



LOCAL SCHOOL ACCOUNTING POLICIES AND PROCEDURES

**Gadsden City Board of Education
1026 Chestnut Street
Gadsden, Alabama 35901**

Revised July 2018

These policies and procedures are designed for the use of the local schools that are part of the Gadsden City school system. They have been prepared to correlate with and incorporate the Financial Procedures for Local School Accounting, issued by the Alabama State Department of Education. These policies and procedures may be updated or changed periodically as circumstances may warrant.

ACCOUNTING POLICIES AND PROCEDURES FOR SCHOOLS

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GADSDEN CITY BOARD OF EDUCATION

Overview of Accounting Procedures

TO: Principals and Bookkeepers

The following guidelines and regulations pertain to the handling of financial records for schools under the supervision of the Gadsden City Board of Education.

The computerized accounting system is designed to record the receipts and disbursements of each school and to establish control measures over cash and other assets.

All monies received from any source in or about the school, by any employee or group, are regarded as School Funds.

To the extent possible, funds are received, receipted, deposited, and then recorded in the system at the school on a daily basis.

Expenditures are incurred only under the authorization of the Principal. Such authorized expenses are paid by checks disbursed at the local school level.

The activity at the local school is summarized at the end of every month and compiled into monthly financial statements. The financial statements report on transactions that affect accounts throughout the month. These monthly financial statements are submitted to the Board of Education according to a scheduled date each month.

The monthly financial reports serve as the source of information necessary for the Principals to properly manage the schools. Because records are the basis of the monthly financial reports, it is essential that each school's records are accurate, current, and exhibit the true financial position of the school funds.

The position of Principal carries with it the full responsibility for all financial matters relating to the school.

The Principal must be familiar with the following guidelines so that he or she will not permit practices contrary to the policies. The Principal is directly responsible in the handling of monies received at the school. The Principal is ultimately responsible for **any shortages resulting from the failure to follow, or failure to require others to follow, the financial procedures for the handling of school funds.**

Per the School Fiscal Accountability Act, the Chief Financial Officer is required to submit written notification to Gadsden City School Board members when state guidelines are not followed by local schools.

**GADSDEN CITY BOARD OF EDUCATION
ACCOUNTING PROCEDURES FOR LOCAL SCHOOLS**

The financial accounting records and reports of all Gadsden City Schools will be prepared using the *Local School Accounting Software System, NEXTGEN*.

Following is general information regarding the financial affairs of Gadsden City Schools. These guidelines are to be followed completely and will be subject to continual audit by the Chief Financial Officer, Local School Accounting Coordinator, and auditors contracted by the Gadsden City Board of Education.

These policies, as well as the accompanying procedures and policies, are to be followed completely.

1. The position of Principal carries with it the full responsibility for all financial matters relating to the school.
2. It is imperative that the Principal give his/her personal attention to the collection, expending, accounting for, and overall supervision of everything relating to the financial affairs of the School and in accordance with the attached Policies and Procedures of the Gadsden City Board of Education.
3. All expenditures must be paid by check and supported by a valid invoice based on a purchase order issued or a check request signed by the Principal. It is the responsibility of the Principal to be sure the collecting and disbursing of all funds are handled in a manner approved by the Board of Education and in accordance with generally accepted accounting principles and procedures.
4. **All monies received for any source in or about the school**, by any employee or group, are regarded as school funds and must be handled as such. Funds are to be receipted and deposited in the school account.
5. The Superintendent must give authority for a school to enter into a contract or lease for debt beyond the cash assets of the school.
6. **Gadsden City Schools will comply with state and federal laws and internal accounting controls.**

The following regulations pertain to the handling of financial records for schools under supervision of the Gadsden City Board of Education.

- (1) School funds will be receipted and deposited in the school account on a timely basis.
- (2) Expenditures are incurred **only by the written authorization** of the Principal.
- (3) Expenditures will be paid by check and supported by proper documentation.
- (4) Purchases will be approved by the Principal (with a signed purchase order when required) before the purchase is made.
- (5) Accounting records will be posted in a timely manner so accounts balances will be accurate and up-to-date.
- (6) Bank statements will be reconciled monthly.
- (7) Monthly financial reports reflecting accurate balances and activities of the accounts of the school will be reviewed and approved by the Principal, prior to exporting financial data and sending financial reports to the Central Office.

The Principal must be familiar with all local school financial policies so that he/she will not permit practices contrary to the policies. The Local School Accounting Coordinator should be consulted if an accounting problem is encountered. The Coordinator will notify the Chief Financial Officer and Superintendent if deemed necessary.

It is the ultimate responsibility of the PRINCIPAL to require employees to follow proper financial procedures for the handling of school monies.

The accounting system is designed to record the receipts and disbursements of each school and to establish internal controls over cash and other assets.

The monthly financial statement submitted to the Gadsden City Board of Education contains an analysis of transactions for all accounts handled in the school.

Financial export data should be in balance and exported to the Central Office no later than the 15th of each month to provide adequate time for State Department deadlines to be met. Financial statements and Bank Reconciliation reports should be received in the Central Office no later than the 17th of each month.

The transactions of the school are compiled in its records, which serve as the source of information necessary for the Principal's to properly manage the schools. The records are the basis of the reports to the Board; therefore, it is essential that the **records are accurate, current and represent the true financial position of the school funds.**

Books and materials common to all schools are:

1. Teacher receipt books – pre-numbered, duplicate receipts used to record all monies received by students.
2. Master Receipt Journal – to record all monies received by the Principal's office.

Monthly financial files will be maintained for auditing purposes. These files include:

- Receipt/Disbursement Report by school activity
- Principal's Report
- Balanced Bank Reconciliation Report *signed by the Principal*
- Bank Statement

Fiscal Year-End reports to be retained for auditing purposes include:

1. Cash Receipts – listing of all monies received
2. Cash Disbursements – listing of all monies expended
3. Purchase Order Register- listing of all purchase orders issued
4. Monthly Financial Statements – to summarize financial conditions of the schools as of the last day of each month
5. Detailed Activity Reports for all Activities within the school environment

The accounting procedures contained herein **may vary only with the written consent of the Superintendent.** The Alabama Department of Education and the State Examiners of Public Accounts retain the authority to require a local board of education to modify forms and procedures for local school financial operations.

SECTION 1

PUBLIC AND NON-PUBLIC FUNDS

The funds maintained at the local schools can generally be divided into two major categories: **public (referred to as Fund 12) and non-public (referred to as Fund 32).**

Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

- Public funds are subject to direct control by the school principal.
- Legislative, City or County appropriations are Public Funds and cannot be deposited into a Non-Public activity.

Public funds- restricted to the same legal requirements as Board funds. Two criteria determine whether local school funds are public funds: source of funds and use of funds.

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

- Money generated school-wide
- Money that can be used for all students
- Money controlled by the Principal or any school employee
- Funds received from public (tax) sources or used for public purposes are public funds subject to the control of the school Principal.

Examples of public funds at the local school level include:

- Funds from any tax source
- Funds from athletic events
- Funds from course fees
- Funds for general operation of the school (from any source) – donations, interest, vending machines, school store

Examples:

1. General Office - may consist of appropriations from the Board, interest income, vending machine proceeds, commissions, restricted donations, vendor sponsorships, proceeds from public fundraisers (school pictures, coupon books, etc.), and other miscellaneous revenues. Its primary purpose is to pay for the general operations of the school and is totally controlled by the Principal.
2. Library - accounts for late charges on returned library books, funds collected for lost books, and expenditures incurred for purchasing library books.
3. Athletic – may consist of income from gate receipts, parking at athletic events, advertising commissions, charges for use of athletic facilities, and reimbursements for athletic uniforms and supplies. Separate accounts may be established on the school books for individual sports. Expenditures may include athletic uniforms, equipment, and supplies; registration fees for coaching clinics; and, expenditures related to athletic events, including expenses for practicing and preparing for athletic competitions and exhibitions.

4. Concessions and Student Vending - accounts for the operations of concessions operated by the school at athletic events or operated at the school during the school day.
5. Dues and Fees - school imposed dues for certain non-required academic courses. These funds are used to cover the costs associated with the course for which the funds are collected.
6. Parking or Locker Fees - These funds are used to cover the costs associated with maintaining the school parking lot or lockers.

Examples of allowable expenditures from public funds include:

1. Expenditures for school landscaping, maintenance, furnishings and decorations.
2. Refreshments expended for an open house at a school where the public would attend.
3. Expenditures from athletic gate receipts for pre-game meals for the athletic participants and coaches. (Principal and parents are not included).
4. Banquets honoring persons making significant contributions to the school system.
5. Transportation to events related to a student's school sport, if related to a school sponsored activity.
6. Academic incentives for students.
7. Professional development training.
8. Athletic pregame meals **(NOT POSTGAME unless there is extensive travel)**
9. Membership in professional organizations.
10. Constitutional Amendment # 558 allows for recognition of significant contributions to education and to promote educational excellence by students, faculty, staff, and the public. Recognitions shall be in the form of trophies, plaques, academic banquets, and other honors that promote academic excellence in the public schools of Alabama and recognize special deeds that strengthen public education in Alabama.

Examples of unallowable expenditures from public funds include:

1. Food items for teachers.
2. Meal expenditures for employee spouses
3. Faculty luncheons
4. Coffee for employees
5. Flowers for sickness, death, secretary week, etc.
6. Late fees or finance charges
7. Scholarships for students
8. Faculty appreciation gifts
9. Championship rings
10. Prom entertainment
11. Food for social gatherings
12. Food for afterschool staff meetings

All expenditures must be documented properly to indicate purpose of expenditure and participants involved. Purchase Orders should always include who/what/when/where

Public funds cannot be transferred to non-public accounts.

Donations made from Public Funds (tax dollars) cannot be deposited into non-public accounts. (ex: A public official donates money to be used specifically for the school faculty for t-shirts, holiday lunch, etc. Those funds cannot be deposited into faculty accommodating non-public accounts. The funds should be deposited into a designated public account. Written documentation should be obtained from the public official indicating the purpose of the donated funds.

PUBLIC FUNDRAISERS

Fundraisers held during the school day, on school grounds, or sold to students are considered public. A principal can however approve a fundraiser activity that is completely planned and implemented by a non-public group (Booster parents, PTSO). **NO SCHOOL EMPLOYEE CAN TAKE PART** in planning or implementing the fundraiser. An example would be PTO sponsored Santa Shops In this event a portion of the profit should be donated to the school general fund and all financial guidelines must be followed for the nonpublic fundraising.

PUBLIC FUNDS MAY BE USED AT THE DISCRETION OF THE PRINCIPAL

Principals may transfer funds from public accounts to the school general fund to be used for school wide purposes. Non-public accounts should contribute to the general fund on an annual basis to help cover cost of checks, purchase orders, etc. Especially since these accounts generally have more revenue and expenditures than public accounts. Principals should communicate with non-public account holders regarding any transfer of funds for these purposes.

WHEN IN DOUBT, CONSIDER FUNDS PUBLIC

Non-Public funds

Non-public activities on school books are for a “select group” or private purpose. (ex: clubs, parent-teacher organizations, cheerleaders, booster organizations)

Non-public activities are never funded with public funds. No public funds can be transferred to a non-public account. (ex: an athletic account cannot purchase items for an athletic club; fee money cannot be used to cover expenses of a club trip; cheerleaders cannot purchase spirit items from a public account and deposit the proceeds into a non-public account.)

* **Tax-payer funds** cannot be deposited into a non-public account. If an elected official donates tax dollars to a non-public group or event, those funds must be maintained in a public account and the bookkeeper is responsible for maintaining adequate records to indicate the funds were used for the purpose intended.

*Some donations from private sources are non-public if the donor specifically states in writing the donation is for a select group or activity which is non-public.

*Loans cannot be made to non-public accounts from public accounts.

*A loan can be made from a non-public account to another non-public account, provided the sponsor of the loaning account agrees in writing to “loan” another non-public activity funds.

*The bookkeeper is responsible for maintaining adequate documentation for audit purposes for any such loan and verification of repayment of the loan.

Non-Public Funds are restricted for expenditures subject to the intent and authorization of the appropriate organization’s sponsors and officers and not used for general operations of the schools. The Principal does not have to direct the use of these funds, but does have the authority to prohibit expenditures he/she deems inappropriate. Expenditures from Non-Public funds must be approved by the Principal.

Non-public activities/accounts are not allowed to have deficit balances. The PRINCIPAL and/or Bookkeeper should ensure money is available for a non-public expenditure prior to authorizing a purchase order.

Examples of Non-Public Funds:

1. Clubs and Classes - These funds normally consist of self-imposed fees and not school-required fees. The participants impose their own fees to participate in these clubs and classes. These school organizations often conduct fund raising events. Most common are DECA, Student Government, Science Club, Spanish Club, Beta Club, National Honor Society, and Key Club.
2. Faculty Vending - The Principal is allowed to designate vending machines which are located in a **staff area of the school (not accessible to students)** as non-public. All purchases of items for resale in these machines must be charged against revenue collected from these machines. These funds can only be considered non-public if the funds are under the control of an employee organization (not the direct control of the Principal).
3. Parent/Teacher organizations that are governed by officers elected by its members. SCHOOL EMPLOYEES CAN NEVER SERVER as an officer. PTO, PTA, Band Boosters and

Athletic Booster support groups are considered school related organizations. **(See Guidelines for School Related Organizations.)** School employees cannot hold an office in the Parent/Teacher Organization related to the school in which they are employed.

Some expenditures that are not allowable from public funds may be allowable expenditures from non-public funds. Examples:

* **State Ethics Law limits purchases for school employees and their families.** Gifts for staff (a value of \$25 or less per occasion and an aggregated of \$50 or less in a calendar year from any single provider

Flowers for staff, students, or their families

T-shirts for office staff

Staff Christmas parties

Christmas cards

Donations to various organizations

Dues to civic organizations

Transfers to other non-public accounts

Food items for teachers

Unallowable uses of Non-Public funds include:

- Purchases for school employees or their families (Ethics Law)
- Alcoholic beverages

NOTE: Non-public funds can become subject to the same expenditure restrictions as public funds if the accounting records do not maintain separate accounts for the non-public funds.

NON-PUBLIC FUNDRAISERS

- Proceeds from non-public fundraisers where items are sold in the community after school hours can be deposited into non-public accounts.
- Non-public fundraisers can be held on school premises with approval of the Principal but should occur after school and NOT AT PUBLIC EVENTS.

SECTION 2

RECEIPTING FUNDS

Audits show that the management of incoming funds in local schools is the primary weakness of internal controls for local school financial operations. Because a number of different people are often involved in the collection of school funds, establishing enforceable procedures for a variety of income sources becomes an integral part of the accountability for local school funds. Master receipts, reports of ticket sales, teacher receipts, and alternative receipt listings are all important documentation for assuring that all funds collected for the school are deposited in the school's account. Local school's personnel are responsible for the security of all financial documents related to the school.

DEPOSIT POLICY

Money received in the financial office should be secured in the safe.

Faculty members should bring money to the office to be secured in the school safe overnight should for some reason it is not ready to be master receipted.

At the end of each day, all monies on hand should be deposited with the bank, to the extent possible.

A deposit slip should be prepared in duplicate.

The original and the duplicate slip should accompany the deposit to the bank to be validated.

The Bookkeeper should check the accuracy of the bank's validation **before** leaving the bank.

The duplicate deposit slip should be returned to the school and used to verify the entry made in the Cash Receipt Journal.

Daily receipts should be totaled and should match the total of the deposit slip.

Do not cash checks with school funds. Deposit funds intact.

ONLY the Bookkeeper and/or Principal should make school deposits at the bank.

In the absence of the bookkeeper, the Principal is responsible for securing funds in the safe. In an extended absence the Principal should contact the Local School Accounting Coordinator.

ACCEPTANCE OF CHECKS

All checks issued to the school should have adequate information on the checks before being accepted in the school. This information is necessary should an insufficient funds check be issued to the school.

Name and address of issuer should appear on the front.

The check should display a current date. (We do not accept postdated checks)

The check should be made payable to the school.

A two party check should **never** be accepted.

The amount must be clearly written

The check must be signed.

The person accepting the check should write the activity number the money is being deposited into on the check.

The school office should **never** cash a check.

CASH RECEIPTS

On a daily basis all monies received should be receipted by the school bookkeeper. Teachers should receipt funds and turn the money into the bookkeeper. The bookkeeper verifies the receipt book matches the total money turned in, issues a master receipt and returns the receipt back to the teacher. In the absence of the bookkeeper the Principal, or his/her designee, is responsible for accepting receipts books and funds from teachers and placing in a secure safe for processing when the bookkeeper returns.

TEACHER RECEIPT BOOKS

The Principal's Office will provide each teacher responsible for collecting funds with an individual pre-numbered duplicate receipt book. Receipts must be written to record all funds collected in the class. (This includes funds derived from the selling of pictures, fund-raising items, tickets, etc.)

The bookkeeper and/or Principals should maintain a log to track the receipt books by receipt numbers to the individual responsible for issuing the receipts. The receipt book is a permanent record of school financial transactions and should be maintained and secured in a proper manner.

A Teacher is not to have more than one receipt book at a time for an individual activity, unless approved by the Principal. Receipts must be prepared in duplicate and should be completed with the following information.

1. Date monies are received
2. Name of student or person from whom received
3. Amount received
4. Method of payment (cash or check)
5. Purpose for which money is intended
6. Signature of teacher receiving monies and issuing the receipt.

The original receipt should be given to the student or person delivering the funds and the copy should be maintained in the receipt book. **Teachers collecting money from students for any purpose should issue a receipt when the money is received.**

Receipts are never to be destroyed or changed. If an error is made, write VOID on both copies and attach the original to the duplicate to be maintained in the receipt book. Receipts should be issued only when money is received. Under no circumstances are receipts to be issued in advance. If time does not permit proper receipting, money should not be accepted.

Receipts MUST always be written to a person. Receipts should never be written to general categories (i.e. "Picture Sales", "First Grade Field Trip", etc.) The person receipting the money must never write a receipt to him/herself.

Correcting fluid or erasures on a receipt are not acceptable. The receipt should be voided, the original attached to the copy, and a new receipt should be issued.

Principals have the option of waiving the requirement to write a receipt to each student in a class when the amount being collected from each person **does not exceed FIVE dollars (\$5.00)**. School bookkeepers are provided an approved form to be issued to the teacher for this purpose by the accounting coordinator. The teacher would write one receipt for the total amount of the list in his/her activity receipt book. The form is then attached and maintained in the Teacher receipt book.

Funds collected should generally be remitted to the Principal's office on a daily basis. At the Principal's discretion, the teacher may hold small amounts collected until additional funds are collected. **However, in no instance** should a teacher hold **funds in excess of \$50 beyond the date of collection**. All funds should be remitted to the Principal's office by the end of each week regardless of the amount. No money should be left in a classroom overnight. **The teacher is responsible for all monies collected until turned in to the office.**

Receipt books containing receipt copies and unused receipts must be turned in to the Principal at the end of the school year. The Principal is responsible for assuring that a plan is in place for verifying the return of all receipt books. These are maintained for audit purposes.

TEACHER RECEIPTS ALTERNATIVE

An alternative to writing individual receipts is allowed if the amount collected does not exceed \$5 per student. An approved collection form must be used to document the collection of funds from multiple students for small amounts. Gadsden City School Bookkeepers are provided with these "mock receipt" forms. The alternative form must be taken to the office with the funds collected. The form must identify the purpose of the collection, the date the funds are received, the individual student; the amount collected from each student and be signed by the teacher. Alternative receipts should **NEVER** be written in pencil.

MASTER RECEIPTS

Master Receipts are issued in the school office by an individual assigned by the Principal or designated by job description as responsible for collecting school funds (usually the bookkeeper). Pre-numbered Master Receipts, which post to a Master Receipt Journal, must be used to record school receipts. Master Receipts should be completed and issued in numerical order. Master Receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable. The following procedures should be followed:

All monies received must be maintained in the school office under the supervision of the Principal. Each Principal is responsible for obtaining and furnishing master receipts for use in the school office.

A master receipt should **NEVER** be issued for funds collected by the teacher or others, unless the teacher receipt book is submitted at the same time money is returned to the office.

Receipting Funds includes the following procedures:

1. Funds collected by a teacher are submitted to the office by the teacher along with the teacher receipt book or record, alternative receipt form, report of ticket sales, or other allowable receipt documents.

2. A Master Receipt should be issued after counting the funds and verifying the receipts.

A Master Receipt should contain the following information:

a) the sequential numbers of the teacher receipt book or record, alternative receipt form, or report of ticket sales form.

b) the name of the individual delivering the funds.

c) the amount of the funds received.

d) the identity of the school activity account to receive the funds.

e) space permitting, other information that would be useful in identifying the funds.

f) the date the funds are received.

g) the signature of the individual receiving the funds and issuing the Master Receipt.

3. The master receipt is then attached to the last receipt in the teacher receipt book near the last receipt number in the series of receipts for which the master receipt was written.

- Receipts are never to be destroyed or changed. If an error is made, VOID should be written on both the receipt as well as on the line of the cash receipts journal where the receipt was recorded. Attach the original receipt to the receipt journal sheet. All voided receipts must be retained.
- Receipts should be issued only when money is received. Under no circumstances are receipts to be issued in advance. If time does not permit proper receipting, money should never be accepted.
- Receipts written **MUST** always be written to a person. Receipts should never be written to general categories (i.e. "Picture Sales", "First Grade Field Trip", etc.) The person receipting the money should not write a receipt to him/herself.
- The teacher presenting the funds for receipt should always verify the Master Receipt information listed by the person receipting funds.
- Correcting fluid or erasures for mistakes are unacceptable. The receipt should be voided and a correct receipt issued.

- Receipted funds must be secured until deposited. Deposits should be made in a timely manner. Funds should not be held.
- The Master Receipt book or record and supporting documents must be secured for audit.
- A Master Receipt should be issued for each check received by mail.

The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds. Establishing designated times to receive funds for the issuance of Master Receipts should be considered.

REFUNDS

Proper support documentation should accompany the request for any refund. (Example: Make a copy of the receipt in teacher receipt book). The school should issue a check made payable to the parent/guardian and the check should be mailed or the bookkeeper may choose to have the parent/guardian come to the office and sign the check stub to indicate the check has been received. Checks should not be given directly to students.

BANKING

BANK ACCOUNTS

One bank account should be maintained at a local bank. All school funds are to be deposited in the account to the credit of a common fund.

Funds not needed for current operations, whether invested in CD's, money market accounts, or savings accounts, must be recorded in the school's accounting records and included in the school's financial statements which are submitted to the Central Office. School funds must be maintained in a Qualified Public Depository (QPD). A QPD is an Alabama banking institution that provides protection for school funds under the Security for Alabama Funds Enhancement Program (SAFE), administered by the Alabama State Treasurer's office.

Principals are prohibited from establishing a bank account for school funds in a name other than that of the school. All school funds must be kept in a school bank account and accounted for in the official accounting records of the school.

Employees are prohibited from establishing a bank account outside the school books that references the school in any way. Often employees make donations to a faculty accommodations account, which is set up as a non-public account, to be used at the discretion of those who participate by donating. This account is set up on the school books. A committee of participants should establish guidelines for such donations. **Parents and/or school employees must NEVER** maintain a bank account outside the school for funds collected in or around the school for any purpose, unless specific criteria have been met for establishing a school related organization. See School Related Organizations on page 31.

Bank statements are to be reconciled to the school's records monthly. Any differences between the bank balance and the book balance should be investigated and documented immediately.

CHECK SIGNING AUTHORITY AND RESPONSIBILITY

The Principal and one school faculty member will be listed as check signees on school bank accounts. No support personnel can serve as signees. The GCS Chief Financial Officer will also be listed a signee on each school account. Signature stamps are prohibited. Administrators who are authorized check signers are responsible for each check they sign. **The bookkeeper is responsible** for verifying the following documentation requirements **prior to submitting any check to an administrator to be signed:**

- Pre-approval of purchase by the Principal.
- Validity of the disbursement
- Proper support documentation, signatures, receipts, etc.
- Compliance with disbursement procedures in the manual.

An authorized check signer is responsible for reviewing the disbursement documents prior to signing a check.

DEPOSITING FUNDS

ONLY Principals and Bookkeepers are bonded and authorized to make deposits of school funds. School funds must be deposited in a timely manner, **usually daily**. If the deposit cannot be made before the bank closes, the funds should be placed in a school safe. Only the school bookkeeper and Principal should have access to the safe. In order to allow time for preparing daily deposits, the Principal may establish a daily cut-off time after which funds will not be receipted. **Principals should initial all deposits to indicate review.**

The total deposits made each day should be reconciled with total receipts. The date and amount of each deposit should be written on the last master receipt included in that deposit. All checks payable to the school should be endorsed immediately "FOR DEPOSIT ONLY".

The deposit slip should be prepared in duplicate, listing each check being deposited and amounts of each check as well as the range of master receipt numbers included in the deposit. Receipts per the master receipt book should be totaled and agreed to the deposit slip to ensure that all monies collected are deposited.

Principals should review all bank deposits and initial the school copy **AFTER** the deposit has been made.

The following procedures should be followed regarding deposits:

- 1) Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number
- 2) The deposit slip should contain the master receipt numbers of the funds deposited. (ex: #41 – 55)
- 3) Correction fluid should not be used for mistakes on deposit slips.
- 4) The duplicate deposit slip should be authenticated by the bank. The deposit slip must be retained for audit purposes.

CONTROL DOCUMENTS

The Principal has responsibility for all control documents issued to the school. Control documents include school checks, master receipts, teacher receipt books, school purchase orders. These documents must be properly secured. Receipt books issued to teachers or groups must be accounted for at the end of each school year. The bookkeeper and principal are responsible for collecting receipts books and retaining for audit purposes.

COUNTERFEIT MONEY

All schools should use a counterfeit detector pen for large bills. Contact the Local School Accounting Coordinator in the event the school is presented with counterfeit money.

RETURNED CHECKS

1. Gadsden City Schools has contracted with *Envision* for the handling of all returned check recovery services. *Envision* instructions and directions are available to all bookkeepers and Principals.
2. *Envision* does not guarantee payment for checks over \$500. The person receiving the funds should require more than one check be written if the amount owed is more than \$500.
3. *Envision* attempts to recover the face value amount of the returned check, **provided the name, address and phone numbers are listed on the check.**
4. Bookkeepers deposit all *Envision* payments, but do not post the payment as revenue; since the returned check is carried as an “other reconcilable item” until collection is made by *Envision*.
5. Until the collection of a returned check is made, the returned check remains on the school bank reconciliation as an “other reconcilable item”.
6. Monthly bank reconciliation reports should include a copy of the check stub from *Envision* when a returned check is marked “cleared” on the bank reconciliation.

Envision seeks to collect returned checks for a period of five years. In the event recovery of the check cannot be made, the bookkeeper will post a Journal Entry Debit to the activity account the check was written on. All Journal Entries must be properly documented for audit purposes.

SECTION 4 SCHOOL INCOME

DONATIONS FROM TAX-PAYER DOLLARS

All funds received by the school from any state or local official must be deposited into a public activity. If a school receives a check from an elected official, earmarked for an activity that is non-public on the school books, the funds cannot be posted to the non-public activity. A “Designated Donation” activity for public funds can be set up in the school financial records for tracking such donations.

DONATIONS and VOLUNTARY CONTRIBUTIONS

Donations made to Gadsden City Schools are deductible by the donors as provided under Section 170 of the Internal Revenue Service Code. Donations must be used as specified by the donor. Unspecified donations should be deposited into the General Fund. The school cannot place a dollar value on any donation that is not monetary. The school financial will issue a letter on school letterhead describing the donation. The value of the donation is not determined by school personnel.

Voluntary contributions may be requested for various items purchased by the school that are used by students in academic courses and classes including workbooks, supplemental instructional materials, lockers, sheet music, and other academic purposes. The voluntary nature of the contribution must be clearly stated in the request for the contributions. Non-payment of requested contributions cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student.

Donations may be requested for specific school purchases, including janitorial products, cleaning supplies, paper products, copier expenses, software maintenance, and other school purposes. **The voluntary nature of the donation must be clearly stated in the request for the donation.** Principals should always review and approve classroom supply lists prior to distributing.

Donations made by parents to classrooms should be used during the school year the donation was made.

Schools that allow events during the school day that charge admission to students should provide admission to a non-paying student to avoid subjecting the student to embarrassment or ridicule.

Teachers have no authority to request or accept student fees, contributions, or donations without the approval of the Principal, unless directed by the local superintendent. The Principal or the local superintendent should approve requests to collect school fees, contributions, and donations.

Actions taken against a student for non-payment of student fees, contributions, or donations including the withholding of grades, report cards, transcripts, diplomas, honor rolls, participation in graduation events and student recognition events, membership in honors organizations, and other actions that would subject the student to embarrassment or ridicule, are prohibited.

The Gadsden City Board of Education Local School Accounting Coordinator and Chief Financial Officer provide guidance on collections from students for snacks, and refreshments; library fines; student parking; charges for participating in extra-curricular activities and after school programs upon request. Principals and bookkeepers should never hesitate to seek guidance regarding financial matters.

FUNDRAISING

The school must approve in writing, each school fundraising activity conducted by students, teachers, school employees, or school related organizations.

Elementary school students must not be involved in any door-to-door solicitations or sales.

No fundraisers may sell foods of minimal nutritional value during the school day.

School bookkeepers should provide employees and parents with a form requesting authorization for the fundraising activity. The fundraiser must be approved by the Principal PRIOR to the start of the fundraising activity and should contain the following information:

- 1) Date of request
- 2) Name of individual making request
- 3) Name of activity/account to receive proceeds from fundraiser
- 4) Class, club or organization that will conduct activity
- 5) Name of fundraising project
- 6) Beginning and ending dates of fundraiser
- 7) Description of fundraising activity, such as:
 - a) name of company supplying items for sale
 - b) description of items for sale
 - c) estimated cost of items for sale
 - d) sales price of items
 - e) description and estimated cost of related fundraiser expenses
 - f) description of method of sales and collection
 - g) estimated profit from fundraiser
 - h) purpose of fundraiser

Before approving a fundraising activity, the Principal should consider the safety of students involved in the activity. For example, a cheerleader sponsor should supervise events such as a "Car Wash for Cheerleader Camp". The potential profitability for the efforts expended on the fundraising activity should also be considered.

Approved fundraising activities must comply with financial procedures for school funds, including:

- 1) All funds collected must be delivered to the Principal's office for a master receipt. Checks cannot be cashed from collections.
- 2) Income from fundraisers must be deposited on a timely basis. Teachers and sponsors of fundraisers are not to hold fundraiser income until the fundraising project is complete.
- 3) All fundraising expenses, including sales award to students, must be presented to the office of the Principal for payment by check.
- 4) A school employee CANNOT receive a gift or gratuity from the fundraising vendor.

Within a reasonable time after completion of the fundraising activity, a fundraising reconciliation form documenting the results of the fundraiser should be completed and turned in to the school bookkeeper. School bookkeepers are responsible for maintaining this documentation for audit purposes. The bookkeeper and Principal should review all fundraisers and verify the profit earned is within reason based on items purchased and sold. Additional fundraisers should not be approved when an employee has not reconciled a completed fundraiser.

Any funds raised by a group associated in any way with the school should be under the control of the school and be an integral part of the school's accounting system with the same constraints and requirements of other accounts of the school.

RAFFLE TICKETS

The sale of raffle tickets is illegal because it is considered a form of gambling. If reported, the District Attorney's Office can prosecute any school employee involved.

ITEMS FOR RESALE

Items purchased to be sold to students and faculty, or as a fundraiser for any activity within the school, should never bypass the guidelines of Gadsden City Schools regarding purchasing and receipting funds.

Such items must be purchased with an approved purchase order. All funds collected from resale of these items should be properly receipted and deposited into the school account. All expenditures must be paid by a school check and supported by a valid invoice. The school should issue a check for the ordered items.

INTEREST INCOME

Interest income is considered discretionary funds and can be used by the Principal in accordance with public accounting guidelines.

VENDING MACHINES

Vending machines are on school property and any revenue earned must be used for the benefit of the entire student population. The Principal is responsible for overseeing the use of revenue earned from vending machines. Vending machine funds are considered public funds.

Some machines are fully serviced by school employees who stock the machines and collect the funds from the machines. Another method of servicing vending machines has the vending company stock the machine while school employees collect the funds from the machine. Principals are responsible for establishing a method of control to document the products stocked in each machine and the income from each machine.

Tracking profits ensures that:

- a) products are not pilfered from storage or when stocking the machine
- b) all funds from the sale of the vending items are receipted
- c) the product price is set above the product cost to obtain a reasonable profit

The same school employee who removes the funds from a machine should also oversee or supervise the stocking of the vending machine. Vending funds must always be receipted by a master receipt.

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

CONCESSIONS - Athletic events, school stores, snacks

Concessions include event concessions, school concessions, school stores and snacks. Because all concessions involve cash, and neither cash receipt nor tickets are used to control the exchange of money, **proper accounting for the sale of products and income is essential**. The following procedures should be implemented:

- 1) Do not cash checks with concession funds. Deposit funds intact.
- 2) Do not make payments from cash collected. Payments must be made by check.
- 3) Funds should be deposited on a timely basis.
- 4) A master receipt should be issued after verification of funds received.
- 5) A reconciliation form should be completed and signed by two people verifying the amount of concessions funds collected.

Files should be maintained for audit purposes to document **items purchased, cost and a listing of items sold by sales price**.

Concessions Stands/School Stores: Two people should count and verify concession money together and complete a reconciliation form to indicate the total amount turned in to the school office. Each counter should sign the reconciliation form which will be provided by the bookkeeper. Expenditures and disbursements should be posted to an activity set up to be used only for concessions and/or the school store. This will allow a profit analysis to be prepared at the end of each school year. An inventory of any unsold items must be maintained for auditing purposes. Persons in charge of purchasing items to be sold must

provide the school financial office with a listing of items to be sold and the amount charged for each.

School Snacks: Principals determine the procedure that works best for their school for selling snacks to students. Since auditors compare expenditures to revenue to determine the percentage of profit on school snacks procedures must be in place for proper accounting for items purchases and sold. The person selling snacks should complete a reconciliation form indicating the amount of money being turned in to the bookkeeper each day. This person and the bookkeeper should verify the money together and the bookkeeper will write a master receipt to be attached to the reconciliation form. **The Principal should sign all reconciliation forms.**

Concessions include event concessions, school concessions, and school stores. Because all concessions involve cash, and neither cash receipt nor tickets are used to control the exchange of money, proper accounting for the sale of products and income is essential. An inventory of items purchased, items sold by sales price, and items unsold should reconcile to the cash collected. The following procedures should be implemented:

- 6) Do not cash checks with concession funds. Deposit funds intact.
- 7) Do not make payments from cash collected. Payments must be made by check.
- 8) Funds should be deposited on a timely basis.
- 9) A master receipt should be issued after verification of funds received.
- 10) A reconciliation form should be completed and signed by two people verifying the amount of concessions funds collected.

STUDENT FEES

Fees charged to students are board approved. Required fees are to be uniform throughout the system. Therefore, a Principal or teacher has no authority to deem a fee unnecessary or to implement an additional fee, without approval of the Superintendent and Board of Education. (Examples: A science teacher cannot determine he/she no longer wants to charge lab fees; a Principal cannot determine he/she will require all students to pay a fee at the beginning of the school year to assist in covering material and supplies.)

Due to accountability guidelines regarding funds earned from fundraising events, teachers cannot apply profit earned from fundraising to required student fees.

State laws and administrative rules of the State Board of Education restrict the collection of fees from students.

Alabama Code § 16-13-13Fees for courses. It is the intent of the Legislature that no fees shall be collected in the future in courses required for graduation. In courses not required for graduation, local school boards may set reasonable fees for courses requiring laboratory and shop materials and equipment, provided, however, that such fees shall be waived for students who cannot afford to pay the fee. Any funds collected in fees shall be spent on the course for which the fee was levied. This section shall not be construed to prohibit community groups or clubs from fundraising activities,

provided, however, those students shall not be required to participate in such fundraising activities.

Alabama Code § 16-6B-2 **Core curriculum.** (a) The following words and phrases used in this section shall, in the absence of a clear implication otherwise, be given the following respective interpretations: (1) **REQUIRED COURSES.** Courses which are required to be taken by every student enrolled in public schools in the State of Alabama.

Alabama Code § 16-10-6 **Incidental fees in elementary schools.** No fees of any kind shall be collected from children attending any of the first six grades during the school term supported by public taxation; provided, that any county or city board of education shall be authorized to permit any school subject to its supervision to solicit and receive from such children or their parents or guardians voluntary contributions to be used for school purposes by the school where such children are attending; provided further, that the provisions of this section shall in no way affect or restrict the right or power of a school board to fix and collect tuition fees or charges from pupils attending schools under the jurisdiction of such board but who live outside the territory over which such board has jurisdiction.

AAR 290-3-1-02 Driver Education. (a) No fee shall be charged to any child whose family is unable to pay the fee. (b) Thirty dollars (\$30) per student, per semester, is the maximum driver education fee to be charged by local boards of education without approval from the State Superintendent of Education. (c) The State Superintendent of Education may approve a higher fee upon the request of a local superintendent approved by the local board of education with sufficient documentation of actual costs in excess of the maximum. (d) Each board of education shall establish criteria by which the ability of families to pay the fee may be determined and submit same to the State Superintendent of Education for approval. (e) Local boards of education shall take reasonable steps to insure that students for whom no fee is required shall not be identified.

In reading the state guidance, it can be noted that academic fees during the regular school term (excluding driver education) may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected.

State laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines. (See Alabama Code § 16-36-69).

SECTION 5 **PURCHASES**

PURCHASE ORDERS

The Principal should approve ALL expenditures that will be paid from school funds. A purchase order allows the Principal to approve expenditures prior to purchases being made. A purchase order provides protection to the vendor for not charging Alabama sales tax on the school's purchases.

A Purchase Order must be completed and signed by the person requesting the purchase and approved by the Principal before a purchase is made.

NO employee should obligate school funds without an authorized purchase order. Reimbursements should not be made to any teacher/sponsor who purchases goods in the school's name without an approved purchase order. The Principal may choose not to pay an expenditure made without approval, thus the employee would be personally responsible for payment.

A purchase order must be issued for all goods to be purchased. Check requests may be completed and assigned a PO number for services, such as recurring monthly bills (i.e. telephone bills, monthly payments, travel reimbursements, etc.). No employee has authorization to purchase or order any goods or services without prior approval from the Principal in the form of a purchase order. All regular vendors should be notified that purchases will not be paid without properly approved purchase orders.

Schools that make numerous purchases at one or more given vendors during a month will be permitted to issue that vendor a purchase order number at the beginning of the month with a set dollar limit for use during the month. This must be on a very limited basis. An example would be when a school purchases many small items at a hardware store where obtaining a purchase order would delay the work of the custodian and others. The vendor would write a sales ticket (invoice) with all items listed and prices included. The employee picking up the items must sign the ticket. The ticket (invoice) must have the purchase order number on it. All such purchases must be approved by the Principal. A new purchase order would be typed and issued to vendor at the beginning of each month. Students must never be allowed to purchase items on such purchase orders.

Purchase orders are not to be prepared without all items listed. **Items should not be added to approved purchase orders.** Another purchase order is required for additional items to be added.

The Purchase Order should adequately describe items to be purchased. Items should be described, **not just ordered by item number**. Avoid the use of "per attached list" to the extent that is possible. The purpose for the purchase should be noted on the form.

The Purchase Order should be completed in triplicate. Copies should be distributed as follows:

Copy 1: Vendor Copy

Copy 2: Teacher/Sponsor Copy

Copy 3: Retained in the Principal's office to be matched with the invoice when it is received.

A computer generated purchase order should always be attached to Copy 3 and filed with the completed PO's/invoices in the paid vendor files. This NextGen PO indicates the General Ledger number and activity used for the PO and is used for auditing purposes.

When goods or services are delivered, the person **receiving the order should verify** that the order received agrees with the purchase order. If the order is accepted, the person receiving the order should sign and date Copy # 2 of the purchase order. Items not delivered should be lined through on the purchase order. This purchase order should then be sent to the office to be matched with the office copy and subsequently to the invoice for payment.

W9'S/1099 REPORTING

A W-9 must be completed by any individual or company prior to any payment being issued. Bookkeepers must request a W9 from any new vendor being set up for payment. Obtaining form ensures that all necessary information is available for the proper filing of a form 1099 for the individual or company.

1099 reporting is for payment for services rendered by an individual who is not a school employee.

School employees cannot be paid for services through the school books. **Payment to a school employee for services rendered must be paid through payroll.**

Any company operating by a company name, but does not have an EIN #, must be issued a 1099. A company using a Social Security number must provide the name of the person whose SS # is being used and the vendor will be set up in the name of that person.

SALES TAX

Gadsden City Schools do not pay sales tax and reimbursement cannot be made for sales tax. The only exception is lodging and tax on meals when a sponsor/teacher is traveling for the school or system.

BID REQUIREMENTS FOR EQUIPMENT AND UNIFORM PURCHASES

To protect the buyer from price gouging, two quotes are to be obtained from vendors on purchases of new uniforms and equipment for any school activity. Replacement uniforms do not require bids.

Examples of purchases that would not require two bids:

- An athletic team has game shirts, but needs some additional shirts of the same kind
- A band director orders 10 replacement shirts for band students
- A football coach orders 20 new helmets to match helmets currently being used

Examples of purchases that would require two bids:

- New band or athletic team uniforms

-Equipment purchases (equipment purchases of more than \$15,000 must be bid per state guidelines.) Like items totaling more than \$15,000 must be bid.

All bids should include name brand and a complete description of each item. An acceptable bid would read: 100 Russell, two color logo, cotton, collared shirts. An unacceptable bid would read: 100 t-shirts.

ALABAMA BID LAW

State law requires that certain expenditures are subject to competitive bidding. "Like" items totaling more than \$15,000 are subject to competitive bidding. Expenditures for labor, services, work, and the purchase or lease of materials, supplies, equipment, or other property involving \$15,000 or more are subject to competitive bidding. Principals and Bookkeepers should request assistance from the Gadsden City CFO regarding bidding procedures and requirements. Purchases by individual schools from funds OTHER THAN THOSE RAISED BY TAXATION OR RECEIVED THROUGH STATE OR GOVERNMENT SOURCES/BOARD FUNDS ARE EXEMPT FROM THE BID LAW. Example: Funds raised by non-public fund raising activities. **When in doubt, the principal should contact the CFO.**

SHIPMENT OF PURCHASES

Items purchased with school funds should be shipped to the school address. **Deliveries to the home of an employee are strictly prohibited.**

PETTY CASH

Schools are allowed to maintain Petty Cash of no more than \$50 unless approved by the LSA Coordinator. Expenditures must be documented on a petty cash form to include dollar amount distributed, to whom and for what purpose. Receipts are attached to the form. The person receiving petty cash must sign the form. Bookkeepers should periodically balance petty cash and charge the appropriate activity. **TAX IS NEVER REIMBURSED from petty cash.**

A vendor must be set up for Petty Cash as follows:

- Petty Cash
- Name of Principal
- School

Petty cash should be used for small miscellaneous purchases. Examples: Postage for mailing a package, gas for weed eating or other small items needed immediately.

SECTION 6 EXPENDITURES

DEFICIT BALANCES

Principals and Bookkeepers should monitor school account activity balances closely. All deficit balances should be brought to zero by fiscal year end. Non-public accounts should never have deficit balances.

PAYMENT OF EXPENDITURES

When the invoice is received in the Principal's office, it should be matched with the related purchase order copies. No invoices should be processed for payment until the purchase order copies have been returned indicating that the goods or services have been received. **EVIDENCE OF RECEIPT OF GOODS MUST BE ATTACHED TO ALL PAYMENTS. (Packing list and/or signed copy of the PO with the signature of the person receiving goods.)**

Payment should never be made before all of the merchandise is received.

Payments should never be made from a statement.

Statements are insufficient documentation. Invoices are required. An original, faxed or emailed invoice must be secured to serve as a basis for issuing any check.

The invoice should include the name and address of the vendor, quantity and description of the items purchased, unit price, extensions, and the total. Invoices are to be signed by the person for whom the purchase was made as well as the person who received the goods at the school, if that is another person.

If the vendor does not have an invoice, the school bookkeeper is allowed to create an invoice form to be used. This form should include the purchase order number, date, name and address of the vendor, description of the work performed, the amount to be paid, and should be signed by the vendor.

For example, if John Doe paints the school flagpole for \$50 and John Doe does not have an invoice to submit, the school bookkeeper should provide a form.

There must be adequate funds available before a purchase is made. Bookkeepers and Principals should review account balances prior to approving Purchase Orders to avoid deficit balances. In the event funds are not available to make needed purchases, the Superintendent's office should be notified for proper resolution.

All payments for school expenditures are to be paid from the school's checking account. Only authorized school expenses are to be paid from this checkbook. A check is never to be destroyed when an error is made; the check should be marked VOID and should be stapled to the back of the cash disbursement journal.

The Principal should sign all checks. No signature stamp may be used in place of the Principal's signature on a check.

The Principal may request approval from the Superintendent to allow a designee to sign checks in the Principal's absence. This designee would only sign checks in an extreme situation. The designee would need to be included on the bank signature card.

The school bookkeeper should never sign a check on behalf of the Principal. Paid invoices should be attached to the purchase order and/or check request, with check stub and filed. **The check stub should be on top of the invoice and any additional documentation attached.**

SCHOOL CHECKS – SUPPORTING DOCUMENTATION

Check stubs and supporting documentation for all school checks issued should be maintained in alphabetical files by vendor name. The following documentation, at a minimum, **should be stapled together on this order:**

- 1) School check stub
- 2) Approved and signed purchase order and/or check request
- 3) Invoice (NEVER PAY FROM A STATEMENT)
- 4) Any documentation related to the purchase (bids, quotes)
- 5) Additional documentation (packing slips, list of participants, etc.)
- 6) The NextGen PO indicating the activity and account number charged

OUTSTANDING and/or LOST CHECKS

If a check is issued and as not cleared the school bank account within six months, the school bookkeeper should notify the payee and try to resolve the issue. At the end of the fiscal year, any outstanding check that has not cleared the bank within six months should be voided. The transaction should be thoroughly documented.

If a vendor does not receive a check and it becomes necessary to reissue a check, the bookkeeper must request a stop-payment on the check at the bank, prior to issuing another check.

SECTION 7

SCHOOL RELATED ORGANIZATIONS

PARENT – TEACHER ORGANIZATIONS

The Board considers parent – teacher associations as auxiliaries to the public schools, and not as “outside” groups. When a local parent – teacher association is formed, it shall be permitted to hold its regular meetings in the school building, and it shall be the duty of the Principal and the teachers of the school to further the work of the association in every way feasible. Meetings of these associations may be held with the approval of the Principal.

The policy of Gadsden City Schools is to include a Parent-Teacher Organization as an activity within the school books. The Superintendent and Board of Education may allow the organization to be separate from the school. An outside organization must receive written approval from the Superintendent to establish the organization outside the school and will need to:

- A) Obtain its own employer identification number (EIN) from the Internal Revenue Service
- B) Maintain a separate mailing address
- C) Maintain separate records and accounts outside of the school (including financial reports, bank accounts, etc.)
- D) Provide a report of an annual audit of the organization to the school and board.
- E) Provide proof of a fidelity bond of the treasurer.
- F) Not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.
- G) Not have school employees holding a leadership position or office in the organization.
- H) Not have school employees leading fund-raising activities or maintain the accounting records of the organization.

Funds cannot be posted as revenue to a school PTA or PTO account, if a **school employee** is implementing the fundraiser during the school day. All collecting, receipting, or selling of goods, must be done by PTA members and/or officers during the school day if the funds are posted to a non-public PTA account. PTA members and/or officers should have funds counted and verified when turned in to the school bookkeeper. Two people should count and verify the funds, complete a fundraiser reconciliation form and submit the form and funds to the bookkeeper for depositing.

School employees can be involved in implementing a field day, spring fling, etc. that is sponsored by the PTA. However, if employees are in charge of fundraising and implementation of a fundraiser, **during the school day**, these funds are considered public and should be receipted to a school wide fundraising account.

BOOSTER CLUBS

Most often Gadsden City Schools include Booster Clubs as activities within the school books. All **school sponsored extra-curricular activities must be under the control of the school**. The Superintendent and Board of Education may allow a Booster Club to be separate from the school. A support organization must receive written approval from the Superintendent before establishing the organization outside the school.

Booster Clubs help promote, support, and improve the extracurricular activities of the schools in the Gadsden City School System. Each Principal is responsible for the relationship between the school and its Booster Clubs and other parent groups.

Since the public perceives Booster Clubs as also representing the school, it is necessary for any Booster Club to follow these requirements regarding their relationship with the school:

Booster Clubs within School Financials

Booster Clubs within the school financials will be set up as non-public accounts. Parents and supporters within the club will establish guidelines for:

- a. Qualifications for membership
- b. Officers of the Club
- c. Duties and terms of officers
- d. Time and place of meetings

Funds within these booster clubs are subject to the intent and authorization of the organization's members, officers, and sponsors.

Funds within these accounts are not expended by school employees. Expenditures must be approved by club officers.

The Principal does not have direct use of these funds but does have authority to prohibit expenditures he/she deems as inappropriate. The Principal should approve all purchases and Principal is responsible for accounting for these funds.

Booster Clubs will follow local school guidelines regarding receipts and expenditures. Receipt books will be issued by the school financial for receipting funds collected by the club and all expenditures will be authorized by the issuing of an approved Purchase Order.

School bookkeepers should provide booster club members and officers with Fundraising Approval and Reconciliation Forms. All fundraisers must be approved by the Principal PRIOR to the start of the fundraising activity.

Booster clubs can hold non-public fundraisers on school premises with approval of the Principal, **but these must occur after school hours**. Any fundraising that involves students, taking place during the school day on school premises must be deposited into a public account for the sport for which the funds are raised.

Booster Clubs Separate from School Financials

GUIDELINES FOR THE FORMATION OF AN OUTSIDE BOOSTER CLUB:

1. The supporters must meet with the school Principal to discuss the organization of the Club and obtain approval to proceed with the organization.
2. The group will obtain all necessary policies and guidelines pertaining to the development or organization of Booster Club from the school Principal.
3. The supporters must develop and submit to the school administrator a constitution, by-laws or other governing document approved by the membership which states:
 - A. The Club purpose
 - B. Qualifications for membership
 - C. Officers of the group or Club
 - D. Duties and terms of officers
 - E. Procedure on accounting for revenues and expenditures

Following approval of the formation, the organization must:

- 1) obtain its own employer identification number (EIN) from the Internal Revenue Service.
- 2) maintain a separate mailing address.
- 3) maintain separate records and accounts outside of the school (including financial reports, bank accounts, etc.)
- 4) provide a report of an annual audit of the organization to the school and board.
- 5) provide proof of a fidelity bond of the treasurer.

The outside organization should not:

- 1) provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.
- 2) have school employees holding a leadership position or office in the organization.
- 3) have school employees leading fund-raising activities or maintain the accounting records of the organization.
- 4) operate any training camp that includes students or uses school facilities. (such camps would be considered a public fund event and should be handled through the school financial office)
- 5) operate a competition that includes students of the activity it supports.

These organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal,*
- b) A **school employee** serves/holds a leadership position in the organization
- c) A **school employee** is involved with fund-raising
- d) A school employee maintains the accounting records for the organization.

Specific activities of a booster organization may come under the control of a school principal if:

- a) *The organization collects admission to the school function,*
- b) *The organization operates a concession operation on school property at the school function,*
- c) *The organization collects parking fees for the school function,*
- d) *The organization operates a training camp that includes students of the activity it supports, or*
- e) *The organization operates an exhibition or competition that includes students of the activity it supports.*

Specific Requirements

Parent organizations and booster organizations that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls.

Accountability for the funds these organizations control includes an agreement between the school and the organization that:

- a) *The organization makes its financial records available to the school's auditors and authorized school employees upon request.*
- b) *The organization provides required financial reports.*
- c) *The organization provides proof of a fidelity bond for the treasurer.*
- d) *The organization will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the **State Ethics Law**.*

Relationship with the school:

1. The Principal or a designee should be invited to all meetings.
2. All booster club activities must be authorized by and coordinated with the school Principal.
3. Booster Clubs do not have the authority to direct the duties of a school system employee nor do Booster Clubs have the authority to spend money for the school's benefit without the knowledge and approval of the Principal or designee.
4. All decisions concerning personnel employed by the Board shall be strictly reserves as a Board matter and shall not be the prerogative of booster clubs.
5. The board has the authority to dissolve the relationship between the school and the Booster Club at any time.
6. Any person paid solely by a citizen group must be approved by the Board prior to being permitted to work with students in the local schools.
7. Minutes should be taken at each meeting and kept on file with the Club.
8. Periodic financial statements itemizing all receipts and expenditures should be made available to the general Club membership and to the local school athletic director or Superintendent at their request.
9. All expenditures of any athletic Booster Club should be maintained as financial documentation.
10. Any funds remaining in the treasury of a dissolved Booster Club should be spent to support the particular program the Club was established to support.
11. Support employees, including coaches and other employees performing supplemental duties, work for the Board of Education and are under the

direction of the school Principals and other administrators in the chain of command.

12. Certified and support employees, including coaches, are subject to all policies of the Board of Education, the rules of the Alabama High School Association, and Alabama State Code of Ethics.

In working with Booster Clubs, coaches and other employees are required to comply fully with all ethical and legal requirements and to avoid even the appearance of a violation. Booster Clubs should be knowledgeable of these provisions and should avoid placing employees in a situation where allegations of ethical violations might be made. If such allegations are made, the Principal and school district will investigate and take appropriate action with regard to the employees involved.

The school district reserves the right to terminate the relationship between the school and the Booster Club if it is determined that the Booster Club bears a responsibility for the violation.

Booster Club Accounting:

1. Funds should never be co-mingled with personal funds of any school employee or school funds.
2. Booster Clubs should have a separate bank account. Personal checking accounts of employees cannot be used.
3. Booster Clubs are responsible for their own tax filings and accounting. Booster Club funds must never be commingled with student activity funds or other school or school district funds.
4. Booster Clubs may donate funds to a school or to the school district. When these funds are deposited in a school or school district account, the Booster Club relinquishes all control over these funds.
5. No member of the school or school district's faculty, administration or staff may hold an office as treasurer in a Booster Club; appear on a signature card for any Booster Club bank account, or sign any checks for a Booster Club.
6. Any financial obligation incurred by a Booster Club shall be solely that of the Booster Club.
7. Booster Clubs **may not use the school's tax ID number.**

Fundraising/ Spending/ Stipends/ Gifts to Coaches and Employee:

1. If a Booster Club makes a monetary donation to the school, it may make recommendations as to how the funds should be used, but the ultimate decision must be made by the Principal or designee consistent with school district and

- other requirements. Money given by a Club will be spent on the activity that the Club was formed to support.
2. Booster clubs shall not directly or indirectly supplement pay of band directors, coaches, or any other school employee.
 3. Community-wide fund raising campaigns should be coordinated through the Principal or designee to minimize simultaneous campaigns.
 4. Fund-raising activities should support the educational goals of the Club and the school and should not exploit students. Activities and projects should be investigated carefully before committing the Club's support. The Principal or designee must approve an activity before it will have the school's support.
 5. Individuals who actively coach or direct an activity should serve in an advisory capacity to the Booster Club and should not have control or signature authority over Booster Club funds, including petty cash or miscellaneous discretionary funds.
 6. Booster Club Raffles and/or the selling of raffle tickets may not occur on any School Board Property as a fundraiser.
 7. Any gift to coaches or other employees must be within State Ethics Law guidelines. www.ethics.alabama.gov. The Advisory Opinion No. 2016-34 recommends a \$25 limit be maintained as a gift to any state employee.

FACULTY ACCOMMODATION ACCOUNTS

A faculty accommodation account can be established as a non-public account provided funds deposited to the account are:

- 7) voluntary donations made by the faculty
- 8) donations from other sources provided documentation is provided in writing that the funds are specifically being donated for the school faculty as a whole.
- 9) revenue from vending machines located in "faculty only" areas, not accessible by students.
- 10) A faculty committee establishes guidelines for use of the funds

SECTION 8 **ATHLETICS**

School athletics are extra-curricular activities that must be under the control of the school Principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity.

Funds received to support an athletic activity at a school from Sponsors, Vendors, or other sources must be included in the school's financial records under the fiduciary control of the Principals school.

Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records.

ATHLETIC CAMPS

Camps are defined as any activity, involving students, where skills are taught and developed under the direction of a Gadsden City School employee, coach or other adult leader. Such events considered as a fundraiser to support a program at a school will be considered a camp for approval and accounting purposes.

Camps held on school property are considered public events and all funds must be deposited into a public account.

Approval

All camps are required to be approved by the school Principal. A camp approval form should be obtained from the school bookkeeper and completed.

Camp Fees

All camp fees will be receipted in accordance with Gadsden City School's receipting guidelines. The event coordinator listed on the approval form is responsible for all monies collected until the funds are turned in to the school bookkeeper and master receipted.

Expenditures

All obligations of the camp are to be paid by school checks. Expenses should never be paid for out of cash received. Purchase orders are to be completed and submitted for approval.

Compensation to Gadsden City Employees

Gadsden City employees acting as staff for a camp may be provided compensation from the camp's proceeds provided:

- The camp is not held during the employee's regular working hours
- The school Principal approves such compensation prior to the camp being held.
- The compensation is paid through the payroll system of Gadsden City Schools. Schools cannot issue compensation payments to employees.
- Support employees (noncertified employees) working in the camp cannot work more than 30 hours in a week in any capacity for the school system.

Payment to a Non-School Employee

- No payment will be issued until a W9 has been completed by the individual/company prior to any payment being made.
- A background check is required for any coach or staff personnel who is not employed by Gadsden City Schools and is working in a camp. The cost of the background check can be considered an expense from the camp proceeds.

ADMISSION/REPORT OF TICKET SALES

Tickets must be sold at all events where admission is charged.

Admission events include football, basketball, baseball, softball, volleyball, soccer, wrestling, swimming, track and other athletic events, as well as beauty pageants, dances, theatrical performances, talent shows, carnivals, festivals, and other school related events.

All tickets must be pre-numbered and **ISSUED BY THE OFFICE OF THE SCHOOL PRINCIPAL. It is recommended that pre-printed tickets be purchased.** The Principal may approved an event sponsor purchasing professionally printed tickets that can be printed to include the date, time, place, etc. on the tickets. A Principal may also allow a group **to print its own tickets for special events. These tickets must be numbered sequentially and the bookkeeper must log the ticket numbers on the ticket inventory log.** All tickets must be accounted for, using the same reporting guidelines for tickets issued from the school Principal. The school bookkeeper must maintain a ticket inventory log of all tickets for audit purposes.

The use of tickets for admission assures that entrants to events paid the admission fee and that admission charges are deposited in the school's bank account. Security practices, such as having a ticket collector tear tickets in half, are necessary to avoid the re-use of tickets. The ticket seller should not be the ticket collector.

The school bookkeeper should issue the tickets and provide the ticket seller with an approved reconciliation form for report ticket sales. The ticket sales form must include:

- 11) name of event
- 12) date of event
- 13) beginning and ending ticket numbers of the tickets issued
- 14) beginning number of tickets not sold
- 15) a space for reconciling collections based on ticket sales to actual cash
- 16) a line for the signature of the person selling tickets

Gadsden City bookkeepers are provided samples of approved ticket sales forms.

The bookkeeper should complete the top portion of the form, indicating the beginning ticket number, change cash issued, etc.

When the event is over, the money should be counted; form should be completed and signed by the ticket seller, indicating the number of tickets sold. All unsold tickets must be returned to the bookkeeper with the money.

A master receipt should be issued to an individual for the cash collected from ticket sales. A separate master receipt should be issued for change cash. All cash collected must be deposited intact.

Under no circumstance should a check be cashed from a ticket sales box or from change cash issued. This includes school checks issued for officiating or security.

COMPLIMENTARY PASSES

An Attorney General Opinion stated the local school board could authorize complimentary passes to certain individuals provided the granting of the passes furthers and enhances school purposes. Complimentary passes cannot be issued without the express authority of the Principal and/or local school board.

PUBLIC EMPLOYEES AND OFFICIALS AND THEIR FAMILY MEMBERS receiving a complimentary pass are responsible for compliance with the State Ethics Law. An employee with a valid Gadsden City Board of Education Identification badge will be admitted free of charge to athletic events sponsored by Gadsden City Schools.

CHANGE CASH

Change cash is permitted for ongoing activities. A check is issued to the school principal using the change cash procedure in the NextGen software. At the end of the activity the cash must be deposited back to CHANGE CASH, using the change cash G/L number. It is not deposited as revenue. In Elementary Schools Principals may choose to issue change cash as a disbursement and credit the disbursement g/l number when the cash is immediately re-deposited. If this method is used the bookkeeper must be sure the change cash issued is listed on the reconciliation form used for verifying funds received and the change cash must be deposited at the time the funds from the event are deposited. **At the end of the fiscal year, the Principal and Bookkeeper are responsible for verifying all change cash has been re-deposited.**

SECTION 9 CREDIT CARD POLICY

CREDIT CARDS – THE PRINCIPAL IS RESPONSIBLE FOR CREDIT CARD ACCOUNTABILITY

Credit cards are a convenient way to secure travel accommodations and to purchase school commodities.

Principals are allowed to apply for credit cards through the school but the principal's name must be on the account and application with his/her signature indicating **he or she is personally responsible** for all transactions to the credit card or cards. Use of the credit card must be approved by the principal and it is the responsibility of the principal

to ensure accurate accounting records and receipts are maintained for auditing purposes.

The principal is responsible for reconciliation and timely payment of credit card transactions.

Original receipts (NOT COPIES) must be maintained with the monthly statement, along with documentation clearly indicating the purpose of the purchase. Packing slips and receipts should be attached as documentation for materials ordered by phone or internet.

Principals may approve for more than one credit card to be issued. Each card must bear the name of a system employee and the principal is ultimately responsible for all transactions made and any misuse of the card.

MISUSE OF CREDIT CARD INCLUDES:

- 1) Using the card for personal purchases
- 2) Purchase of unauthorized items

In the case of misuse, the individual responsible will pay all transactions and forfeit further use of the credit card. Bookkeepers should notify the Chief Financial Officer and/or LSA Coordinator of any compliance issues.

Credit card transactions are only to be used for approved expenditures.

All credit cards must be accounted for. The principal is responsible for ensuring a system is in place for credit card use. Employees who are allowed to use a card should sign for the card and documentation should indicate the date of issue and return.

Fees and late charges cannot be paid from public funds.

Receipt of phone or internet orders must be documented with packing slips. Gadsden City Schools accounting policies and procedures must be followed for all credit card purchases. Contact the Local School Accounting Coordinator for specific questions. School bookkeepers should never pay transactions without proper documentation. In the event the employee cannot provide receipts, invoices, packing slips, etc. the charge will be considered unauthorized and the principal is either personally responsible or should collect payment from the employee.

DEBIT CARDS AND/OR AUTOMATIC PAYMENT DEDUCTIONS ARE PROHIBITED.

SECTION 10
PROFESSIONAL LEAVE and TRAVEL REIMBURSEMENT

TRAVEL AND MEALS

Schools are permitted to reimburse school employees for actual travel expenses while such employees are conducting school business. Reimbursements must be pre-approved and a travel reimbursement form must be completed by the employee.

Such payment must always be on a reimbursement basis. The rate of reimbursement for travel shall be the Gadsden City Board of Education approved rate per mile, payable only to the person who drives a vehicle and provides the transportation for the travel. Principals often may determine an account does not have significant funds for reimbursing mileage and approve only reimbursing for gas. It is imperative that travel be approved prior to traveling so there is a clear understanding of funds being approved.

Reimbursement for meals and lodging shall be limited to the employee's expenses minus any charges for entertainment expenses. These claims must be supported by itemized paid receipts. Receipts for registration charges for attending conferences, etc. must be submitted. **ALL RECEIPTS MUST BE ORIGINAL. Copies of receipts are not acceptable.**

All travel reimbursement must be documented to include the date of the travel, points of travel, miles traveled, the purpose of the travel, and receipts.

PROFESSIONAL DEVELOPMENT LEAVE REQUEST AND REIMBURSEMENT

Request for Professional Leave should be submitted to the Central Office for approval at least two weeks prior to travel. Employees should estimate the entire cost of the meeting/event and attach proper documentation.

Documentation includes:

- *Official notification of the event (flyer, email, etc.)
- *Agenda
- *Conference or event Lodging Rate (usually listed on-line)
- *Google map printout to document total miles traveled to event. If the event destination is listed below on the GCBE approved list of common locations no printout is required.

Employees should estimate the cost of travel:

*Meals – If board funds are being used, the meal rate per diem is \$8 for breakfast, \$10 for lunch, \$16 for dinner. Breakfast is only reimbursed on travel day if it is necessary to leave before 6:00 a.m. to get to the conference/event location. On return travel day, dinner is only reimbursed if the conference ending time requires travel at 6:00 p.m.

*Mileage – Mileage paid by board funds is calculated from the Central Office location, 1026 Chestnut Street. **Mileage reimbursement from school funds may not always be reimbursed on a per mile basis.**

Principals may determine school funds can **only reimburse actual gas costs**. When gas is being reimbursed the employee should fill up their gas tank on the day they leave for the trip and then again when they return home. Those receipts, plus other fill ups necessary during the trip will be turned in as documentation for the reimbursement. All gas receipts must be dated on the beginning day of the trip and the ending day.

The GCBE has approved the following ROUND TRIP mileage reimbursement to common locations. These are the miles to be listed on Professional Leave requests when board funds will be reimbursing or when the principal approves mileage from school funds:

Anniston	60 miles	\$30
Auburn	250 miles	\$125
Birmingham	240 miles	\$70
Huntsville	160 miles	\$80
Jacksonville	50 miles	\$25
Mobile	640 miles	\$320
Montgomery	300 miles	\$150
Orange Beach	680 miles	\$340
Point Clear	650 miles	\$325
Tuscaloosa	250 miles	\$125

Mileage reimbursement is only for travel to and from events.

Employees should use Google maps to calculate mileage not listed.

SECTION 11 **MISCELLANEOUS**

ACADEMIC INCENTIVES FOR STUDENTS

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence **by students**. Students may receive food items (but not foods of minimal nutritional value), school supplies, admissions, T-shirts publicizing school academic accomplishments and other provide tangible incentives for attendance, honor rolls, test scores, and other academic achievements. Academic excellence may

also be recognized with plaques, trophies, and award banquets. Academic incentives with a significant monetary value may be provided to a group of students or by selecting individual recipients. (Scholarships and tuition for programs outside of the schools' academic program are not permitted unless non-public funds are used.)

Academic incentives, whether purchased with school funds or donated by other entities or private sources, should be secured until provided to the incentive recipients. **The student receiving the incentive should sign a form** documenting the student's receipt of the academic incentive, excluding those items of insignificant value. The school official that is giving the incentive to the student should also sign and date the form. This form should be retained by the school bookkeeper for audit purposes.

FIELD TRIPS

Teachers often request approval to take students off campus during the school day as enhancement of academic content in fulfilling the course curriculum. Voluntary contributions may be requested to pay the costs of transportation, meals or admission charges. The **voluntary nature** of the contribution must be clearly stated in the request for the field trip costs. Non-payment of requested contributions cannot be used against a student and the student must be provided the same participation as if payment was made on behalf of the student.

Field trips during the school day **SHOULD NOT generate a profit** but may establish a per student amount that exceeds the individual student costs to provide the funds for the non-paying students, if the costs for the non-paying students are not paid by private sources or non-public school funds. Additional costs should be considered in establishing the per student field trip amount to accommodate for special needs students.

A Field Trip Approval Form should be completed and approved prior to obligating any funds for the trip.

END OF MONTH FINANCIALS

Monthly financial reports are due in the Central Office by the 15th of each month.

The bookkeeper at each school is responsible for month-end close procedures of the books. Upon receipt of the bank statement (or a print out), the bookkeeper should reconcile school books to the statement. After balancing, monthly reports should be run.

An "End of the Month" checklist is provided for bookkeepers by the Local School Accounting Coordinator. The school Principal should review all financials at the close of each month.

UNCOLLECTED MEAL CHARGES

Gadsden City Schools' program regulations allow up to three lunch charges. It is the responsibility of the Principal to ensure students are provided a meal. The Principal and

the CNP director of each school should develop a plan to provide nominal meals for students when they have reached the limit of three lunch charges.

Principals will be provided a list of unpaid lunch charges at the end of each semester. Any unpaid student balances at the end of the school year will be the responsibility of the Principal. A NON-PUBLIC source of funds will need to be utilized for these balances. **PUBLIC FUNDS CANNOT be used for this purpose.**

Gadsden City Schools do not allow any adult meal or ala carte item charges.

OTHER MISCELLANEOUS

- 1) Do not write checks to "Cash".
- 2) Do not sign checks that do not contain the check recipient's name and amount of check
- 3) **Checks should never be cashed out of funds received or receipted at the school.**
- 4) Items **should not** be paid for in advance. Payment is rendered only for items received.
- 5) Vendors should be paid on a timely basis.
- 6) Checks should be used in numerical order.
- 7) Checks must be secured at all times.
- 8) Voided checks must be retained for audit purposes.
- 9) Sales tax should not be paid unless the purchase does not qualify for tax exemption, such as lodging or food during travel.
- 10) School employees may not use the school's tax exemption for personal purchases.
- 11) A credit card issued with the name of the school included in the account name cannot be used for personal purchases by any school administrator or employee.
- 12) The Principal and/or Bookkeeper should ensure money is available for a non-public expenditure prior to authorizing a purchase order.
- 13) Funds cannot be posted as revenue to a school PTA or PTO account, if a school employee is implementing the fundraiser during the school day. All collecting, receipting, or selling of goods, must be done by PTA or PTO members and/or officers during the school day if the funds are posted to a non-public PTA account.
School employees can be involved in implementing a field day, spring fling, etc. that is sponsored by the PTA or PTO, but a school employee cannot hold a position in the organization nor can the public employee coordinate the event.
- 14) **Employees of Gadsden City Schools are responsible for complying with Alabama State Ethics Laws. www.ethics.alabama.gov.**
- 15) **Requesting "cash only" when money is being collected from students is not an option.** The GCBE is under contract with a check recovery company should a check be returned due to non-sufficient funds; provided the name and physical address of the check writer are listed on the check. (Not a PO Box).
- 16) **Professional development is not allowed to be paid from required fee collections.**

- 17) Go Fund Me Accounts must be approved by the principal before any account can be set up to collect money for any school purpose.
- 18) Cash Advances are not allowed due to audit issues.
- 19) ALL salary supplements paid to school personnel must be included in the employee's gross wages and reports on the W2.
- 20) ALL payments to employees for services must go through the payroll at the Central Office.
- 21) **Alterations to School Property:** Any alteration to school property by any organization must be approved by the Superintendent and Board of Education.
- 22) **Amazon Purchasing:** Teachers who want to order from Amazon should submit a Purchase Order for approval listing themselves as the vendor. If the PO is approved, the teacher will use a personal credit card to make the purchase. Teachers will then submit for reimbursement provided the following documentation is attached to the approved PO:
 - 1) receipt that must be printed at the time the purchase was made,
 - 2) a packing slip

If a packing slip cannot be provided the employee can submit:

 - 3) a copy of their credit statement with all information blacked out except the name on the account and the transaction indicating the purchase and amount charged.

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**Checks are never written to cash*

**Checks are never cashed from funds received*

**No advance payments*

**Invoices should be paid timely*

** Maintain numerical order when issuing checks*

**Voided checks retained for audit purposes*

**Do not pay sales tax except for lodging or travel*

**Personal use of tax ID # is illegal*

**Personal charges are never made to a school account or charge card*

**School employees cannot fundraise during the school day if the money is being deposited into a non-public account*

**Employees are restricted by Ethic Laws*

** Requesting "cash only" is prohibited*

** Required fee revenue CANNOT be used for professional development*

**GoFundMe Accounts must be approved by school administrators*

**Employees CANNOT be paid supplements or for services by school funds. Any Such payment must go through payroll at the Central Office*

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