

OFFICE OF FINANCIAL MANAGEMENT

SCHOOL ACTIVITY FUNDS ACCOUNTING MANUAL



Cherokee County
School District

This document can be found on the CCSD SharePoint site at:
<https://intranet.cherokeek12.net/finance/Shared%20Documents/Forms/AllItems.aspx>

Table of Contents

Table of Contents	2
INTRODUCTION	5
Section I - FUND ACCOUNTING DESCRIPTION	6
Section II - FUNDS	7
2.1 Funds	7
2.2 Restricted Funds	7
A. Parking Fee Funds.....	7
B. Book Clubs.....	7
C. Lost or Damaged Book Funds.....	8
D. Agenda Fees.....	9
E. Field Trip Funds.....	9
F. Other Restricted Fund Type Examples:.....	10
2.3 Discretionary or Non-Restricted Funds	10
A. Fundraising Fund.....	10
B. Adult Funds.....	12
C. After School Program Fund.....	12
D. Other Discretionary Fund Type Examples:.....	13
2.4 Clearing Funds	13
A. Petty Cash Fund.....	13
B. Change Funds.....	14
C. Charitable Funds and Family Support Funds.....	14
Section III - BANKING	16
3.1 Bank Accounts	16
3.2 Authorized Signatures	16
Section IV - ACCOUNTING REQUIREMENTS	18
Section V - RECEIPTS	19
5.1 General Receipts	19
5.2 Acceptance of Debit/Credit Cards	20
5.3 Admissions and Ticket Sales	21
5.4 Donations to the School	22
5.5 Grants	22
Section VI - CASH	24
Section VII - PURCHASES	26
7.1 Purchasing Guidelines – All Funds	26
7.2 Operating Procedures	29
Section VIII - DISBURSEMENTS	31

8.1 General Disbursements.....	31
8.2 E-Verify Requirements.....	32
8.3 Refunds or Multiple Payments.....	33
8.4 Reimbursement for Travel Expenses.....	34
8.5 Prohibited Disbursements.....	35
8.6 Void Checks.....	35
Section IX - TRANSFERS.....	37
9.1 Active Fund Transfers.....	37
9.2 Inactive Fund Transfers.....	37
Section X - BANK STATEMENT RECONCILIATION.....	38
Section XI - SALES AND USE TAX.....	39
Section XII - CLOSING AND REPORTING PROCEDURES.....	40
12.1 Monthly Closing and Reporting Procedures.....	40
12.2 Quarterly Closing and Reporting Procedures.....	40
12.3 Yearly Closing and Reporting Procedures.....	41
Section XIII - SCHOOL ACCOUNTING RECORDS RETENTION.....	42

Appendices

APPENDIX A - DISCRETIONARY FUNDS REQUEST FORM AND GIFT CARD DISBURSEMENT LOG

APPENDIX A1 – GIFT CARD LOG

APPENDIX B – [Travel Expense documentation](#)

APPENDIX C - SFO User Manual

APPENDIX C1 – Posting a receipt before printing

APPENDIX D - CERTIFICATE OF SALES TAX EXEMPTION

APPENDIX E - FUNDRAISER REQUEST FORM

APPENDIX F - REPORT OF TICKETS SOLD OR ADMISSIONS (SAMPLE)

APPENDIX G - QUOTE FORM

APPENDIX H - PURCHASE ORDER FORM (SAMPLE)

APPENDIX I - MONEY DISBURSED TO STUDENTS FORM (SAMPLE)

APPENDIX J - EXTRA HELP FORM

APPENDIX K – TRANSFER REQUEST

APPENDIX L - E-Verify Affidavit

APPENDIX M - Credit Card Request Form

APPENDIX N – Receipt Cash Sales Count Sheet

APPENDIX O – Receipt Teacher Collection Form

APPENDIX P – Receipt Fund Form

INTRODUCTION

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

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

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

Section I - FUND ACCOUNTING DESCRIPTION

Governmental accounting rules require financial information to be divided among a variety of categories or “funds” based on activity and purpose of the fund. This indicates that there are restrictions on the use of resources within the funds and that revenue and expenditures arising from particular activities must be measured.

The School Activity Funds procedures safeguard the assets of public schools and provide reliable information for interested persons. These accounting procedures also maintain internal accountability through a uniform financial accounting system to meet legal requirements and standards set by the Local and State Boards of Education. The school principal, appointed to his/her position by the Superintendent of Schools, is personally responsible for the proper collection, disbursement, and control of all school activity money according to Board approved financial policies and the procedures outlined in this manual.

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

Another purpose of fund accounting is to match the revenues and expenditures within the fiscal year. Funds are collected for the benefit of students during the school year, and should be expended on the same purpose as the collection within the same fiscal year. Schools may accumulate an overall cash balance for the School Activity Funds equivalent to three months' worth of expenses for unexpected expenditures and emergencies. Significant projects may also require accumulating collections for more than one fiscal year. A spending plan must be in place to document the planned timing of collections and spending related to significant projects.

Section II - FUNDS

2.1 Funds

The different types of funds (Restricted, Discretionary, and Clearing) used in School Activity Funds are described below. Please note that all types of funds must be accounted for separately. Discretionary funds have more latitude for expenditures than Restricted or Clearing funds since they do not have to be spent solely for the purpose they were received.

In the sections below, a general explanation of each fund type is provided, followed by specific instructions and examples of each.

2.2 Restricted Funds

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

A. Parking Fee Funds

Parking fees are required to be charged if a student chooses to park a personal vehicle on campus during school hours. In order to account for these annually-collected fees, a separate restricted fund must be established for all receipts and fund activity. As it relates to fund activity, the principal must insure that at least 60% of monies collected within this fund are reserved for school-site safety/security budget initiatives, upkeep and maintenance (to include student/staff parking areas). Annual desk audits will be performed to assure compliance with this requirement.

The principal may request for consideration through the Office of Financial Management to transfer remaining receipts and carry-over balances to other non-discretionary funds so as to cover costs incurred by other specified school-site initiatives or projects. Principals will be notified annually relative to the procedures and timeline for requesting transference of funds.

B. Book Clubs

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

- Schools should employ the cash collection procedures described in Section 5.1, with checks from students made payable to the school and both cash and checks collected and receipted by the teacher. The teacher then prepares the order form for the class and submits it, along with the cash and checks collected, to the bookkeeper. The bookkeeper receipts the teacher for the total amount of checks and cash. This receipt is posted to the appropriate Book Fund. The bookkeeper then consolidates all order forms to the same book company and issues one check from the Book Fund for the total amount due to that company; or
- Have students make checks payable to the book company. The teacher collects both the checks and cash, but receipts only the cash collected. The teacher then prepares the order form for the class and submits it, along with the cash and checks collected, to the bookkeeper. The bookkeeper receipts the teacher for the cash portion only. The cash receipts only are posted to the appropriate Book Fund. The bookkeeper then consolidates all cash receipts and issues one check from the Book Fund to the book company, which is combined with the students' checks, and sent to the book company. The students' checks and the school check issued for the cash received must equal the total amount of the orders submitted to the book company.

C. Lost or Damaged Book Funds

Below are guidelines for student and staff fines for the replacement costs of lost and/or damaged textbooks/Instructional Resources:

- Fines can be collected on a prorated scale to take into account the age and/or prior condition of the book (school-determined)
- Schools will be required to pay out of local school-based funds for any fines not collected from staff or students
- Fines collected for lost materials should be fully refunded to staff or students if the lost materials are returned to the school within 90 days of the payment of the fine (extensions to this guidance allowed at principal discretion)

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

Money for lost and damaged **library books** is to be receipted into the Media fund and expended for Media Center purposes.

Refunds may be issued for lost library or textbook materials up to 90 days after the date the lost material was posted in Destiny Library/Resource Manager. After that date, no refund will be issued to the student or staff member. This refund will remain posted in Destiny on the student account until the student graduates from the District.

D. Agenda Fees

Money collected for lost or damaged **agendas** during the year must be receipted into a separate fund established for this purpose. Before June 30 of each year, the money in this fund must be forwarded to the Cherokee County School District Office of Financial Management if the funds were originally purchased with allotted funds (through MUNIS). If the agendas were purchased with School Activity Account funds, the agenda fees collected can be used to purchase agendas or as discretionary funds.

E. Field Trip Funds

See the Principal's handbook for guidance on field trip procedures. Field trips are scheduled at the local school level and may be curricular or extracurricular activities and must be in compliance with Board Policy IFCB. Every effort must be made to ensure that they are effectively planned, well organized, capably implemented, properly supervised and affordable. In addition to this policy, Administrative Guidelines, located in the Principals' Handbook, are utilized in planning and executing all field trips.

According to the Administrative Guidelines, "The total cost of a field trip shall be considered to be those expenses incurred or by students and chaperones in the normal execution of the trip. All revenue collected and incentives received in that regard must be utilized toward offsetting the aforementioned expenses. No profit shall be realized in excess of the cost of the trip." Additionally, "Curricular field trips are funded by parent donations and/or civic and community sponsors. Individual students cannot be excluded regardless of the ability or willingness of their parents/guardians to donate funds in support of the field trip."

In planning for a field trip, the school must consider the cost of the trip as well as the source of funding. Sources of funding may include:

- Personal funds from students/parents (most are funded this way);
- PTA or school fundraisers;
- Booster clubs;
- Specific High School clubs;
- Donations; or
- Civic and community sponsors.

No amount of the cost of a field trip may be incurred by the School District. If insufficient funds are collected, a trip may be cancelled and fees refunded to the appropriate payee.

If funds collected for a field trip exceed cost projections by less than \$10 per participant, the excess funds are to be deposited in the school's field trip account and used for future field trips or scholarships for students who cannot afford field trips. However, if funds collected exceed cost projections by more than \$10 per participant, refunds must be made to the appropriate payees.

F. Other Restricted Fund Type Examples:

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

2.3 Discretionary or Non-Restricted Funds

Discretionary funds (typically those funds accounted for in SFO Fund Account numbers 200-299) have more latitude for expenditures since they do not have to be spent solely for educational purposes. Monies collected in excess of expenditures of the fund may be spent at the discretion of the principal **for the benefit of the students at the school**. **However, no more than 10% of the fund profits (except for Adult funds, explained below) may be expended for faculty incentives.** All disbursements for faculty incentives and all major disbursements (those greater than \$500) from Discretionary funds must be approved by the Office of School Operations and the Office of Financial Management (see Appendix A).

A. Fundraising Fund

All student fundraising projects must be approved by the Cherokee County Board of Education prior to the activity. All fundraisers must be accounted for separately on the school's accounting records.

Please refer to the Financial Management departmental website for Guidelines for Sales by Schools, Financial Management Sharepoint drive for the Board Approved Sales Projects and to Appendix E for the Fundraiser Request Form. All fundraisers must be approved by the Office of Financial Management prior to the event taking place.

In order to operate a raffle for fundraising purposes, the school must obtain the required license from the appropriate legal agency prior to planning the event (O.C.G.A. 16-12-22). Contact the Sheriff's Department for the required permits.

Relative to Bingo Permits, the Georgia Bureau of Investigation has the authority to enforce and regulate bingo (O.C.G.A. 16-12-50 thru 16-12-62) and issue one of three types of permits:

1. Licensed Bingo - required for nonprofit tax-exempt organizations and requires licensing fees, annual reports, and background checks for worker.
2. Recreational Bingo - operated by an entity at no charge to participants and prizes may only be non-cash and not exceed \$15 in value.
3. One Day School Permits - permit is issued for one bingo game per school per year. Fees and annual reports are waived.

In order to obtain a School Bingo Permit, requests must be submitted on school letterhead and include event details (date, time, location, purpose, etc.) and signed by the Principal or PTA president. Requests must be sent to:

Georgia Bureau of Investigation
Accreditation and Bingo Manager
3121 Panthersville Road
Decatur, GA 30034
Email: GABingo@gbga.us

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

Crowdfunding through companies such as gofundme, kickstarter and indiegogo is a vehicle for funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet. It is an acceptable form of fundraising in CCSD, provided the

requesting employee/club/school follows standard fundraising request protocols. Online fundraisers such as crowdfunding must be submitted to the Principal and Financial Management for approval. The staff member or organization (PTA, Booster, etc.) must submit a screenshot of the website prior to releasing to the general public. Once approval from both parties is obtained, the site can be made public.

B. Adult Funds

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

Sunshine Fund Revenues are collections from adults that are expended for flowers, gifts, etc. Cash gifts or awards (***including gift cards***) are not allowable unless prior approval is obtained from the Office of School Operations and the Office of Financial Management (see Appendix A). A Sunshine Committee must be appointed to oversee and approve expenditures and disbursements of cash or gift cards must be documented via the Discretionary Funds Request form included as a part of Appendix A.

While Adult Funds may be transferred to student funds, money from student funds must **never** be transferred to Adult Funds.

C. After School Program Fund

The After School Program fund utilizes the same accounting guidelines and procedures as any other school activity fund. Generally, two school activity funds are maintained by the school for the After School Program. One school activity fund is used to account for the program's operational revenue and expense and the other fund is used to account for the utilization of any profit declared from these programs. Please refer to the SharePoint site for the Division of School Operations, CCSD After School Program Information folder for the After School Program accounting procedures and to the Principal's Handbook for operational procedures.

At the end of each semester, the Office of Financial Management will invoice schools in order to collect up to \$2 per regular ASP attendee. Specific procedures will be established and communicated with principals.

D. Other Discretionary Fund Type Examples:

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

2.4 Clearing Funds

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

A. Petty Cash Fund

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

Prior to establishing a Petty Cash Fund, the principal must appoint one employee as the Petty Cash Custodian to be responsible for the fund and its operation. The Petty Cash Custodian must balance the fund monthly (or preferably weekly) to ensure that the cash on hand, plus documented disbursements, equal the established amount of the fund.

To establish the Petty Cash Fund, assign an account number and enter the description as "Petty Cash Fund". Write a check from the fund, payable to the Petty Cash Custodian with the description, "To establish the Petty Cash Fund". This transaction will give the fund a negative balance. No other transactions will be posted to the fund until year-end, when the fund will be closed.

Please follow the regular check disbursement procedures (explained in Section 8) for disbursement from the Petty Cash Fund. The Purchase Order form must be completed for reimbursement from Petty Cash. The Purchase Order will include the vendor's name, the

date, the amount, and the requestor's signature. The person receiving the cash must also sign the Purchase Order or sign a separate receipt indicating he or she has received payment.

Cashing personal checks or making loans from the Petty Cash Fund is prohibited. Labor payments also are prohibited from the Petty Cash Fund.

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

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

B. Change Funds

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

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

C. Charitable Funds and Family Support Funds

Money collected from students and faculty and identified for a specific charity, or for a student or student's family that is in financial need, must be receipted separately, kept intact and deposited into a fund established in that name, or into the Benevolent Charity fund 900.

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

The principal must approve Family Support Funds in writing. The purpose of the fund, including the needs of the family and a statement as to how the money will be expended, must be kept in the school's records. The expenditures may include medical services, food, clothing, or any number of other support needs, but must follow the statement retained in the school's records. If gift cards are collected as donation for the charitable or family support funds, a record of these gift cards must be kept. Maintain a listing of the cards, how much money was received, how the funds will be spent and approval of the disbursement made from the card **prior** to it being made. As for cash and checks collected, the school may elect to disburse funds to the family in the form of gift cards but must document the disbursement using the Discretionary Funds Request form attached to Appendix A. The fund balance must be zero by fiscal year-end.

Section III - BANKING

3.1 Bank Accounts

Each school is required to maintain at least one checking account for its School Activity Funds. Every account is required to be held in a federally insured financial institution within Cherokee County.

If at any time the school's account or accounts at a single bank collectively exceed \$250,000, the bank must furnish proof of pledge of securities in the school's name for the amount in excess of FDIC or FSLIC guarantees (known as collateralization).

All checking accounts must be interest bearing. Approval must be obtained from the Chief Financial Officer to open a checking account, or to change checking accounts between financial institutions.

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

3.2 Authorized Signatures

The principal and the Chief Financial Officer must both be designated as signatories to withdraw money from the bank account. The Superintendent of Schools or designee, an assistant principal(s) or other designated employee(s) approved by the Chief Financial Officer, may be authorized as a back-up signer on the account(s).

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

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

At no time may a school have a debit card or Automatic Teller Machine (ATM) card assigned to it as a part of the school bank account, due to the fact that expenditures and withdrawals can be made with these devices without the signature, approval or knowledge of the principal.

If a credit card is utilized by the school, the principal must notify the Office of Financial Management annually by sending a list of all such cards by card number, who is assigned primary responsibility for the card and the primary purpose. Additionally, the principal must retain a log of all expenditures made with the card and, if he/she allows other staff members to use the card, it must be signed out to that person with signatures of both the principal and the staff member. When the card is returned, the log must again be signed by both, indicating the date, time and the item(s) purchased.

Section IV - ACCOUNTING REQUIREMENTS

O.C.G.A. 20-2-962 requires that each principal maintain adequate records of all funds collected and make complete financial reports to the Superintendent or his designee, accounting for all school receipts and expenditures.

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

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

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

To ensure accounting uniformity, schools in the Cherokee County School District must use the School Funds Online (SFO) accounting software package. Account numbers have been assigned for specific funds/programs. Schools may obtain any new account numbers by communicating with the Office of Financial Management. However, please note that account names are established system wide and cannot be customized to individual schools.

Section V - RECEIPTS

5.1 General Receipts

Cherokee County Board of Education Policy DL states, "Monies collected by school employees and by student treasurers shall be handled with good and prudent business procedures, in compliance with and as outlined in the Cherokee County School District School Activities Accounting Manual. All monies collected shall be receipted, accounted for and directed without delay to the proper location of deposit. In no case shall money in excess of operating expenses for the next day be left overnight in the schools." Any funds left overnight for the next day's operations must be safeguarded through the use of a safe or locking fireproof file cabinet.

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

Teachers will receipt students and parents for cash receipts (for \$1 or more) using school designed forms or subsidiary two-part receipt books purchased by the school. Receipts may also be issued for checks received, as requested. Other checks received must be logged to provide support for the deposit amounts. Please see Appendices N, O and P for supporting Receipt forms that can be used to document receipt information. Money collected for different purposes must be kept separate and identified and accounted for separately. Parent volunteers are **not** authorized to issue receipts. Please note that **two** employees must collect vending money.

Receipts must include, at a minimum:

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

All collections must be submitted to the bookkeeper intact. The bookkeeper verifies receipt amounts, and issues a system-numbered receipt using the School Funds Online system (see procedures in Appendix C). The original receipt is provided to the remitter and the copy serves as a source document for deposits. Receipts must not be altered. Receipts written in error or that contain errors are to be voided and maintained.

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

If counterfeit bills are included in a deposit and discovered by the bank, it is the bookkeeper’s responsibility to inform the principal as well as the Office of Financial Management. The principal must contact School Police about the counterfeit bills received. In most cases, the bank will keep the counterfeit bill to submit to Secret Service. As a result, the deposit and receipt amount entered in SFO will need to be adjusted accordingly. See section 5 in the SFO User’s Manual for guidance.

To record cash receipts into the school’s accounting records, follow the procedures outlined in the School Funds Online User’s Manual, included here as Appendix C.

5.2 Acceptance of Debit/Credit Cards

In an effort to provide parents with alternative payment methods, Cherokee County School District accepts credit and debit cards as payment forms. Online School Management System (OSMS) was awarded the district-wide contract for online payment processing in July 2017. While it is not mandatory schools offer this service, they are highly encouraged to do so in order to take full advantage of the multiple benefits that accrue to schools opting to use it, including:

- Online presence for sale of school items (spirit wear, prom tickets, yearbooks, etc.) and collection of fees (parking fees, ASP/BSP fees, etc.).
- Reduced number of NSF checks.
- Reduced processing required for bookkeepers (receipt is only processed for the payment from OSP versus receipts written for each payment).
- Funds are deposited directly in the school bank account within two weeks of transactions occurring (reduces cash and checks within the school and may reduce the frequency of trips to the bank).

If your school does not have an account established with OSMS, please contact the Office of Financial Management in order to establish access privileges. Any issues or assistance needed with OSP, please contact OSMS by email at help@acelosolutions.com.

The Management Portal is located at <https://osp.osmsinc.com/CherokeeGAportal>

Any training manuals and contact information for OSMS support is located on the Management Portal for your convenience.

To record OSP receipts into the school's accounting records, follow the procedures outlined in the School Funds Online User's Manual, included here as Appendix C.

Recommended items to include as OSP Products:

- After School Program Fees
- Parking Fees
- Prom Tickets
- Field Trips
- Yearbook Sales (if not collected directly by vendor)
- AP Test Fees
- Sunshine Club Dues
- T-Shirt sales (spirit wear and faculty shirts)
- Student Club Fees
- School Store
- Donations

5.3 Admissions and Ticket Sales

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

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

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

A Report of Admissions or Tickets Sold for each activity and for each selling location must be completed and provided to the principal (see sample form of report in

Appendix F). This report compares the cash that should have been collected to actual cash receipts, based on the number of tickets issued to each seller. Errors may occur in the cash collection process and actual cash may not equal the calculated cash. Differences must be shown on the report and explained, if possible. This form is signed by the seller and the principal and verified by the bookkeeper before a receipt is issued.

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

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

5.4 Donations to the School

Cash donations to the school for a specific purpose must be set up in a separate fund and expended as specified by the donor. Tracking this balance as a separate fund with proper supporting documentation for expenditures reflects that the donor's wishes are being met.

Cash donations to the school for general school use (undesignated purpose) must be deposited in the school account and a donation fund set up for the donation. The principal decides how the funds may be expended, with the understanding that all funds must be used to benefit students.

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

5.5 Grants

All grant awards exceeding \$10,000 must be recorded in the Cherokee County Board of Education financial accounts maintained in the Office of Financial Management, via the MUNIS accounting software program and must have County approval.

- The Office of Financial Management will serve as liaison between the grantor and the various offices of the School District.
- Reporting duties, both to the Grantor and to other offices within the School District, will be facilitated through the Office of Financial Management.

- The Office of Financial Management will take primary lead in establishing Fiscal Management procedures, including
 1. Meeting with the department/school involved to determine Fund Codes and procedures;
 2. Determining appropriate coding of various items to be purchased; according to the Budget;
 3. Determining MUNIS approvers; and,
 4. Tracking expenditure of funds.
- Remember that all items purchased with grant funds or donated to a teacher for use in the school become the property of Cherokee County School District, regardless of to whom the grant was awarded or to whom the donation was given.

Section VI - CASH

Principals are responsible for the timely deposit of money into the School's Banking Account. The procedure may be delegated, but the ultimate responsibility remains with the principal. Daily deposits are required at times when collection activity is high. **No amount of money over the next day's anticipated needs is to be held in the school overnight.** Night deposits may be made as needed to avoid this situation.

Any money kept overnight must be kept in the school safe or a locking fireproof file cabinet. Only the principal and the bookkeeper are to have keys and/or know safe combinations. If there is a personnel change in either position, the keys and/or safe combination must be changed.

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

If the bank teller finds an error in the deposit, the teller will process the deposit as it is written and then correct the amount by issuing either a credit or a debit memo for the difference. Under no circumstances should the bank teller change the deposit slip, request additional cash, or return an overage to the school in cash. The adjustment must be entered into the School Funds Online software. See Section 5, Receipt for Wrong Amount in the SFO User's Manual.

If a deposited check is returned, enter the check amount into the SFO software, as described in Section 5 of the SFO User's Manual – Returned Checks. The bookkeeper will then contact the person who wrote the check and explain the situation. A letter may be generated from SFO software to assist in the collection.

The person who wrote the check must either pay the amount of the check in cash or advise the school to redeposit the check. Another receipt should **not** be issued. Instead, the collection is entered as a journal entry as explained in Section 5 of the SFO User's Manual – Returned Checks. A separate deposit ticket marked "REDEPOSIT" will be used for this item only and the deposit entered into the school books as a positive entry. This procedure will balance the negative entry originally entered for the returned check. Please see Section 10 of the SFO User's Manual – Bank Reconciliation for an explanation of the reconciliation documentation procedures for this transaction.

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

uncollectable and the principal wants to begin collection procedures, the check and documentation of collection attempts must be forwarded to the Office of Financial Management for forwarding to the School Board Attorney.

Section VII - PURCHASES

7.1 Purchasing Guidelines – All Funds

The Cherokee County Board of Education through its agent, the Superintendent or designee, shall purchase or contract to purchase supplies, materials, equipment, and services, and lease equipment or services. The Superintendent or designee shall enter into contracts for building construction, modification or rehabilitation of system facilities, School Food Nutrition requirements and other items that may be required for the efficient operation of the school district. All purchases shall be in accordance with the policies established by the Cherokee County Board of Education, the Rules of the State Board of Education and the laws of the State of Georgia.

All purchases and/or contracts shall be awarded contingent upon an appropriation having been made and the availability of funds. All requests for purchases or contracts not provided for in the budget will require prior approval of the Superintendent and ultimately the Board of Education, whichever is appropriate according to the dollar level of the purchase.

Purchases from Board members or companies in which the Board member or a member of his/her immediate family has a controlling interest are prohibited. Purchases from employees or companies in which the employee, spouse or children have a controlling interest and are in a procurement decision-making role are prohibited.

Procurement Services provides policies and procedures that must be followed for each purchase made by the schools. Please review Procurement Services policies and procedures at the following location:

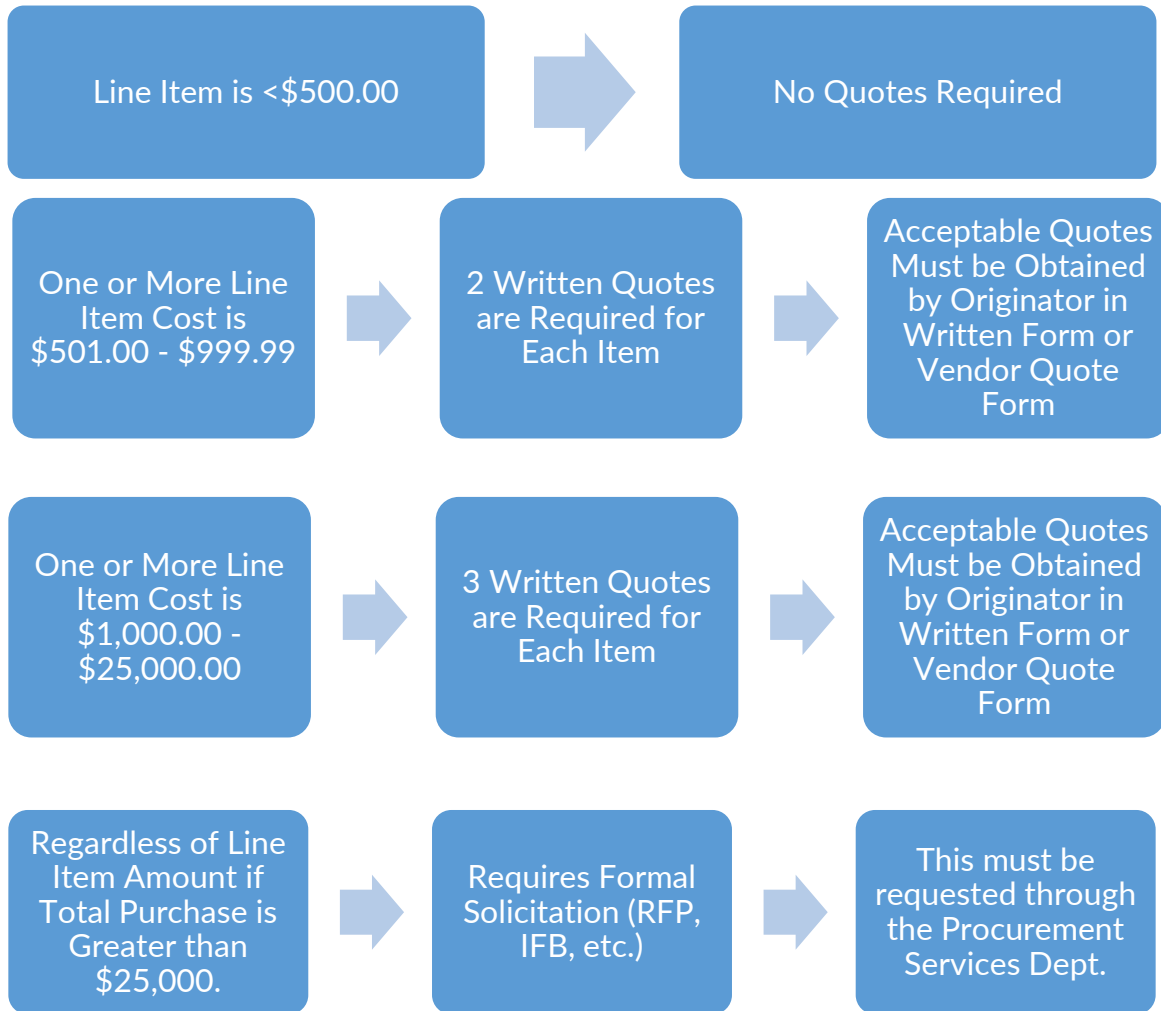
<https://intranet.cherokeek12.net/finance/procurement/layouts/15/start.aspx#/SitePages/Home.aspx>

In order to determine the most cost effective vendor, refer to the following flow chart. Quotes must be documented on the Quote Form (see Appendix G).

Purchasing Procedure Flowchart – Dollar Thresholds

If Purchase is:

Then:



Note:

Where a sole source or sole brand situation arises, all required forms must be submitted with requisition. Reference the purchasing policy for these forms and completion instructions.

In some cases, the quotation will also require confirmation that the selected vendor meets the required Federal regulation that ensures the vendor is not listed on the Federal Excluded Party (debarment) List. Reference the purchasing policy for further explanation.

PURCHASING ETHICS

All funds held by the Cherokee County Board of Education and its local schools, regardless of the source, are held in public trust. As a result, Cherokee County Board of Education employees will approach all purchasing and procurement decisions as responsible stewards of public funds.

Cherokee County Board of Education employees shall not engage in unethical behavior or compromising practices in relationships, actions and communications with present or potential suppliers, contractors or sub-contractors. Further, Cherokee County Board of Education employees shall avoid the intent or appearance of unethical behavior or compromising practices in relationships, actions and communications with present and potential suppliers, contractors or sub-contractors.

Cherokee County Board of Education employees or consultants are expressly prohibited from soliciting, demanding or accepting directly or indirectly, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with the following:

- Approving, disapproving, recommending, or preparing any part of a program requirement or purchase request;
- Influencing the content of any specification or procurement standard, rendering of advice, investigation, or audit;
- Awarding a contract.

Any Cherokee County Board of Education employee who observes or suspects unethical behavior in the procurement of goods or services should report that behavior to the following individuals or offices, as appropriate under the circumstances:

1. The individual's supervisor, or
2. The Supervisor of Purchasing, or
3. The Chief Financial Officer, or
4. The Chief Human Resources Officer, or
5. The Superintendent's Office, or
6. The Board of Education.

UNAUTHORIZED PURCHASES

It shall be prohibited for any employee to purchase or contract to purchase any goods or services, or to make any contract within the provision of this policy other than through the officials named in this policy. If any purchase is made contrary to this policy, the Board shall not be bound thereby.

7.2 Operating Procedures

Cherokee County Board of Education Policy DK states, “The Cherokee County Board of Education believes students deserve adequate protection in transactions involving student activities funds. To this end, the School Board directs that administrative control will be exercised over all student activity-based contracts or purchases for or on behalf of students.”

For supplies and equipment purchases, staff must review the Procurement System Wide Awarded Vendor listing for inclusion of the item, as the Procurement Services department has already obtained the lowest bid. Additionally, if purchasing an item from a vendor on the System Wide Awarded Vendor listing, it is not necessary to complete the bid process as this has been completed by Procurement Services. The System Wide Awarded Vendor listing can be found on the Procurement Service SharePoint site at: [https://intranet.cherokeek12.net/finance/procurement/ layouts/15/start.aspx#/Shared%20Documents/Forms/AllItems.aspx](https://intranet.cherokeek12.net/finance/procurement/layouts/15/start.aspx#/Shared%20Documents/Forms/AllItems.aspx).

Purchase of technology-related equipment must be approved by the Technology Department and must be purchased through the approved vendors at the agreed upon price, as listed on the Technology SharePoint site at <https://intranet.cherokeek12.net/techservices/SitePages/Technology%20Purchasing%20Support.aspx>.

Requests for all purchases from School Activity Funds must be documented on a SFO **Purchase Order** form once a determination has been made that the cash balance is adequate to pay for the purchase, based on the accounting records, with exception of reoccurring monthly invoices and approved field trip costs. Detailed information for the purchase can be placed on an internal purchase order form or the sample purchase order form located in Appendix H but this is to complete internal communication processes only. A “Check Request” or similar device is NOT a valid substitute for a Purchase Order form. The Purchase Order form must be signed by the requestor and approved by the principal **prior to** the purchase. All expenditures of funds must be for the same purpose that the funds were collected. The principal is ultimately responsible for all purchases using School Activity Fund money and for confirming that the expenditure matches the purpose for collection.

Additionally, no blank checks are to be distributed at any time. Any purchases for items where the price is unknown, the following steps must be followed:

- A Purchase Order is required to be posted and approved by the Principal prior to the purchase taking place. The purchase order needs to be approved and posted for a specific amount. In the notes of the purchase order, include the words “to not exceed amount”.

- Once approved, a manual check can be issued to the vendor, dated and signed by the Principal and given to the teacher or administrator to use to purchase items with the vendor.
- All receipts obtained from the purchase must be returned to the bookkeeper on the next business day to process the payment through SFO.
- If the principal is purchasing items with a manual check, the SFO Purchase order and check need to be signed and approved by the Chief Financial Officer.

The following specific guidelines are provided regarding purchases:

- Obligations made beyond the end of the school's fiscal year must be reviewed and approved by the Chief Financial Officer prior to signing an agreement.
- Equipment or furniture purchased with School Activity Fund money remains at the school and is included on School Inventory records, becoming the property of the Cherokee County Board of Education.
- The school must use an SFO purchase order form for all School Activity Fund purchases.
- Purchasing from school system employees is prohibited without approval from the Deputy Superintendent and the Chief Financial Officer.
- A partially complete purchase order may be paid at the option of the principal for those items that have been received and invoiced.

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

Section VIII - DISBURSEMENTS

8.1 General Disbursements

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

Disbursements must be made by check from the School Activity Funds bank account and the balance of the checking account must have adequate reserves to insure the payment of any check issued. Although checked during the Purchasing step, this should again be confirmed to ensure no other disbursements have reduced the cash balance below the amount required to cover the disbursement. The check amount must match the invoiced or receipted amount. If the invoice is increased from the original price, a revised invoice must be received prior to payment. Unless the invoice or receipt is in dispute, all invoices and receipts must be paid within 20 school operating days of the invoice date. If a discount is offered for payment within a specified number of days, all efforts should be made to pay the invoice within the window of time in order to receive the discount.

No more than 10% of the school fund profits (except for Adult funds, explained above) may be expended for faculty incentives. All disbursements for faculty incentives from Discretionary funds must be approved by the Deputy Superintendent and the Chief Financial Officer on the Discretionary Funds Request form (see Appendix A).

No checks will be made payable to “Cash” without approval from the Chief Financial Officer. All checks are to be made payable to the appropriate vendor or payee.

The principal is the primary signatory on the account, and must approve and sign all checks. The back-up signatory will approve and sign checks only under the following conditions and only after obtaining permission from the Chief Financial Officer:

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

The principal must sign a copy of the check after the back-up signatory in order to document approval.

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

If payments for services to a vendor (must be non-employee) exceed \$600 in a calendar year, an IRS Form 1099 MISC must be issued. School Funds Online consolidates all payments to vendors for the purpose of meeting IRS Form 1099 requirements. All 1099 MISC Forms are issued from the Central Office. To record cash disbursements into the Accounting records, follow the procedures outlined in the SFO User's Manual (included as Appendix C).

Gift cards may only be purchased with prior approval from the Office of School Operations and Office of Financial Management, regardless of the funds with which they are purchased. Gift cards must be handled in the same manner as cash (i.e. safely stored, not retained for longer term than absolutely necessary, etc.). Disbursement of gift cards must be properly documented using the form attached to Appendix A and titled "Gift Card Disbursement Log".

8.2 E-Verify Requirements

Georgia public law 13-10-91(b)(1) states, in part, "No public employer shall enter into a contract ... for the physical performance of services within this state unless the contractor registers and participates in the federal work authorization program (E-Verify). Before a bid for any such service is considered by a public employer, the bid shall include a signed, notarized affidavit from the contractor....". The law specifically requires contractors and sub-contractors on Georgia contracts with a governmental agency (including schools) for the physical performance of services in excess of \$2,499.99 in value to enroll in E-Verify, regardless of the number of employees.

A qualifying contract is any service or labor contract over \$2,499.99. Qualifying contracts are for services like landscaping, janitorial, construction, consulting, security and testing, but not for contracts that do not require the physical performance of services like equipment purchases, office supplies, leases or rentals. A contractor or sub-contractor may be exempt from this requirement if the contractor or sub-contractor has no employees and does not hire nor intend to hire employees for the purpose of completing any part of the public contract. An exempt contractor or sub-contractor can meet the requirements of the law by providing an unexpired driver's license or identification card issued by a state.

To show compliance with the Georgia E-Verify law, each contractor or sub-contractor that contracts with a governmental entity to perform physical services in excess of \$2,499.99 must sign an affidavit (Appendix L) stating that they have registered with, is authorized to use and uses the federal work authorization program known as E-Verify. Further, the contractor or sub-contractor must provide their E-Verify user identification number and date of authorization. Failure by a governmental entity to obtain this affirmation may result in audit findings and/or loss of federal and state funding.

Cherokee County School District is required to submit an annual comprehensive report to the State of Georgia, listing all vendors who contracted to perform qualifying services in excess of \$2,499.99. This report must include the vendor's name, address, phone number, E-Verify number, contract date and contracted amount. **Individual schools will be contacted by the Office of Financial Management in order to obtain this required information.** Additionally, this requirement is now a part of the School Audit Program and will be tested during regular school audits.

8.3 Refunds or Multiple Payments

Single Refund

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

Multiple Refunds

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

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

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

8.4 Reimbursement for Travel Expenses

Reimbursement for travel expenses for Cherokee County Board of Education employees from school activity funds must be documented with a completed standard Employee Expense Statement located on the Office of Financial Management SharePoint site at <https://intranet.cherokeek12.net/finance/Shared%20Documents/Forms/AllItems.aspx>.

Expenses must conform to the travel rules and regulations as set forth in the statewide travel regulations issued by the State of Georgia Department of Audits and Accounts and Office of Planning and Budget, as included in Appendix B of this manual and in the Principal's Handbook. Refer to the Employee Expense Statement Travel Guidelines for Cherokee County Board of Education specific requirements.

State employees traveling within Georgia on official business are exempt from paying county or municipal excise tax on lodging with the "State of Georgia Certificate of Exemption of Local Hotel/Motel Excise Tax" form, regardless of the payment method being used. When lodging in Georgia, a "State of GA Sales Tax Certificate of Exemption" form should be taken and presented to the hotel upon check-in. Tax forms are provided by your department or school. Hotels may only exempt state sales taxes if payment is made with a CCSD or school check, or CCSD or school credit card. If you pay with a personal credit card, state sales taxes may be included on your bill but will be reimbursed. Both forms should be taken to the hotel/motel when traveling in the State of Georgia.

Employees seeking travel reimbursement from school activity funds must submit the completed "Employee Expense Statement" to the Office of Financial Management with a school check. If adjustments are made to the amount being reimbursed, the school will be notified with instructions. Principals should approve all travel reimbursements for personnel in their schools before the form is forwarded to the Central Office, Office of Financial Management. The Office of Financial Management will reimburse the employee for the travel funds.

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

8.5 Prohibited Disbursements

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

Schools are also prohibited from paying salary advances to employees.

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

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

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

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

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

8.6 Void Checks

Please follow these procedures to void a check:

Before the check has been issued

- Mark the check "VOID" across the face of the check.
- Cut out the signature line.
- File the check in numerical order with the bank statement.
- Record the check as voided in SFO:
 - Go to **Checks, New Checks**.
 - Enter the check date, check number, payee name as "**VOID**", description as "**VOIDED CHECK**", select any account number, and leave the amount as 0.00. Save the check.

- Go to **Checks, Post Checks**. Post this check as you would a valid check.

Check has been issued

- Stop payment on it with the bank.
- Follow the procedures in the SFO User's Manual, Section 3 – Voiding Checks (see Appendix C).

Lost check

- Issue a stop payment on check with the banking institution.
- Follow the procedures in the SFO User's Manual, Section 3 – Voiding Checks (see Appendix C).
- Issue a new check, noting it is replacing the lost check number.

Check has been outstanding for 90 days

- Follow the procedures in the SFO User's Manual, Section 3 – Voiding Checks (see Appendix C).
- A stop payment should not be necessary if the check is preprinted with a statement such as "Void after 90 days". If the check is not preprinted, issue a stop payment on the check with the banking institution.

Section IX - TRANSFERS

9.1 Active Fund Transfers

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

Transfers do not change the bank balance, but they do change the individual fund balances. To record the transfer of balances, follow the procedures in the SFO User's Manual, Section 5, Fund Transfer (See Appendix C).

9.2 Inactive Fund Transfers

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

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

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

Section X - BANK STATEMENT RECONCILIATION

The principal must directly receive the unopened bank statement each month. If the bank statement is sent electronically, the principal must be the recipient of record. He or she should then open the statement and review it and the cancelled checks. The principal should primarily review for:

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

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

In completing the reconciliation, follow these balancing guidelines:

- Checks outstanding for more than six months must be researched to determine why they are still outstanding and a resolution reached. If it is determined that the check should be voided, follow the procedures in SFO User's Manual, Section 3 – Voiding Checks (see Appendix C). A stop payment should not be necessary if the check is preprinted with a statement such as "Void after 90 days". If the check is not preprinted, issue a stop payment on the check with the banking institution.
- To record interest earned, bank charges, or other bank adjustments, follow the procedures in the SFO User's Manual, Section 10 – Bank Reconciliation (see Appendix C).

Refer to Section 10: Bank Reconciliation of the SFO User's Manual (see Appendix C) for detailed instructions on completing the bank reconciliation. The completed reconciliation must be reviewed and initialed by the principal monthly.

Section XI - SALES AND USE TAX

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

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

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

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

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

A Certificate of Exemption (Form ST-5, see Appendix D) will be honored only when purchases are paid for out of public funds. The certificate can be found under Appendix D Sales Tax Exemption. Item 1 (resale) should be checked if the items being purchased are for resale. Item 2 (governmental) should be checked for all other purchases.

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

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

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

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

Section XII - CLOSING AND REPORTING PROCEDURES

12.1 Monthly Closing and Reporting Procedures

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

Completed monthly reports must be reviewed and initialed by the principal each month. Signature stamps are not permitted. In addition to reviewing for reasonableness, the principal should also look for negative fund balances. In certain funds, such as Petty Cash and Change Funds, a negative balance is expected. However, in most cases a negative fund balance represents insufficient cash to cover expenditures and must be addressed immediately. Negative balances must be cleared by June 30 of each year, before the books are closed.

The following reports must be completed monthly. Issue all reports with month-end date and maintain at the school with the financial records:

- Bank Reconciliation, signed by principal and bookkeeper
- Bank Statement (Cash and Investment)
- Outstanding Checks Report
- Deposits In-Transit Report
- Check Register
- Receipt Register
- Trial Balance Report
- Receipts and Disbursements Report, signed by principal and bookkeeper (Signature stamps are not permitted)
- Assurance of Collateralization from the financial institution if the total amount on deposit in all accounts at a single institution at any time exceeds FDIC or FSLDIC coverage limits (\$250,000 combined total)

12.2 Quarterly Closing and Reporting Procedures

Georgia Law O.C.G.A. 20-2-962 requires that each principal prepare financial reports for review by the local board of education, accounting for all receipts and expenditures of school funds, at least quarterly. Therefore, a copy of the Receipts and Disbursements Report is required for the three months of the quarter. The quarterly report **may** be compiled monthly for school use, but **must** be signed and approved quarterly and sent to the Office of Financial Management for review.

12.3 Yearly Closing and Reporting Procedures

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

- Monthly Reports for June 30 listed above, except for Check and Receipt Registers, and Trial Balance Report
- Fundraiser Request Forms with Financial Report information completed for all school year fundraisers
- Gift Card Log for all gift cards disbursed during the school year

As explained in Section 1, Fund Accounting, schools that maintain a cash balance at fiscal year-end in excess of 30% of the total expenditures for the fiscal year are required to submit an expenditure spending plan for the next school year to the Office of Financial Management. The expenditure spending plan must include detailed plans of how the excess funds held by the school will be spent the following school year. The cash and expenditure balances should be adjusted for estimated end of year invoices that have not been received and processed prior to year end, such as payroll and nursing service invoices. For amounts in excess of the three months' reserve, a spending plan must be in place to ensure the students are benefitting from the funds on a timely basis.

An Internal Audit will be conducted on all Cherokee County schools' financial records at least annually, and a written report will be issued to the Superintendent, the Chief Financial Officer, the Deputy Superintendent, and the principal. This report will summarize the results of the audit and identify areas of improvement. Audits are a tool to identify internal control weaknesses and to increase operational efficiency and effectiveness. An audit may also provide assurance to a principal that the procedures in place for handling funds entrusted to them appear to be adequate.

Randomly selected audits may be performed during the year and all schools are subject to a spot inspection of their records at any reasonable time during any workday by the Office of Financial Management. Any time a bookkeeper or principal resigns, retires, transfers or is otherwise removed from his/her duties for any reason, the Office of Financial Management will complete an audit.

Section XIII - SCHOOL ACCOUNTING RECORDS RETENTION

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

Accounts payable files; accounts receivable files; bank statements; cancelled checks, vouchers, and EFTS; cash balances and reconciliations; Bank Loans; Credit card records; Collection Records; cost accounting records; deposit slips and reconciliations; invoices; journal entries (journal vouchers); outstanding obligations; payment schedules; purchase orders; receipts; returned checks; reconciliations; refund/disbursement requests; moving expenses; agency-paid individual memberships and activities in professional organizations; registration fees; and travel authorization and reimbursement records.

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

See the Georgia Archives guidance at the following website for more information:
https://www.georgiaarchives.org/records/local_government/