and returned, issue a refund check to the student using the journal code 12-4-6931-000-cctr-7101-0-0000-0000.

When issuing a refund for a prior year, the refund should be expensed. Call the Chief School Financial Officer for guidance if needed.

### **CLASSROOM SUPPORT FUNDS**

Annually, the legislature allocates classroom instructional funds to teachers. Beginning October 1 of each year, teachers have their new allocation available to them by way of either a purchase order or purchasing card.

### **PURCHASING CARD AGREEMENT**

The Winston County Board of Education Purchasing Card is issued for you to purchase goods as outlined. These cards are provided as a convenience to you in order to make the performance of your job more efficient and effective. However, it is important that the cards are used as intended and that the accounts are handled responsibly. The following procedures regarding use of these cards must be followed. Any misuse of the card or failure to comply with this process will result in immediate cancellation of the card.

A. General Guidelines:

1. You must sign the Purchasing Card agreement prior to being issued the Purchasing Card. This agreement acknowledges your acceptance of all the processes and procedures in this agreement.
2. Violation of this agreement will result in cancellation of the card.
3. The cardholder agrees to use the card exclusively for classroom instructional support.
4. The cardholder agrees to reimburse the Board for purchases that are determined to be unallowable expenditures or to obtain other funds for the expenditure.
5. The cardholder agrees to obtain a legible receipt with an itemized listing for each purchase made with the card.
6. The cardholder agrees to reimburse the Board for purchases made with the card that are not supported by a receipt with an itemized listing.
7. The cardholder agrees to inform merchants that purchases with the card are exempt from Alabama sales tax.
8. The cardholder agrees to reimburse the Board for sales tax charged to the card.
9. The cardholder agrees to reimburse the Board for purchases made in excess of the card limit or to obtain other funds for excess expenditures.
10. The cardholder understands that the use of the purchasing card for anyone's personal use is subject to criminal prosecution.

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- 11. The purchasing card will not be used for Internet orders, layaways, confirmations, guarantees, or other charges which would be prior to receipt of the materials purchased.
- 12. The cardholder understands that the items purchased with the purchasing card must be received before payment is made.

B. Billing Process

- 1. Local school bookkeepers will submit requisitions to encumber the total amount authorized based on budgets approved at the local school level prior to the expenditure of funds. A purchase order will be generated by the Central Office based on the requisition and kept open until the full amount of the purchase order is expended.
- 2. Bills will be mailed to the Board and a copy will be sent to the school in the respective employee's name.
- 3. Teachers will have two (2) days after the purchase to return receipts to school bookkeeper. Only original receipts are acceptable.
- 4. The teacher must sign a statement confirming that the items listed on the attached receipts have been received and are in good condition. This statement should accompany the receipts and purchasing card statement for audit purposes.
- 5. Local bookkeepers will verify all purchases to ensure compliance with Alabama Code 16-1-8.1 regarding classroom instruction support funds and will forward the purchase card statement and receipts to the principal for signature and approval. Once approved by the principal, it will then be forwarded to the Central Office for further processing.
- 6. Central Office will make payment directly to the bank upon receipt of statement.
- 7. If receipts are not received, then the charges will be automatically billed to the individual.
- 8. If any charges do not meet the criteria of instructional materials and supplies\* then the amount will be billed to the individual. If you feel an item may be questionable, approval should be received from the principal prior to purchase. (There are isolated cases where we request written explanation for the instructional use of materials purchased. This is to clarify for auditors' review.) Final determination is made by the principal.  
\*Instructional materials and supplies-according to 16-1-8.1 of The Code of Alabama.
- 9. If you are charged sales tax, you must immediately explain to the vendor that we are a tax-exempt organization. If the vendor refuses to sell any item without tax added, you must not make the purchase. If sales tax is charged, the individual will be billed for the amount of the sales tax.
- 10. In the event an employee leaves the school system, the purchase card must be turned in and the account closed.
- 11. The last day to make purchases using the purchasing card will be May 1<sup>st</sup> of each year. The cards must be turned in to the Central Office no later than May 15<sup>th</sup> of each year. Any funds remaining after this date may be expended using the purchase order process.
- 12. A sign-in/sign-out sheet must be maintained when cards are issued and when cards are returned.

I acknowledge receipt of card, and I agree to the above procedures.

Employee	Employee #	Social Security #	Date	

Principal	Date

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## IX. JOURNAL ENTRIES

### CORRECTIONS

Entries that have been made in Nextgen that are determined to be in error can only be corrected by a journal entry using a J/E code.

To correct an expenditure code:  
     Credit the incorrect code  
     Debit the correct code

To correct a revenue code:  
     Debit the incorrect code  
     Credit the correct code

For other journal entry corrections, call the Chief School Financial Officer for assistance if needed.

### INTERFUND TRANSFERS

In the event a transfer of funds between accounts becomes necessary or desirable, a Fund Transfer Form must be completed. This form will show the date of the transfer, the amount transferred, the accounts affected and must be approved by the principal, the class sponsor(s) involved, if applicable, and acknowledged by the bookkeeper. Under no circumstances should funds be transferred without the approval of all parties.

#### Internal Transfers (Between Activities)

**You may not transfer from Public Funds to Non Public Funds;** however, you may transfer from Non Public to Public Funds. When you transfer from Non Public to Public, you must take cash with the transfer. Nextgen is set to process these types of entries by using:

Create Journal Entry

Type-TRN

Entry would be as follows:

#### Non-Public Fund

XXXX-32-5-9910-920-XCCX-7501-0-9700-0000	Debit \$125.00	
XXXX-32-1-0111-000-XCCX-7501-0-0000-0000		Credit \$125.00

#### Public Funds

XXXX-12-4-9210-000-XCCX-7101-0-0000-0000		Credit \$125.00
XXXX-12-1-0111-000-XCCX-7101-0-0000-0000	Debit \$125.00	



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**External Transfers**

To transfer from the school to the central office or another school, the following entry will be made. Please remember that you must use a special use code when you transfer to and from the central office. This example is for Substitute Salary.

G/L code for the invoice:

XXXX-12-5-9910-923-XCCX-7101-0-0000-3801                      Debit \$57.87

To receive a transfer from the central office to the school the following entry will be made. Example is for Helping Schools Tags.

Create Journal Entry – Type C/R

XXXX-12-4-9230-000-XCCX-7101-0-0000-3814                      Credit \$46.50

NOTE: Payments made to the Child Nutrition Program from any account are not recorded as transfers, but as a regular expenditure.

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## X. MONTH-END PROCEDURES

At the end of each month, the principal is responsible for filing certain documents with the Superintendent's office. According to Winston County Board of Education policy, these reports are to be filed by the 10th of the following month so that all data can be merged, verified, and incorporated into the system-wide financial reports and presented to the Board at its monthly meeting.

### ELECTRONIC FILE

Monthly, an electronic file must be exported to the chief school financial officer as soon as close out is completed for the previous month. The electronic file contains all financial information for the local school's monthly activity and is imported into the central office accounting system for inclusion into the system-wide financial data.

**Note: Do not make changes to the preceding month after electronic file has been exported to the central office unless instructed to do so by the chief school financial officer.**

### PRINTED FINANCIAL DATA

The following reports should be printed from NextGen and submitted to the chief school financial officer:

1. Monthly along with Electronic File – by the 10<sup>th</sup> of the Following Month

Copy of Local School Bank Statement

NextGen Bank Reconciliation Report – Original signature of principal and bookkeeper required

Principal's Report – Original signature of principal required

Invoice by Vendor Report – Listing all payments to WCBOE

Verification Report

2. End of Fiscal Year (September 30)

Activity Detail Report for entire year

3. End of Calendar Year (December 31)

List of 1099 Vendors and Electronic file

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## **BANK RECONCILIATION**

It is necessary to reconcile the bank account **every month promptly** upon receipt of the bank statement and cancelled checks, in order to be certain that the bank or the school has made no errors.

NextGen provides a reconciliation function, which will be used in reconciling the bank account. Go to the Check Recon and enter the bank code. The last month reconciled will appear. Press “Run Summary Report.” If the statement is in balance, press the Recon button and continue.

Statement Balance - enter the ending balance per the bank. This will be the bank's balance on the last day of the month being reconciled. For example, when reconciling the month of June the balance would be the bank's balance as of June 30.

Check Information – check beside each check that cleared the bank during the month.

Other Reconciling Items - enter any other reconciling items as a receipt or disbursement depending upon the item's effect on the book balance.

If the reconciled bank balance and the reconciled book balance are not in agreement, it indicates that an error exists in the school's records, the information entered above or in the bank statement. To locate such errors, the following steps should be taken:

Step 1 - Compare the statement ending balance on the bank statement to the statement ending balance at the beginning of the A/P Check Reconciliation report. If the statement ending balance, which is printed on the report, is incorrect, enter the correct amount and press SAVE to update.

Step 2 - Compare the checks listed on the bank statement to the checks printed in the cleared column of the report to ensure that all checks have been correctly cleared. If checks are listed in the wrong column, change the check status using the Post Check Information program. Enter the check number and change the check status by checking or unchecking the check number and enter the correct check status.

Step 3 - Reprint the A/P Check Reconciliation report and print the Journal Entries Listing. Verify that bank charges (cash) are posted as a credit and interest (cash) paid is posted as a debit. If the bank charges and/or the interest paid were not posted, make these entries using the Journal Entries Procedure program. Post interest using C/R journal code and bank charges using a J/E code. Be sure to use the correct posting period.

Step 4 - Review the bank statement for deposited checks that were returned for NSF (bounced checks). The cash account must be credited for the amount of these checks and the original activity account or a designated returned check account must be debited. Be sure to use the correct posting period.

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Step 5 - Review the Journal Entries Listing, verify each deposit, which should be listed as a debit, against the individual deposits listed on the bank statement. If a deposit was posted to the General Ledger, but does not reflect as a deposit on the bank statement, this deposit should be entered using the Add Reconciliation Items feature of the program.

If a deposit appears on the bank statement and does not appear on the Journal Entries Listing, the deposit must be entered using the C/R program. Be careful to post the entries to the correct accounting period.

Step 6 - Review the Journal Entries Listing. Compare the cash disbursement and offline check credit amounts to the checks listed on the A/P Reconciliation report. All checks must appear on both reports. To review the individual check amounts represented by the cash disbursement transaction, print the Journal Entries Listing for each cash disbursement transaction number listed.

If the check appears on the Journal Entries Listing, but does not appear on the A/P Check Reconciliation report, you must first verify that the invoice has been marked paid in the invoice file. View the invoice file using the Inquiry to Invoice File by Vendor or PO Number program. Enter the vendor number. When accessing the "invoice number" field, leave this field blank and press <ENTER> to view all invoices on file for this vendor. Look for the invoice that was paid by the check in question. If the invoice was correctly marked paid with the check number and check date, then enter the check into the Bank Statement Reconciliation module using the Post Check Information program.

If the check is correctly marked paid, but has the wrong check date, review all Check Registers printed during the current month for check dates other than a current month and current year. View the Invoice/Check Master using the Invoice Inquiry by Vendor or PO Number program and perform the same search. When check dates are found to be incorrect the Maintenance to Check Information on an Invoice program can also be used to check the check date. If the date is found to be incorrect, press CHANGE to modify, correct date or check number if number does not already exist (never change check amount) and press SAVE to update. Reprint the Month-to-Date Check Register and review to assure that all modifications are correct.

If the invoice data and check data are all correct, then enter the check data into the Bank Statement Reconciliation module using the Post Check Information program.

If the invoice remains open in the invoice file, then enter the check information using the Offline Check program. Be sure to use the correct posting date. This will correctly mark the invoice paid in the invoice file and create a check record in both the permanent and outstanding check files. However, this procedure will also post entries to the General Ledger, thereby creating duplicate records in the cash and accounts payable accounts. These duplicate entries must be reversed to bring the books into balance. Reverse the duplicate entries using the following steps:

Make entries using the Journal Entry Procedure program. Enter the correct posting date and *J/E* journal code. Debit the correct cash account and credit the correct accounts payable account for the amount of the check(s).

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Step 7 - Compare the checks that appear on the bank statement to the check amounts listed as credits on the Journal Entries Listing. If checks appear on the bank statement and do not appear in the Journal Entries Listing, move to the Invoice Inquiry by Vendor or PO Number program and view the vendor's invoices. If the invoice appears as open, the check has not been entered. Enter the check by using the Offline Check Procedure found on the Accounts Payable Checks Menu.

If the invoice appears with check information, the check has been posted to an accounting period later than the current one. Move to the General Ledger Reports Menu and print the journal entries listing for journal code A/P, Fund 12 through 32, function code 2-0251, object code 000, your cost center, source of funds 7101 through 7501, appropriate year 0, program code 0000, user defined code 0000, for posting date beginning with one day beyond the current posting through all dates. After finding the period to which the check(s) was incorrectly posted, use the following steps to make the corrections:

1. Reverse the entries posted to the wrong account period using the General Entry Procedure program. Enter the INCORRECT posting date and J/E journal code. Credit the correct accounts payable account, and debit the correct cash account, for the amount of each incorrectly posted check.
2. Enter the records into the correct accounting period using the Journal Entry Procedure program. Enter the CORRECT posting date and J/E journal code. Debit the correct accounts payable account and credit the correct cash account, for the amount of each incorrectly posted check.

Step 8 - Compare the Ending Book Balance on the previous months A/P Check Reconciliation report to the Beginning Book Balance on the current month A/P Check Reconciliation report. These amounts must be the same. If the amounts are different, print the journal entries listing for journal code A/P, Fund 12 through 32, function code 2-0251, object code 0000, your cost center, source of funds 7101 through 7501, appropriation year 0, program code 0000, user defined code 0000, for posting dates, dates beginning for all dates through one day prior to the current posting date and look for the following conditions:

1. Journal entries, J/E made in error. Research the journal entry error. Reverse the incorrect entry and make a correct entry if necessary.
2. Deposits listed on the reports that are not listed on that month's bank statement. Research the deposit. Reverse the incorrect deposit entry and make a corrected entry if necessary.
3. Cash disbursement transaction numbers out of sequence with other C/O transactions for the current month and offline checks with number outside the range of numbers issued during that accounting period. Research the cash disbursement transactions and offline checks. Reverse the check entry and make a correct entry if necessary.

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Step 9 - Review the previous month's A/P Check Reconciliation report and look for the following conditions:

1. Look at last month's Other Reconcilable Items. Verify that these items do not need to appear in the Other Reconcilable Items field on the current report. For example, deposits in transit that have not been credited by the bank or NSF checks that were entered as other reconcilable items last month have not been re-deposited. If necessary, enter these items using the Enter other Reconcilable Items program.
2. Review last month's outstanding checks. Verify that each check appeared on the current report for the same amount. If the check appeared on last month's report and does not appear on the current report, enter the check using the Post Check Information program.

If the check appears on the current report, but for a different amount, research the condition and decide why the amount changed. If a check was issued during the current month for the wrong amount, perform the following steps:

1. Void the check using the Void Check Program and delete the check number using the Maintenance to A/P Checks. Process a single A/P check. Enter the check number and select Delete, then update. Use the last day of the month for this processing month for the posting date.
2. Find the associated invoice for this check in the batch where it was originally paid. Delete the invoice. Use the last day of the month for this processing month for the posting date.
3. Reenter the invoice in a new batch. Use the correct amount and correct check number. The last day of the month for this processing month is the posting date. Merge and update the batch.

Step 10 - When checking to be sure that the checks listed on the Journal Entries Listing and the A/P Check Reconciliation Report match those checks appearing on the bank statement, be sure to compare not only the check numbers but also the check amounts. Occasionally, the bank will clear the check for a different amount than the amount written on the check. This mistake will cause your report to display out of balance.

After making all necessary corrections, reprint the A/P Check Reconciliation report verifying that the "Books and Bank Statement are in Balance."

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### OUTSTANDING CHECKS

Checks that are outstanding longer than six (6) months should be researched and handled appropriately:

- Void
- Reissue if lost or mutilated

The following procedure would be followed when removing a check:

Call the individual and ask if there is a reason the check has not been cashed. If the individual has the check, ask that the check be cashed immediately. Tell the individual that a stop payment will be placed on the check in two weeks. If the check has been lost, stop payment on the check immediately.

Mark the check void by using the Accounts Payable-Check Processing-Void A/P Check options. Then delete the associated invoice using the Accounts Payable-Invoice Processing-Inquire-Delete-Update options.

If you void a prior year check the following entry will be made using the Journal Entry Procedure found on the General Ledger Menu. Enter the current accounting period posting date and PYA journal code. Debit the correct cash account and credit the adjustment to beginning balance account as shown below. **No PYA should be made without consulting the Chief School Financial Officer.**

### COLLECTING FOR WORTHLESS CHECKS

If you cannot recover a check, please follow the procedures set forth in Winston County Board of Education Policy File: DNCA.

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**XI. MISCELLANEOUS**

Gifts, prizes or other merchandise obtained from the purchase of school items are the property of the school and the Board of Education. School employees are prohibited from purchasing personal items through the school. School personnel will neither solicit nor accept funds or gifts from vendors.

A request for check will be used only as follows: officials, change for gate; refund for lost book; refund for student class fee; and refund for field trip money.

A Professional Leave or School Activity Form for all trips must be completed for field trips or professional leave. The original must be signed by teacher requesting leave, principal and sent to the superintendent for signature before trip is actually approved.

All purchases must conform to the policies of the Board of Education and to the State Bid Law. A copy of the Board Policy should be on file in each school office.

**Payments are never to be made in cash.** A properly written check, with its endorsement, is proof of payment and that the vendor was or was not the recipient.



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## **XII. LEGAL COMPLIANCE**

### **PUBLIC AND NON-PUBLIC FUNDS**

1. PUBLIC FUNDS - Funds are generally classified as public funds when the following criteria are met:

- a) Money generated school-wide
- b) Money that can be used for all students
- c) Money controlled by the Principal or any school employee

Examples are:

General Fund, Athletic Gate Receipts, Concessions, Class Fees

2. NON-PUBLIC FUNDS - Funds are generally classified as non-public funds when the following criteria are met:

- a) Money generated for a particular group
- b) Money used for that particular group
- c) Money controlled by the students and/or a parental organization, not the principal

When non-public funds are expended or transferred to a public account it should be noted in the minutes of the club that the members of the club gave their consent for the funds to be expended in such a manner. There are no restrictions on how non-public money may be expended.

**Public funds may not be transferred to a non-public account.** Any donation given to a school at large is considered public and should be recorded in a public account. If the donor specifies that the donation is for a specific club or other non-public group then the donation may be recorded in a non-public account.

If all funds are maintained in one bank account and separate accurate bookkeeping is not maintained for each fund, then the non-public funds would be commingled with public funds and would be considered as **PUBLIC FUNDS**.

See the following examples of public and non-public funds.

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**EXAMPLES**

<u>Public Revenues</u>	7100-7499
Admissions	7110
Money received from ticket sales or charges for admission to athletic events, school plays, band concerts, etc.	
Appropriations	7140
Money received from school board or other governmental agencies from tax sources, usually for a particular project	
Concessions	7180
Money received from sales at school canteens, concession at school-sponsored events and proceeds from vending machines	
Commissions	7220
Money received direct from the vendor as a portion of the gross receipts from a school-sponsored event such as athletic contracts, school pictures, or vending machines	
Dues & Fees (Required)	7260
Money received for dues and fees such as locker, parking and associations deemed Public. Reminder: You may not require fees for elementary classes or required courses	
Fines & Penalties	7300
Money received for overdue library books, lost textbooks, parking fines, etc.	
Fund Raiser	7340
Money received from candy sales, car washes, T-shirt sales, carnivals for the use of a public activity.	
Grants	7380
Money received after an application has been filed with an outside agency or company such as U.S. Department of Education, Bell South, or Alabama Power. (Application is the key word for Grants)	
Sales	7420
Money received from sales of items from school store, T-Shirts, school car tags	
Donations	7430
Money received from outside donors such as parents, banks, local businesses, civic organizations, etc. Reminder: Money received from parents in elementary schools to help purchase supplies and materials should be classified as donations.	
Accommodations	7440
Money received and passed through the school's books to an outside party for items such as student insurance, school pictures and other activities. Sometimes a commission will be returned to the school for collecting this money.	
Other Public	7490
Only use this category when the receipt cannot be classified in one of the above Public Revenues.	

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<u>Non-Public Revenues</u>	7500-7999
Dues & Fees (Self Imposed)	7610
Money received for membership dues and fees collected by non-public activities	
Fund Raiser	7710
Money received from candy sales, car washes, T-Shirt sales, carnivals, etc. for the use of a non-public activity.	
Donations	7810
Money received from outside donors such as parents, banks, local businesses, civic organizations, etc. for a non-public activity.	
Accommodations	7850
Money received and passed through the school's books to an outside party for items sold by a non-public activity. Sometimes a fundraiser receipt will be returned to to the school for collecting this money.	
Other Non-Public	7910
Only use this category when the receipt cannot be classified in one of the above Non-public revenues.	

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

- Public funds cannot be transferred to non-public accounts.
- Non-public funds can be transferred to public accounts, but once they are transferred they become public funds incurring all the legal restrictions.
- Food items, meals, coffee cups, and expenses for flowers are all unallowable expenditures from public accounts.
- Food can only be purchased from public money for the following:
  - The meeting is open to the public and is advertised as so.
  - If a meeting goes past the dinner hour (unplanned to do so) and it would impede the progress of the meeting to stop.
  - Pre-game meals for participants and coaches and overnight expenditures if paid out of athletic accounts.
  - Athletic Banquets (athletic activity)
- Membership dues of the local athletic association must be paid from an athletic account.
- Public funds may be expended for the recognition of significant contributions to education in Alabama and to promote educational excellence by students, faculty, staff, and the public. Recognitions will be in the form of trophies, plaques, academic banquets, and other honors that promote academic excellence in public schools of Alabama and recognize special deeds that strengthen public education in Alabama. Constitution of Alabama of 1901, Amendment No. 558, Amendment of Section 94.
- If in doubt, consider it **PUBLIC FUNDS**.

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### **BID LAW**

Competitive Bid Law - local schools are specifically exempted from the bid law when they are not using appropriated funds or funds raised by taxation.

However, expenditures of appropriated funds, funds raised by taxation, and grant funds by local school are subject to the bid law.

State Law requires that certain expenditures of city and county school boards are subject to competitive bidding. Expenditures for labor, services, or work, and the purchase or lease of materials, supplies, equipment, or other personal property involving \$15,000 or more are subject to competitive bidding.

Individual purchases less than \$15,000 may be subject to competitive bidding if a school board can reasonably expect to purchase more than \$15,000 for like items during the year. School systems may purchase items without bidding by purchasing from the state bid list; however, a school system may not purchase items without bidding on the grounds that a vendor's price is less than the state bid list.

Pursuant to Act No. 97-934, classroom instructional supply funds distributed to the schools may purchase materials, supplies, and equipment without competitive bids if the item cost is less than \$15,000.

The state bid law includes a provision for emergency purchases without bidding.

Some expenditures exempt from the competitive bid law include:

- a) Purchase of insurance
- b) Professional service contracts (lawyers, CPA's, architects, etc.)
- c) Contracts to furnish financial advice or services
- d) Purchases of books, maps, pamphlets, or periodicals
- e) Purchases made by individual schools from funds other than those raised by taxation or received through state or local government sources
- f) Contractual services and purchases of commodities for which there is only one vendor or supplier
- g) Contractual services and purchases of personal property which, by their very nature, are impossible of award by competitive bidding

### **IRS REQUIREMENTS**

Each school is required to prepare information for filing Internal Revenue Service Form 1099 for payments of \$600 or more to anyone individual or unincorporated entity for payments of services of a non-employee, prizes, and awards etc. The school can pay a non-employee through local school funds. However, it is the schools responsibility to get the person receiving funds to fill out a Form W9. This form is required. If the person receives more than \$600 in income for the year from all the schools and central office combined, the central office will issue a 1099 in January of the following year. Form 1099 need not be filed for payments made for merchandise, telephone, freight, to a

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corporation, or any reimbursements to employees. These returns are prepared on a calendar year basis and must be filed annually, to the vendor by January 31st of the following year. All information will be forwarded to the chief school financial officer at the central office for processing as soon as the calendar year has been closed out. Information must be exported in an electronic file and must include: Name, social security number or federal ID number, address, and amount paid. A printout may be obtained through the vendor program at the end of the calendar year.

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### **XIII. PAYROLL**

In the school system the payroll is the largest budget item. Law requires schools to keep accurate reports related to payroll records. The payroll system includes the following basic payroll records:

- Attendance record
- Employee's pay
- Employee/employer taxes
- General ledger accounts related to payroll transactions
- Government reports related to payroll

In Winston County the payroll is centralized. The principal and the bookkeeper are responsible for the gathering of information needed in the first item above. The central office is responsible for preparing and issuing the payroll check, plus the other items listed above.

Responsibility for accuracy is the joint responsibility of the principal, bookkeeper, and the employee:

- The employee must record accurate attendance information.
- An employee must take some type of leave when not performing his/her normal job functions. If not is listed, sick leave will be assumed.
- The bookkeeper must translate this information into accurate data for the computer payroll system by completing a "Monthly Principal's Service Report" which is due approximately the 5<sup>th</sup> of each month. See the annual monthly calendar from the payroll department for the specific dates.
- The principal must review the employee information to validate its' accuracy. His/her signature is required before sending to the central office.
- Extra pay worksheets, substitute invoices and any necessary payments must accompany the Principal's Service Report.

### **TIME SHEETS**

All employees will sign time sheets each day. The time sheet documents personal leave, sick leave, professional leave, vacation leave, other leave, and extra pay explanation. If a substitute is employed for an employee, the substitute will fill in the appropriate lines of the sheet. Leave is reported in increments of no less than half days. Original time sheets, signed by the employee and supervisor, must be sent to the Payroll Department along with the Principal's Service Report.

#### Ten- and Twelve-Month Employees

Ten-month employees are contracted for 202 days. Twelve-month employees are contracted for 240 days.

Both ten- and twelve-month employees must turn in time sheets during their extended contract time. These time sheets must show date, time in and time out. Principals will sign time sheets for ten- and

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twelve-month employees verifying for accuracy before submitting to central office with monthly payroll reports. All employees are required to work the number of days they are contracted to work.

Only twelve-month employees earn vacation leave.

### **LOCAL SCHOOL PAYMENTS FOR PAYROLL**

When submitting money to central office, note on the check stub the special use code you expensed on your books in order that the receipt at the central office may reflect the same transfer. All expenses from the school to the central office will be made by check.

In the event that the school owes the central office any monies at the end of the fiscal year, the check should be written and given to the central office in ample time for the check to be deposited in the current year. Reason: If the school writes the board of education a check in current year, but does not give the check to the central office until after October 1 - the transfer out from the local school will be in one year and the transfer in to the central office will be in another year. This would make the central office's transfers **out of balance**.

Each school that owes the board money for additional salaries must submit the schools portion of the salaries **MONTHLY** to the board of education along with the monthly payroll report. A Billing Statement will be sent to each school at the beginning of the new contract year for recurring salaries giving the school the exact amount that will be due to the central office for the current year. A blank Extra Pay Approval Form is made available to each school for other compensation that is to be paid through payroll. A contract should be developed and signed by both the service provider and the Superintendent prior to services being rendered for additional compensation.

**Schools will not pay an employee directly from the school account.** All pay will be made from the central office payroll department. If an employee or substitute of the school system is paid for extra duties at the school, the employee must be paid through the central office payroll. A contract must be signed by the employee or substitute and the superintendent. The bookkeeper must complete an extra pay approval form to be sent to the central office with the monthly payroll. This form will be for used for any extra work other than the regular position the employee is hired to fill. It is required that taxes and retirement be taken from the employee's check.

### **MISCELLANEOUS**

Salaries paid by the local schools must include gross pay and matching benefits. If the person is a regular employee of the board, remit the stated percentages to cover FICA, retirement (except for substitutes) and unemployment.

Additional salaries must be approved by the Superintendent by submitting a completed **CONTRACT** detailing the duties, start and stop date, and rate of pay prior to the employee performing the work. Documentation of work performed and any checks due for the payment of the services is done on a Contract Timesheet which is to be sent each month (as applicable) with the Principal's Service Report.

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#### **XIV. BUDGETING**

Each school must prepare an annual operating budget to be submitted to the superintendent by June 15th (tentative date). The principal and his faculty will prepare the budget. Due to the time frame for the submission of the budget to the Board of Education the input from the faculty must be in by the end of the calendar year (end of May).

It is imperative that teachers be given copies of their activity report in early March in order that they may be putting information together for the budget year. (Teachers should be given their activity report monthly).

Teachers will be required to budget for the monies they receive from the state and any other monies they anticipate receiving. Teachers will receive the following state appropriations (except when reduced during proration):

- Instructional materials and supply money
- Library enhancement
- Technology
- Professional development
- Common Purchases

Instructional materials, library enhancement, technology, professional development, and common purchases are budgeted from the school level. All faculty members will be involved in this endeavor. Voting will be by secret ballot. The principal will submit written documentation to the superintendent concerning the meeting for the budget giving date, time, pool purchases and signatures from the faculty agreeing to the budget. The documentation will contain the signature of the principal and his budget committee. The actual secret ballots and sign-in sheet for voting will also be submitted to the central office for auditor review.



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## **XV. YEAR-END PROCEDURES**

An electronic file will be sent to the chief school financial officer for the ending fiscal year (September 30). All data should be completed for the fiscal year, i.e., bank statement reconciled, transfers in and out between fund 12 and 32 balanced, all purchase orders completed or voided, all invoices paid, all cash receipts for the year entered, and interest entered. All certificates of deposits and saving accounts should be set up to pay interest by September 30.

### Year-End Procedures to Prepare for Auditors

The following items must be available as required and should be filed in the school office.

1. All bank statements with returned items
2. Invoices, purchase orders, requests for checks, expense reports, in check number order
3. Receipt book log, subsidiary (teacher) cash receipt books and receipt summary forms
4. Monthly financial reports
5. Bank reconciliation
6. Current chart of accounts
7. Voided checks and receipts in numerical order
8. Deposit slip books
9. Reports on sale of tickets and ticket stubs
10. Fund transfer forms
11. Cash disbursements
12. General ledger history report
13. SAFE letter from school's financial depository
14. Copy of any certificates of deposit
15. Others as specified by auditor

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## XVI. INVENTORY/FIXED ASSETS

### CAPITALIZED ASSETS

**The CO Inventory/Fixed Asset Secretary must be notified of any payment for fixed assets on the date of the payment.**

Accounting regulations require the proper coding of capitalized assets. Items that meet the thresholds of capitalization must be recorded as fixed assets.

Capitalization thresholds are as follows:

Land Improvements	\$50,000
Buildings	\$50,000
Building Improvements	\$50,000
Equipment and Furniture	\$ 5,000
Vehicles	\$ 5,000
Equipment Under Capital Lease	\$ 5,000 (must be board approved)

Land is capitalized regardless of the cost. Use object code 511. Use the following code:

xx-5-7100-511-xxxx-xxxx-0-9100-0000

Land Improvements, buildings, and building improvements must have a value of \$50,000 or more to be capitalized. This is on a total project cost, not unit cost. Use the following codes:

<u>Function</u>	<u>Object</u>	<u>Program</u>
5-7100 Site Acquisition/Improvement	512 Land Improvement	9100 Capital Outlay
5-7200 Building Acquisition/Improvement	513 Buildings-Purchased	9100 Capital Outlay
5-7200 Building Acquisition/Improvement	514 Buildings-Constructed	9100 Capital Outlay
5-7200 Building Acquisition/Improvement	515 Building Improvement	9100 Capital Outlay
5-7900 Other Capital Outlay	519 Other Real Property	9100 Capital Outlay

Vehicles are capitalized at \$5,000. Use the following object codes.

531	School Buses
532	Service Vehicles
533	Automobiles
539	Other Vehicles

Capitalized Equipment is defined as any item that has a unit value of \$5,000 or more and meets the following criteria:

1. Retains its original shape and appearance with use.
2. Under normal conditions is expected to serve its intended purpose for longer than one year, and;
3. Is non-expendable; that is, if the item is damaged or some of its parts are worn out, it is more feasible to repair the item than to replace it with a new unit.

Object codes to be used for capitalized equipment are:

541	Furniture and Fixtures	546	Athletic & Physical Education
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542	Audio/Video	548	Tractors/Mowers
543	Laboratory	549	Traffic Control Devices
544	Library/Media	589	Other Equipment
545	Computer Hardware		

For equipment and furniture and vehicles, use appropriate program and function codes.

### **Non-capitalized Building Improvement and Land Improvements**

For land improvements, building improvements, and buildings costing less than \$50,000, use the following object codes:

701	Buildings – Constructed, less than \$50,000
702	Buildings – Purchased, less than \$50,000
703	Exhaustible Land Improvements, less than \$50,000
704	Building Improvements, less than \$50,000

These items will not be classified as fixed assets.

Use the function, program, and cost center codes that best describe the intended use of the buildings. An example, fencing for security purposes will be coded as:

12-5-3100-703-xxxx-7101-0-8300-0000

### **EQUIPMENT**

Copies of the purchase order, invoice, and check must be sent to the Central Office Inventory Secretary along with the month-end reports for any purchases of equipment coded to 490-499 made within that month. These items will be assigned an inventory number which will be sent back to the school for placing on the item.

To determine if an item should be placed on inventory, ask these four questions:

1. Will it retain its original shape in use?
2. Is its life expectancy longer than one year?
3. Will it be repaired rather than replaced if something goes wrong?
4. Does it cost less than \$5,000?

If the answer is yes to all four questions, use the following coding for the inventory item.

491	Instructional Equipment
492	Furniture and Fixtures
493	Non-instructional Equipment
494	Audio/Visual Equipment
495	Computer Hardware
496	Library Media Equipment
497	Laboratory Equipment
498	Athletic and Physical Education Equipment
499	Other Equipment

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**INVENTORY REPORT VERIFICATION**

Annually, inventory and fixed asset reports will be sent to each school. These reports are to be verified by the person responsible for the fixed asset or inventory item, signed, and returned to the Central Office by September 30. A random check will then be made by the Central Office Inventory Clerk at each school.

**DELETING, TRANSFERRING, AND ADDING INVENTORY ITEMS**

The WCBOE website contains forms for deleting, transferring, or adding donated inventory items. Before disposing of an inventory item, the deletion request should be entered on the Deletion Form and the item retained until permission is granted from the Central Office to dispose of the item. When transferring an item from room to room, the Inventory Transfer Form must be completed. Inventory additions due to donations should be added by completing an Inventory Additions Form. A number will be assigned and sent back to the requester.

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**XVII. RECORDS DISPOSAL**

Public records must be kept in the office where created or in a depository approved by the state or local records commission. Local schools have the responsibility to administer the policies of the local board of education and the State Department of Education. This includes the responsibility of adhering to the minimum retention period of records created or maintained by the local schools. Local schools should forward their "Local Government Records Destruction Notice" to the Superintendent for approval and then the notice should be forwarded to the Alabama Department of Archives and History, Records Analysis and Appraisal Division. Any records involved in litigation should be retained until the case is resolved.