

# **ELBERT COUNTY SCHOOL DISTRICT**



**Pupil Activity Fund/School System Accounts**

**Accounting Handbook**

## I. FISCAL MANAGEMENT

### General

It is the intention that Pupil activity funds/school system accounts be operated on a self-supporting basis. Student activities will not be conducted for the sole purpose of producing income. The accounts should not hold a deficit balance for greater than 30 days, and there should not be any deficit balances at the fiscal year end. Monies generated by and for students are to be expended for the benefit of students only and for education purposes only (1934-56 Op Att'y Gen. P. 269). Adult generated monies are to be kept separate

### Responsibility

The responsibility for safeguarding, accounting, and managing the pupil activity funds/school system accounts rests on the principal. Specific duties that must be performed in providing management of the funds may be delegated as determined by the principal, but the final accountability rests with the principal.

### Principals

The following management practices are considered to be essential:

1. Be familiar with, and enforce the provisions of this manual, and district fiscal management policies.
2. Be sure that the secretaries/bookkeepers are properly instructed as to the duties expected, trained in the proper methods and procedures, and given adequate supervision and guidance.
3. Insure that accurate and timely reporting methods are implemented and maintained.
4. Review and analyze the status and operation of the funds at least monthly. The review should include but not be limited to the following:
  - a) Questioning of potentially deficit or deficit account balances.
  - b) Noting the cash balances, considering reserved funds and any outstanding balances.
  - c) Assessing the reasonableness of receipts and disbursements by account and in total, to include comparison with prior periods.
5. Review vouchers to determine validity and necessity of "emergency".
6. Discuss with all staff, including teachers:
  - a) That purchases will not be processed without proper documentation.
  - b) That all money (100% collected) must be receipted and turned in daily. Any disbursements to be made from the collection must be made by a District approved method and be handled by the District Office.
  - c) That prior approval from the principal is needed before committing school activity funds.

- d) The importance of turning in daily any funds collected, the proper control of funds and the use of receipts.
7. Review vouchers and purchase orders presented for signature to insure that expenditures are properly authorized and that proper documentation was provided.
8. Maintain that adequate facilities and physical controls are available and are used for protection of cash and other assets.
9. Insure that deposits are made to the bank safely and in a timely manner.
10. Advise staff members that if they make commitments in the name of the school, without prior approval of the principal, the staff member will be held responsible for the payment of any charges which may arise.

#### Assistant Principals

Assistant Principals will perform the duties of the principal in his/her absence, as well as any other duties delegated by the principal. All Assistant Principals will be familiar with the provisions of this manual. Assistant Principals are allowed to sign vouchers and purchase orders in the absence of the principal only.

#### Secretaries/Bookkeepers

Under supervision of the principal, the secretary/bookkeeper will receive, receipt, and account for all funds collected at the School associated with pupil activity funds/school system accounts, flowing through the pupil activity fund accounts, unless otherwise directed by the principal. A second person will deposit funds, in a locked bag, into the bank, and return the deposit receipt to the secretary/bookkeeper. When deposits are night deposit drops the bank will mail the receipt. The secretary/bookkeeper's duty to disburse funds will not be construed as authority to obligate funds. The secretary/bookkeeper will comply with all provisions of this manual and perform duties as follows:

1. Deposit all funds daily. Funds deposited must be the same checks and cash receipted. No change will be made from these funds.
2. Maintain all required records on a current and accurate basis.
3. Submit all required reports promptly and accurately.
4. Keep the principal informed of all real or potential problems, i.e. teachers not turning in checks/cash on a daily basis, teachers turning in their net collections (collections less any disbursements).
5. Inform the principal immediately when a fund has, or has a potential for, a negative balance.

6. Notify the CFO/Finance Department should any issues arise concerning cash collections.

### Activity Sponsors and Other School Personnel

1. Activity sponsors and other individuals with duties affecting student activity funds will become familiar with and follow this manual. Those persons responsible for activities for which a student activity fund account is maintained will review the financial operations and position of the account monthly. A fund sponsor, who is appointed to that position by the school principal, will supervise all school activity fund activities. The responsibilities of the activity sponsor include:
  - a) Assuring that the secretary/bookkeeper has copies of contract agreements, etc., which are obligations of the fund account. Only the principal can obligate pupil activity funds/school system accounts. Any District funds must come through the Central Office.
  - b) Assuring that the billings pertinent to the fund and received by the secretary/bookkeeper are correct prior to final payment.
  - c) Assuring that proper documentation forms are presented to the central office for processing disbursement requests of funds and collection of funds.
  - d) Collecting and receipting for funds received from the students.
  - e) Depositing daily, such funds with the school secretary/bookkeeper.
  - f) Reviewing monthly statements of the fund.
2. Activity sponsors are initially responsible for the solvency of the account and the propriety of the school activity. Final responsibility and accountability lies with the principal.

### Control of Cash

#### Types of Controls

The amount of cash and checks flowing through the school activity funds dictates the necessity for stringent safeguards in the control of receipts and disbursements. Throughout this manual there are provisions designed to assure proper control of the funds. Some examples of these controls are:

1. Provide that all expenditures are made by District approved methods which include procurement card, voucher or purchase order.

2. Provide that all revenue collected is receipted. (*Receipts that are less than \$5 per student may be receipted as one receipt provided that proper documentation is maintained to support that one receipt, i.e., spreadsheet, list, etc.*). Provide that funds be deposited daily and intact, with proper documentation supported. Once funds are deposited into the school checking accounts, they will sweep daily into the general fund checking account. This account is reconciled monthly by the Accounting Specialist and reviewed by the CFO.
3. Provide that the funds be receipted on pre-numbered receipt forms. The receipts should involve two people; i.e. the teacher receipts money from the students then the secretary/bookkeeper receipts the total money receipted by a teacher each day. The secretary/bookkeeper who compiles the deposit should not receipt money directly from a student.
4. Provide that reviews of operations by the Principal and any person involved with the school activity funds as well as audits by persons from outside the school. Principals should review monthly financial reports reviewed and prepared by the Finance Department to ensure legitimacy of transactions and reasonableness of account balances.
5. Provide the use of a secured container, preferably a locked safe or vault, for all funds on hand. Money should never be left unattended or accessible to unauthorized personnel.

### **Types of Accounts**

In the past Pupil activity funds have been categorized as agency funds and were considered fiduciary in nature. Upon the passage of GASB 84 with an effective date of December 15, 2018, Pupil activity funds will have to be evaluated to determine the classification of these funds as either custodial (fiduciary in nature) or governmental. This determination is based on the concept of "Administrative Involvement". Administrative Involvement by the government is determined as follows: (a) monitoring compliance with requirements, (b) determining eligible expenditures, and (c) the ability to exercise discretion over how assets are allocated.

Elbert County School District has reviewed the Pupil Activity Accounts and has determined that it is appropriate to recognize each one, unless specifically identified as Fiduciary, as Governmental in nature. This classification of Pupil Activity Accounts as Governmental in nature is based on each club or organization having the Principal or his/her designee being assigned the power to meet the criteria established by the Standard. This authority includes the responsibility for monitoring compliance with regulations, determining the eligibility of expenditures and the ability to exercise discretion over how assets are allocated.

### ***Account Code Structure***

Prudent and effective fund management and accounting is dependent upon the account structure established for financial transactions. Transactions should be booked to accounts that reflect the purpose for which the funds are received or paid. For example, the vending account should only be used for vending transactions, or the field trip account should only be used for field trip transactions, etc. If funds are needed for expenditure in other accounts, this can be accomplished by transferring funds. New account numbers will be

created by the Finance Department.

### Revenue

Because it is intended that student activities be self-supporting, only the amount of revenue necessary to establish and maintain the activity is acceptable. Each account must hold a positive or zero balance at the end of the fiscal year. Each account with a negative balance should be reported to the principal.

## **II. GENERAL OPERATING PROCEDURES**

### **Expenditure Controls**

To effectively manage the pupil activity fund, the principal must have knowledge of *all* future obligations prior to billings or disbursements. The absence of such a system could involve over-obligation of available school activity funds.

### **Reimbursement of Personal Funds**

Reimbursement of personal funds must be supported by receipted billings, cash register tapes, etc. Canceled checks are not an acceptable form of documentation for requesting a reimbursement. The principal must first approve expenditures of personal funds, subject to reimbursement.

### **Meals and Gift Cards - Discretionary or Non-Restricted Funds (Principal Funds)**

Discretionary funds (typically those funds accounted for in fund account numbers 520 modifier 01001 only, 521-525) have more latitude for expenditures since they do not have to be spent solely for educational purposes. The school principal may spend up to \$50 annually per staff member for staff meeting meals/snacks. No more than this amount (plus any additional pure adult funds collected - Sunshine, adult only vending) may be spent during the year for these activities. A separate account entitled "Faculty Discretionary Fund" will need to be setup to account for these funds. Each year this account will be funded by a transfer from another account in the Principal's fund.

Gift/gift cards cannot be used to pay an employee compensation for services. Compensation for services is a payroll function and must be paid at the county level.

Principals are allowed to purchase gift/gift cards in nominal amounts (\$50 or less) to give to their staff members for special events. The \$50 rule is max total per teacher/staff member per year. Retiree gifts are an exception to this rule, but are still limited to \$50. Gift cards/gifts must be purchased using only funds that are non-restricted in nature. Examples of non-restricted funds are vending, ice cream or sunshine funds. Funds from donations for specific purposes and fund raisers should not be used for gift/gift card purchases for staff members. All gift/gift cards need to be kept on a Gift/Gift Card Disbursement Log and signed by the recipient. If a gift/gift card is purchased for a student or needy family and the gift is sensitive in nature, then a school administrator

may sign on their behalf.

As with all transactions at the school level, the Principal is solely responsible for ensuring that gifts/gift cards are reasonable and that their issuance is not abusive in nature.

Gifts to School Staff Members-Student Activity Funds (funds 520- excluding modifier 01001. 526 and 530)

Gifts to school staff members from a student activity account are not allowed. Gifts which are raised by the students or staff in a collective nature, or in memory of, a fellow student or staff member are an exception to the rule. Such circumstances may be properly attended to by an independent student drive for gift purposes. The principal must first grant approval of such gifts.

Gifts and Bequests

Gifts will not be accepted or solicited without the approval of the principal. Any gifts accepted will become property of the Elbert County School District, and will be for the beneficial use of the school or student body. Gifts of cash accepted for a specific purpose should be separately accounted for in the fund concerned or a separate account established. Unspecified gifts may be receipted into the school operating account.

Personal Loans/Accommodations

The pupil activity funds/school system accounts will not be used to grant accommodations, loans, advance of pay or any other direct benefit to an individual. Nor will the funds be used to cash checks of any kind.

Fund Raising  
Activities

All fundraisers must be approved in accordance with the Board Policy and/ or Administrative Rules.

1. Receipts must be issued for all money received from students greater than \$5/student *(See the rule applicable to receipting money collected that is less than \$5/student)*.
2. The secretary/bookkeeper should keep a separate sub-account for all fund-raising events so that they can be reconciled. All revenue and expenses related to the fund-raising project should be recorded in this sub-account.
3. All expenditures must be made by a District approved method.

Athletics

Athletic activities pertain to middle and high schools only. If admission is charged to the

event, then pre-numbered tickets must be used. Accounting for athletics must be maintained by the athletic secretary/bookkeeper. The athletic director is not the sole authorization for disbursement of athletic funds.

1. Admission-anyone entering an event should purchase a ticket or have authorization to enter that is acceptable to the school.
2. Pre-numbered Tickets-Should be obtained by the athletic director in a sufficient quantity and kept in a safe place.
3. All tickets MUST be signed in and out on the "*Ticket Log*" form. At the end of the event all unsold tickets plus money collected must be turned into the secretary/bookkeeper, with the "*Ticket Statement*".
4. All tickets signed out must be accounted for by:
  - a. Returning the unsold tickets, and/or
  - b. Returning the money collected.
  - c. The money collected plus the unsold tickets returned should balance back to the original face value of the tickets signed out.
5. Prior to the activity, the athletic director or designee should meet with the sponsor of the activity and supply him or her with an adequate quantity of tickets along with the appropriate forms.
6. The athletic director or designee should see that at least one individual is assigned the job of selling tickets and a different individual is responsible for taking up and tearing the tickets at the gate/entrance.
7. As soon as all tickets are sold, all precautions should be taken to see that the money is secured, counted, and kept in a secure location if unable to turn into the secretary/bookkeeper.
8. The secretary/bookkeeper should reconcile this record to the revenue collected, collect all unused tickets and appropriately receipt and file the forms by activity.
9. Game Expenses-All game expenses will be paid by a District approved method for any collected proceeds.
10. The identical procedures utilized above should be followed for all athletic events; however, primary accountability, as well as performance of specified tasks, at the discretion of the athletic director or other designee.



### III. ACCOUNTING PROCEDURES

#### General

It is the principal's responsibility to see that all money collected and disbursed by the school is handled in an auditable manner. The following should be the standard guidelines utilized to establish and maintain adequate records.

#### Writing Receipts

Writing a receipt serves to protect those who handle money as well as to provide the security of funds. It serves as documentation to prove the handling of funds. Receipting also provides for a more thorough annual audit of school funds. All persons, including teachers and staff members, are responsible and totally liable for all funds that they receipt.

1. Teachers collecting more than \$5 per student must write a receipt for each student. Teachers collecting \$5 or less per student may receipt the sum of the funds collected on one receipt, providing that there is a list of the students and the amount paid to support this receipt. See the form, "*Collections Less Than \$5 Per Student.*"
2. Only pre-numbered, duplicate receipt books will be used.
3. The secretary/bookkeeper, or another member of the school office, should keep a list of all receipt books by number and to whom each has been issued. Receipt books are to be issued to specific individuals, not to a class or group. If a teacher is replaced, then a new receipt book should be issued to the replacement. Students are **not** permitted to use receipt books.
4. Receipts will be issued by the teacher or other school personnel for all funds received by the school.
5. All monies collected by teachers must be turned into the office daily. The receipt book must be presented to the appropriate personnel for verification when turning in funds. Funds should be counted by the secretary/bookkeeper in the presence of the individual turning in the funds. This avoids any discrepancies arising over the amount submitted.
6. Every precaution must be taken to assure that receipts are not lost or stolen. In the event this does occur, the secretary/bookkeeper must submit a letter to the principal stating what happened.
7. No part of the receipt should be filled in prior to the time that the money is collected from the individual.
8. Receipts must be written in ink.

9. The activity (ies) for which the money is collected is (are) to be recorded on each receipt.
10. When any error is made on a receipt, it should be voided and a new receipt issued. When a receipt is voided, the original must remain in the book and the word "void" written across both the original and the duplicate. If the original has been removed, it must be securely replaced in the receipt book over its corresponding duplicate.
11. The duplicate pages in the receipt book must not be altered or destroyed in any way.
12. All spaces on the receipt must be filled in and the amount indicated in both letters and numerals in the appropriate space.
13. When teacher's collections for the day have been made, he/she will perform the following steps:
  - a. Count all of the money collected.
  - b. Add the amounts of all receipts written.
  - c. Assure that the total amount of money collected matches the total of the receipts written; if they do not, determine why.
  - d. Take the money and the receipt book to the secretary/bookkeeper/bookkeeper designated to receive collections for the school.
  - e. Complete the "**Receipt Book Summary**" form, listing the amount collected and the purpose of the collection
  - f. The secretary/bookkeeper will then count the money in the presence of the teacher, verify the form totals, and sign the form that has been filled out.
  - g. The teacher will then obtain a receipt from the secretary/bookkeeper that matches the total amount of money submitted on the form. This must be done in the presence of the teacher since he/she is responsible for the money until a signed receipt is received back from the office designee.
14. Vending machine should be handled by an outside company (Coke, etc) only. No school personnel should handle vending machine.

### **Depositing Monies**

1. All checks received and receipted should be marked for deposit only and deposited.
2. Deposits should be made daily.
3. Prepare deposit slips for cash/checks received. Verify amount of deposits to total of related receipts. Indicate the receipt numbers on the deposit slip.
4. Prior to taking the deposit to the bank, the school secretary/bookkeeper should complete the "***Summary of Cash Deposit***" to ensure that all of the deposit is allocated to the correct account.
5. After the deposit is made, the summary of cash deposit and validated deposit ticket should be forwarded to the Central Office for recording.

### **Disbursements/Procurement**

All purchases of goods or services made from the pupil activity fund/school level accounts are to follow District accounting and procurement policies. Purchases made or committed without proper approval are subject to the acceptance of the billing invoice for payment by the principal, who may decline responsibility for the payment on the part of the pupil activity fund and have the vendor concerned seek settlement from other sources.

1. All requests should be prepared and signed by the appropriate fund sponsor, and submitted to the secretary/bookkeeper.
2. The secretary/bookkeeper will verify the availability of funds and submit to the principal for his/her approval.
3. The individual receiving the goods is required to indicate in writing the date of receipt and his/her name on the invoice or other appropriate document.
4. Reimbursement for expenditures of personal funds must be supported by receipted billings, cash register tapes, invoices, etc.
5. All disbursements are to be made by a District approved method and must be processed through the District Office and signed by the principal. No cash transactions should occur.
6. Under no circumstances should a school maintain a separate bank account for pupil activity operations or any activity that is the responsibility of the school.
7. Funds must not be retained on hand for the purpose of supporting a check cashing accommodation.

### **Correction of Posting Errors**

Posting errors should be corrected by submitting a journal entry request to the Finance Office.

### **Audit Preparation**

Preparation for the annual fiscal year end audit should include provision for work space for the auditors. The following records must be readily available to the auditors and the CFO or designee:

1. Ledgers and journals
2. Deposit slips
3. Monthly financial statements
4. Receipt books
5. Athletic records, including ticket records
6. Any other pertinent records