RAYMONDVILLE ISD

ACCOUNTING POLICIES & PROCEDURES

Raymondville ISD, it all starts here.

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GENERAL INFORMATION

Staff and Contact Information

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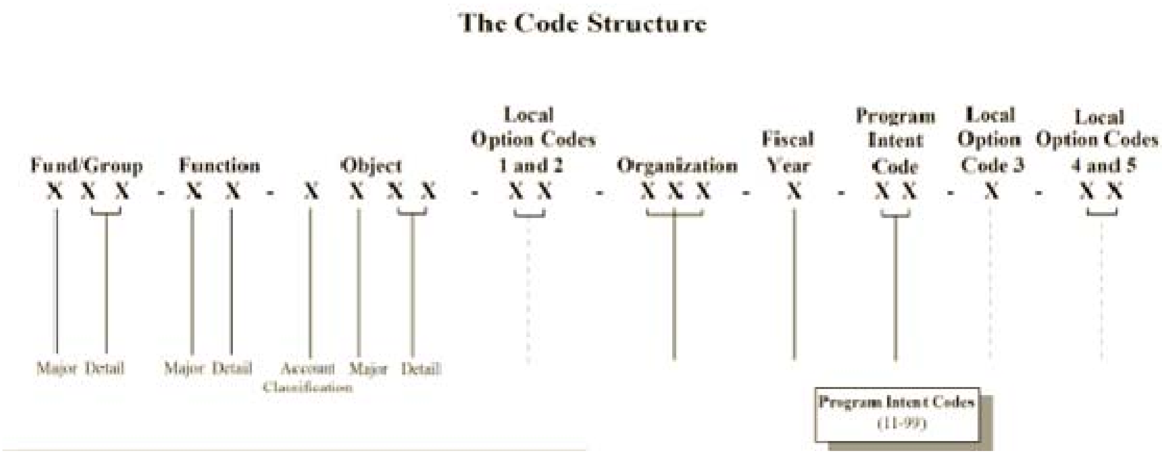
ACCOUNT NUMBERS

Code Structure



The **Fund Code** is a 3 digit code used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group, and the second and third digit specifies the fund.

The **Function Code** is a 2 digit code applied to expenditures/expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

The **Object Code** is a 4 digit code that identifies the nature of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

The **Sub-Object Code** is a 2 digit code for optional use to provide special accountability at the local level.

The **Organization Code** is a 3 digit code that identifies the organization. Examples might be High School, Myra Green Middle School or Business Office.

The **Fiscal Year Code** is a 1 digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project.

The **Program Intent Code** is a 2 digit code used to designate the intent of a program provided to students. The codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students.

The **Local Code** is a 3 digit code that the District uses to further describe a transaction.

REVENUE & CASH MANAGEMENT

Revenue

Revenues are defined as an increase in the District's current financial resources. The District's accounting records are to reflect revenues at the most detailed level. The District accounts for a variety of revenues, including property taxes, foundation fund entitlements, athletic game receipts, food service charges, fees and grant reimbursements.

Revenues are presented in the financial statements of a school district in three categories.

1**. Local Sources** are those revenues that are collected from the citizens of the school district, nongovernmental entities both within the school district and outside it, and also states other than the state of Texas. Such revenues include property taxes, interest income, fees, vending machines, donations, rental agreements, etc.

2. **State Sources** are the revenues received from the state of Texas, excluding monies passed through the state from the federal government. Such revenues include state grants and Foundation School Program payments. The District is currently on payment schedule type 2 for Foundation School Program payments.

3. **Federal Sources** are those revenues received from the federal government or its agencies either directly or through the state of Texas. Such revenues would be from federal funded programs.

Revenues are record on a Bi-monthly basis through cash receipts and journal entries (see Cash Receipts & Journal Entries). Revenues are recorded on the General Ledger using a 5000s series account object code.

Cash Management

Deposit Procedures for:

1. Athletic Events

At the end of each District Athletic Event all cash received from tickets sales and/or items sold (concession stands) needs to be taken to the vault by the employee handling the monies and an administrator. On the next work day after the event, monies needs to be counted by two Athletic department employees and Deposit Tally Sheet filled out and signed by both employees. Next, a District issued deposit slip needs to be completely filled out with the cash, checks and deposit slip sealed into a deposit bag. The deposit bag, copy of deposit slip and copy of Deposit Tally Sheet need to be taken to the Business Office.

2. Food Service

At the end of the each school day all cash received from food sales needs to be counted by two Food Service department employees and Deposit Tally Sheet filled out and signed by both employees. Next, a District issued deposit slip must be completely filled out with the cash and checks sealed into a deposit bag. Finally the deposit bag, copy of deposit slip and copy of Deposit Tally Sheet needs to be taken to the Business Office.

3. Campuses

At the end of the each school day all cash received for student activity sales needs to be counted by two campus employees (Student Activity Club Sponsor and Finance Clerk) and Deposit Tally Sheet filled out and signed by both employees. Next, a District issued deposit slip needs to be completely filled out with the cash and checks sealed into a deposit bag. Once this is complete the student activity account and sub account general ledgers needs to be update. Finally, the deposit bag and copy of Deposit Tally Sheet needs to be taken to the Business Office.

4. Tax Office

Each work day all cash received from tax collections and fees needs to be counted by two employees and Deposit Tally Sheet filled out and signed by both employees. Next, a District issued deposit slip needs to be completely filled out with the cash and checks sealed into a deposit bag. Finally, the deposit bag, copy of deposit slip and copy of Deposit Tally Sheet needs to be taken to the Business Office. All check deposits will be processed through the Remote Deposit Machine located at the Tax Office.

5. Business Office

Each work day all cash and/or checks received for fees, reimbursements, payments and/or donations needs to be counted by two department employees and cash receipt filled out. Finally, a District issued deposit slip needs to be completely filled out with the cash and checks sealed into a deposit bag. All check deposits will be processed through the Remote Deposit Machine located at the Accounts Payable office.

Post-dated checks must not be accepted from any source.

All checks held for deposit should be endorsed at the time they are receipted or accepted.

All deposits are to be brought to the Business Office within 3 working days. Once brought to the Business Office, all deposits are logged into the deposit log and signed by a Business Office employee and the person bringing the deposit. An employee from the Business Office will take all District deposits to Depository Bank.

Tax Collections

Tax payments are the largest part of local revenue received by the District. Payments are collected at the District's Tax Office by the tax Collectors and online on the District's website by clicking on a link that will take you to Hammer Enterprises website. Payments can be accepted by cash, check or credit/debit card. Tax Office records all tax collection transactions on the District's True Automation tax software. Daily collections reports are submitted along with deposits to the Accountant at the Business Office. At month's end, a monthly collections report is submitted to the Accountant. The Accountant enters collection amounts on to a spread sheet that calculates amounts to enter into a journal entry to record monthly tax collections into the general ledger. Journal entry's consist of maintenance and operations collections, interest and sinking collections and attorney fees collected for current and delinquent taxes.

Depository Bank

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities or Letter of Credit in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's depository bank is BBVA Compass Bank.

Bank Reconciliation

1. One of the most important aspects of the cash management is the prompt reconciliation of the bank account statements.

2. Upon receipts, the bank statement is reconciled to the general ledger by the 20th of every month.

3. Information needed with every bank reconciliation are: Bank statement, listing of outstanding checks, listing of all cash receipts for month, cash in bank report for month and any additional documentation.

4. Checks over 3 months must be voided in a timely manner.

5. Make necessary adjusting entries when applicable. i.e.: stale checks, returned checks, interest, transfers etc.

Returned Checks

Returned checks are checks made for payment that is returned for non-sufficient funds. When the district receives notice from the depository bank of a return check the appropriate department will contact, by mail, the maker of the check. Check maker will be notified that full payment needs to be made in ten business days and a fee of $15.00 will apply. If payment is not received within the allotted time credit for payment will be voided.

Cashing of Checks

The practice of cashing personal and/or payroll checks is prohibited.

Rental Revenue

The District receives revenue from rental of facilities. The facilities that could be rented by outside organizations are: auditorium, sports complex (which includes football, baseball and softball fields), campus class rooms, gyms and cafeterias. When outside organization requests to rent a facility a District rental form must be filled out per event for the appropriate facility. An event is each day the facility is needed but additional hours can be rented at the prorated amounts for setup or cleanup. Once filled out, approved by the Chief Financial Officer and deposit is received the date will be booked by the switchboard operator. Fees will be paid at least one business day before the event at the Business Office who will issue a receipt. The receipt will be necessary for entrance to and use of the facility. Keys to the facility will not be issued to anyone. An employee from the District's Maintenance Department will open and lock the facility. A checklist form will be filled out by a District employee to verify that there were no damages to the facility and/or if facility was used longer then requested. If there were no damages and/or additional time used then the deposit will be returned to renter in the form of a District check. Regulations do apply and are specific for each facility. These regulations are stated on rental agreement form.

EXPENDITURES

Expenditures are defined as decreases in net financial resources. Expenditures are accounted for using the modified accrual basis of accounting. An Expenditure is usually recognized in the accounting period when the District has received and became liable for the payment of goods or services.

Expenditures are recorded onto the General Ledger using a 6000s series account object code.

In instances when current financial resources are not reduced as a result of the receipt of goods or services or incurrence of a liability an expenditure is not recorded.

The major types of expenditures are operation, capital, debt service and intergovernmental charges.

Operating Expenditures include a wide range of expenditures. The largest portion of operating expenditures relates to payroll and related employee benefits. The other types of operating expenditures are the purchases of goods or services needed to run District activities.

Capital Expenditures relates to acquisition of general capital assets. Such expenditures are recorded in the General Fund, Special revenue Funds or Capital Projects depending on the source of funds. Purchases of personal property, such as furniture and equipment are usually recorded as expenditures in the General Fund if they are financed from operating budgets or special revenue funds if they are financed from grants. Major projects such as the building of a school building financed by the proceeds of bond issues are often accounted for in a Capital Project Fund.

Debit Service Expenditures represents the payment of principal and interest needed to service debt, such as bond payments.

Intergovernmental Expenditures relates to transfer of recourses from on school district to another. Examples of such charges are contracted instructional services between public schools and incremental costs associated with Chapter 36 purchase of Weighted Average Daily Attendance (WADA).

SPECIAL REVENUE FUNDS REPORTING

Expenditure Reports

- Expenditure reporting for federal and state funds is done by the 15th of every month.
- Reporting is done on a monthly basis, which includes all fiscal year adjustments.
- Report includes: Detailed expense month report, Summary Fiscal Year expense to date report and excel spreadsheet (spreadsheet includes; total expenses to date, total revenue received to date and total amount requested for reimbursement).
- Each expenditure report must have two signatures, preparer (Budget Coordinator) and approver (Chief Financial Officer).

Reimbursement Request

- Expenditure reimbursement request for federal and state funds is requested by the 15th of every month.
- Reimbursements are requested on the TEASE account website, by mail or state of Texas website, depending on grant agreement.

- All request for reimbursements are submitted but the Budget Coordinator and certified/approved by Special Education Director or Federal Programs Director.

- Revenue for each reimbursement is recorded into its corresponding federal/state fund monthly.

Quarterly Stimulus/ARRA Reporting

- Quarterly Stimulus/ARRA Reporting is done before the 5th of every quarter (January, April, July and October).

- Reporting consists of: Full Time Equivalents (FTE) and Payments made to a vendor for $25,000.00 or more for the quarter.

- Reports are submitted through TEAL account website.

- Reports are prepared by the Budget Coordinator and certified by the Chief Financial Officer.

- Reports include: Detailed quarterly report on all expenses and FTE calculation report.

AUDITS

Sec. 44.008. ANNUAL AUDIT; REPORT. (a) The board of school trustees of each school district shall have its school district fiscal accounts audited annually at district expense by a certified or public accountant holding a permit from the Texas State Board of Public Accountancy. The audit must be completed following the close of each fiscal year.

(b) The independent audit must meet at least the minimum requirements and be in the format prescribed by the State Board of Education, subject to review and comment by the state auditor. The audit shall include an audit of the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS).

(c) Each treasurer receiving or having control of any school fund of any school district shall keep a full and separate itemized account with each of the different classes of its school funds coming into the treasurer's hands. The treasurer's records of the district's itemized accounts and records shall be made available to audit.

(d) A copy of the annual audit report, approved by the board of trustees, shall be filed by the district with the agency not later than the 150th day after the end of the fiscal year for which the audit was made. If the board of trustees declines or refuses to approve its auditor's report, it shall nevertheless file with the agency a copy of the audit report with its statement detailing reasons for failure to approve the report.

(e) The audit reports shall be reviewed by the agency, and the commissioner shall notify the board of trustees of objections, violations of sound accounting practices or law and regulation requirements, or of recommendations concerning the audit reports that the commissioner wants to make. If the audit report reflects that penal laws have been violated, the commissioner shall notify the appropriate county or district attorney and the attorney general. The commissioner shall have access to all vouchers, receipts, district fiscal and financial records, and other school records as the commissioner considers necessary and appropriate for the review, analysis, and passing on audit reports.

INVOICING

Monthly Invoicing

Invoicing for utility reimbursement is done once a month. Invoicing is based on utility usage of building per current month utility bill for the District. In instances where the organizations is only occupying a portion of the building then an allocation on utility costs will apply.

Yearly Invoicing

Invoicing for rent (Wil-Cam Cooperative) and transfer students (if applicable) is done yearly every July. Rent amount is based on agreement/contract with organization using the District's property. Transfer student's tuition fee is based on number of students multiplied by the rate per student.

JOURNAL ENTRIES & CASH RECEIPTS

Journal Entries

A **journal entry** is a logging of transactions into the general ledger. The journal entry can consist of several items, each of which is either a debit or a credit. The total of the debits must equal the total of the credits or the journal entry is said to be "unbalanced". Journal entries record items or recurring items such as depreciation, bond amortization, revenue, expenditures, assets and/or liabilities. Journal entries are entered into the District's finance software, Skyward.

Data included in every journal entries are: journal entry batch number; date (entered date and posting date); fiscal year period; account numbers; backup documentation; and description.

The steps on entering Journal Entries are as follows:

1. Journal entries are entered into the Skyward system by Budget Coordinator.
2. Entries are printed and submitted to Chief Financial Officer for electronic approval.
3. If approved by Chief Financial Officer, journal entries are posted. If denied, entries are corrected by Accountant and re-submitted for approval.
4. Once journal entries are posted into to Skyward, must have supporting documentation attached to be reviewed by the approver.

Note: Journal entries are entered and posted automatically by the Skyward software when running checks for payroll and accounts payable.

Cash Receipts

A cash receipt is a logging of revenue transactions into the general ledger. Cash receipt entries are the recording of revenue received by the District. Examples of cash receipts items are fees collected, tax payments, reimbursements and/or rent payments. Cash receipts are entered into the District's finance software, Skyward.

Data included in every cash receipt are: cash receipt batch number; date (entered date and posting date); fiscal year period; general journal account numbers; backup documentation and description.

The steps on entering Cash Receipt are as follows:

1. Cash receipts are entered into the Skyward system Bi-Monthly by Budget Coordinator.
2. Cash receipts are printed and submitted to Chief Financial Officer for electronic approval.
3. If approved by Chief Financial Officer, cash receipts are posted. If denied, cash receipts are corrected by Budget Coordinator and re-submitted for approval.
4. Once cash receipts are posted into to Skyward, must have supporting documentation attached to be reviewed by approver.

REPORTING

941 Federal Tax Return

Federal law requires the District to withhold taxes from employees' paychecks. Each time you pay wages, you must withhold, or take out of your employees paychecks, certain amounts for federal income tax, social security tax, and Medicare tax. Under the withholding system, taxes withheld from the District's employees are credited to the District in payment of the employees tax liabilities. Federal law also requires the District to pay any liability for the District's portion of social security and Medicare taxes, which is not withheld from employees.

941 Federal Tax Return are submitted by the Accountant every quarter on; January, April, July and October of every year. Forms used for processing report are downloaded from IRS website. All information used is gathered from the Districts financial software system. Once all proper forms are filled out and proper documentation is gathered and approved by Chief Accountant, it is then mailed to the IRS.

Unemployment Compensation

During the month following each calendar quarter (April, July, October, and January), the District's Accountant submits the unemployment compensation quarterly report. This report must show the total amount of gross wages paid during the quarter and the total amount of Taxable Wages Paid. The information is gathered from the finance software, Skyward, and uploaded to the District's Unemployment Insurances provider. All information submitted by internet is printed for backup documentation, approved by Chief Financial Officer and filed.

1099 Reporting

1099 reporting is done every year in January by the Budget Coordinator and Accounts Payable Clerk. Reporting is based on payments made by the District for services performed for a trade or business by people not treated as employees in the combined amount of $600.00 or more. A report is generated from Skyward of all payments made by the District in calendar year. The report is then reviewed and adjustments are made before final report is produced. Once a final report is made, 1099 Misc. reports are printed by the Skyward system and mailed to the appropriate individuals before the 31st of January. In March, a file is downloaded from the Skyward system of all 1099s produced and uploaded to the IRS website for submission by Budget Coordinator.

School Health and Related Services (SHARS) Report

In accordance with Title I of the Texas Administrative Code (TAC), §355.8443(e), each School Health and Related Services (SHARS) provider will complete an annual cost report for all SHARS services delivered during the previous federal fiscal year covering October 1 through September 30. Cost report is due in April of every year by the Chief Financial Officer.

SHARS providers who are members of a cooperative or shared services arrangement must each submit a separate SHARS Cost Report.

Each provider must submit financial and statistical information via the web based cost report system and certification forms provided by HHSC Rate Analysis Department. The amounts reported on the cost report are reconciled to the District's trial balance and general ledger accounts. A spreadsheet is prepared tracing the amounts from the trial balance and general ledger accounts to each line of the cost report and a second spreadsheet tracing the amounts from each line of the cost report back to your trial balance and general ledger accounts.

Medicaid Administrative Claiming (MAC) Financial Reporting

Federal Medicaid reimbursement for the cost of administrative activities performed in schools by linking students to appropriate Medicaid/Health related services.

The MAC process starts by determining who will be performing MAC services. These participates are recorded on participate list (PL) by the Wil-Cam department. These will be the only positions for which financial data can be reported. The PL drives the number of eligible MAC participants and determines the MAC financial cost eligible. At the end of every quarter, January, April, July and October, payroll costs related to the duties of the participants are reported on the Fairbanks website. Payroll information required on report: Salary for quarter, payroll benefits for quarter and/or contract services payments for quarter. Also needed is what types of funds were used, either Local or Federal. Once all information is submitted by the Budget Coordinator, it is approved and certified on Fairbanks system by Chief Financial Officer.

END OF MONTH, QUARTERLYAND YEAR PROCESS

End of Month Process

1. Record journal entries; Inter-Account bank transfers, Tax payment collections, reclassification of expenses
2. Record cash receipts; Tax Office deposits, Athletic Department deposits, Food Service deposits, Business Office deposits, Investment interest postings, Grant reimbursements and Foundation School Program payments.
3. Bank Reconciliations
4. Expenditure reports for State/Federal grants
5. Reimbursement request
6. Reports: Budget/Actual expense/revenue; check register; investments
7. Staff salary submission
8. Pledge Securities

End of Quarter Process

1. 941 Federal Tax Return
2. Unemployment Compensation
3. Stimulus/ARRA reporting
4. MAC Financial – Medicaid
5. Reimbursement request for Cops Grant

End of Year Process

1. Close out summary revenue and expense accounts (3601 and 3602) – Not till after the external audit.
2. Reconcile Due to/Due from.
3. Record student activity accounts, principal accounts and Wil-Cam accounts-Liability match cash and Provide Binders.
4. Review all bank reconciliation.
5. Record Fixed Assets – Depreciation Schedule
6. Have inventory completed for all campuses.
7. Record long-term debt – Bonds
8. Record Tax Levy – Supplements
9. Record taxes receivable and deferred revenue.
10. Record delinquent taxes.
11. Balance all grant funds (state and federal) – No fund balance or receivables

12. Review all grant expenditures are requested through August 31st.
13. When creating the August salary accrual, make sure to use the new fiscal year code.
14. Clear out attorney fee payable.
15. Clear out unemployment and worker's compensation balances at year end.
16. Accounts payable backup.
17. Wages payable for payroll bank reconciliation – tie to G/L and enter journal entry for FD 863.
18. Create Due From States for grants.
19. Invoice tuition fees and rent.
20. Record commodities for Food Service and provide copy.
21. Record interest for Food Service.
22. Record deferred revenue for unearned revenue for current fiscal year and reverse next fiscal year.
23. Record compensated absences.
24. Record prepaid insurance and reverse next year – provide copy of journal entry.
25. Review miscellaneous revenue.
26. Review receivable accounts.
27. Review liability accounts.
28. Review budget verses actual for revenue and expenditures.
29. Before sending the audit ASCII file, verify inter funds, bank balances and trial balances to make sure everything balances for year.
30. Zero out clearing accounts.
31. Provide all entries made to fund balances.
32. Review tax levy.
33. Top 10 tax payers
34. Top 10 vendors – vendors over $25,000
35. Bond confirmations.
36. Administrative cost ratio.(41 + 21 / 11+12+13+31) do not include object code 6144 & 6600's.
37. Budget by function
38. Delinquent tax report
39. Provide September bank statement
40. Inter account transfers for August and September
41. Detail expenditure reports for Federal grants – print screen showing final expenses.
42. Purchase orders and invoices for construction projects
43. Copy of checks for Gear Up that cleared out previous years receivables
44. Grant expenditures check for substitutes
45. Print a trial balance for all funds (wide open) zero Rev/Exp.
46. Grant walk forward.
47. Taxes walk forward.
48. When using fund balance do not post revenue activity only expenditure.
49. Notes to Financial Statements (P, J, K, R, EX H-3, C-5, J-4 and J-5)
50. Record insurance revenue expenditures in expenditure line items. – Insurance schedule.
51. Tax receipt selection (Selected 2 months)
52. Pledged Securities at year end.
53. Purchase order review – check for signed travel request, after the fact, reference Co-Op – need a print screen
54. Investment training certificates, Policy and Resolution.
55. Copy of depository contract applicable to current year.
56. Listing of all student Activity Accounts and Principal Accounts, contact person and name of individual responsibility for reconciling.
57. Listing of all cash collection points and approximate amount collected at each.
58. Reconcile Fund Balance in detail.

APPENDIXES