Financial Guidelines
For
School Activity Fund
And
School System Accounts
SECTION 1: GENERAL INFORMATION

1.1 Activity Funds – Definition and Purpose

School (student) activity funds have been defined as either agency funds or governmental funds consisting of resources received and held by each school to be expended in accordance with conditions of the fund. Specifically, they are all monies accumulated from student activity programs and various school board-approved fund raising activities. Student activities have become a part of the regular school program because of their value in supplementing academics with leadership training. Each school will maintain student activity funds. These funds will embody those activities and functions relating to student and faculty programs. The basic policy for student activity funds is that income received for a specific function shall be disbursed only for that function. However, if unusual circumstances occur, the school principal may re-allocate funds to the general function. Upon dissolution of any function, the school principal shall insure that any liabilities of that function are paid.

Some funds have restricted uses, some have non-restricted uses, and some are clearing accounts (in and out). Monies generated by and for students are to be expended for the benefit of students only and for education purposes only (1934-56 Op Att’y Gen. P. 269). Adult generated monies are to be kept separate.

Activity funds safeguard the assets of the public schools and provide reliable information for interested persons. These funds maintain internal accountability through a uniform financial accounting system to meet legal requirements and standards set by the local and State Boards of Education.

1.2 Legal Requirements

The school principal is personally responsible for the proper collection, disbursement, and control of all school activity monies relative to the funds in his/her trust.

- Georgia law 20-2-962 requires that each principal make an annual report of the complete property inventory of the school.
- Georgia Law 20-2-9621 requires that each principal make financial reports to the local board of education accounting for all receipts and expenditures of school funds, at least quarterly.
- Georgia Law 44-12-190 thru 235 requires that the board submit unclaimed property to the state once the dormancy period expires.
- State standard D 1.2 1a requires that purchases and/or contracts for or on behalf of students which involve the aggregate sum of $100 or more be made in accordance with local rules and regulations.
- State Standard D1.0 – 1b requires that each principal maintain adequate records of all funds collected and make complete financial reports to the Superintendent, accounting for all receipts and expenditures.
- State Standard J2.1 1e requires that each school fund-raising activity be approved by the local board of education prior to the activity. Interpretation of this standard states that even if a school system has a local board policy outlining what is acceptable for school fundraising, each fundraising project still must be approved by the local board.

All monies raised or collected on the behalf of or for the benefit of students and under the authority of the principal shall be deposited into the general operating bank account. Within the accounting records, an individual account, or fund, shall be established for the student club, organization, or school activity for which the money has been deposited. Proper record keeping procedures shall be maintained, and reports shall be made on at least a quarterly basis. All disbursement funds shall be by check. LEGAL REFERENCE; O.C.GA., 20-2-500; 20-2-501; 20-2-502; 20-2-962.
1.3 Basis of Accounting

Student activity funds will use the cash basis of accounting. This method recognizes revenues when they are received, and expenses when they are paid. No accruals are used or recognized. This is the same basis as most people use with their checkbooks at home.

1.4 Accounting System

Each school should establish accounts or funds within their accounting system to track the various activities within the school. Each school is recommended to have in writing the intent and overseer of each fund. It is suggested that the following funds be established as a minimum. Additional funds may be established as needed.

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1.5 Annual Audits

All Social Circle City Schools’ financial records are to be audited by an independent auditor (at the expense of the school), selected by the board, at least annually, and a written report will be issued to the board, the Superintendent, the Chief Financial Officer, and the Principal. This report will detail the results of the audit and identify any areas where improvement should be made. Audits are a control to assure principals that their procedures for handling funds entrusted to them appear to be adequate for the protection of themselves, their personnel, and the schools’ assets.

All schools are subject to an inspection of their records at any time during any workday by the Board of Education or a designee.

Records needed for an audit include, but are not limited to, the following:

1. Reconciled bank statements with cancelled checks
2. Invoices paid (with check request forms), copy of checks disbursed, and documentation
3. Receipt books, deposit tickets, and copies of checks making up the deposit
4. Year-end financial statement and transaction reports or ledgers showing all transactions for the year by fund (July 1-June 30).
5. Monthly financial statements and transaction reports or ledgers, showing all transactions for the month both chronologically and individually by fund.

1.6 Records Retention

The principal is responsible for the maintenance and security of school financial records. All records need to be maintained in accordance with the Retention Schedules for local Government records provided by the Georgia Department of Archives and History.

http://sos.georgia.gov/archives/who_are_we/rims/retention_schedules/default.htm
SECTION 2: BANKING

2.1 Bank Accounts

Each school is authorized to maintain one checking account and one investment account (if desired) for its school activity funds. If an investment account is used, be sure that it is reflected in the financial statements. Interest-bearing checking accounts are authorized. Every account should be in a Social Circle, GA federally insured financial institution. If any account or combination of accounts exceeds $250,000, the bank must furnish proof of pledge of securities in the name of the school for the amounts in excess of FDIC or FSLIC guarantees.

Investment of idle funds is permitted (See Section 4.9). Opening a checking or an investment account, or changing any account to another financial institution, is the prerogative of the principal. You must notify the Chief financial Officer of any change in banks or account numbers within 30 days of the change. The Finance Office will keep a record of all school bank account numbers and quarterly balances.

2.2 Authorized Signatures

Two signatures are required on all checks: School Principal and an additional person designate by the principal (suggested that the additional signature be that of the assistant principal). Use of a signature stamp or other facsimile signature is prohibited for external use.

The bank account title, account number, and authorized signatures should be on record in the business Services Department.

SECTION 3: BOOKKEEPING PROCEDURES

3.1 General Comments

Effective FY11, all school activity accounts shall be maintained on QuickBooks Pro Accounting and Financial Software.

“Fund” is defined as a self-balancing set of accounts. It is an individual set of books. If each fund balances within itself, then the total of all funds will balance, and this total will agree with the bank balance. Each fund and all funds must be balanced at least monthly. Each new fiscal year must begin on July 1 with the same figures that ended the prior fiscal year on June 30 in each fund.

Each fiscal year’s financial records must be kept separate. If an error is found in a prior fiscal year after the books are closed for that year, the error must be corrected through a journal entry adjustment to fund balance in the current fiscal year.

Quarters are July-September; October-December; January-March: April-June.

Questions asked and answered before posting transactions will pay many dividends in time, effort, and aggravation saved. Call the Finance Office – Administrative Office if any doubt exists.

3.2 Fund Types

School Activity Accounts are established to direct and account for monies used to support extra-curricular and co-curricular student activities. As a general rule:
Extra-curricular activities encompass a wide variety of other district-directed activities, typified by organized sports, music concerts and other non-academic interscholastic competitions.

Co-curricular activities are any kind of school-related activities outside the regular classroom that directly add a value to the formal or stated curriculum. Co-curricular activities involve a wide range of student clubs and organizations.

A system of classification for purposes of program cost accumulation and reporting mechanism is necessary (accounting system).

Activity funds are unique to school districts. Two classifications are commonly recognized:

- District activity funds (Governmental) – belong to the school district and are used to support district programs. District activity funds should be included with all other district funds and deposited in the district’s accounts.
- Student activity funds (Agency) – belong to the students and are used to support student organizations and clubs. Student activity funds remain under the control of the school principal and are accounted for it the school site.

The distinction between the two fund types is based on the purpose of the funds, that is, the programs supported by the funds. The following test rests in the definitions of each:

- District Activity funds (Governmental Funds 500) belong to the district, are used to support its co-curricular and extra-curricular activities, and are administered by the school district. Authority for approval of disbursing district activity fund monies, rest only with the school board. Explained in another way, the district determines how the district activity fund monies are spent and the district programs that receive support. This control has been delegated to the local school principal.

Examples of Authorized District Activity Funds:

- Athletics (to include Gate Receipts)
- Band Uniforms
- Book Fair
- School Plays
- School Plays
- School General Fund
- Special Field Trips

- Student Activity Funds (Agency Funds 705) support activities that are based in student organizations. Students not only participate in the activities of the organizations, but also are involved in managing and directing the organization’s activities. An important distinction is that disbursing monies from the student activity fund may be subject to approval by the student organization and its sponsor, rather than by the Board of Education.

Examples of Authorized Student Activity Funds

- Art club
- Cheerleaders
- Class of 200X
- Class of 200Y
- Class of 200Z
- Student Council
- Sunshine
3.3 Receipts

Written receipts are necessary to accurately record all cash received, and to substantiate all bank deposits. Pre-numbered receipt books should be purchased and used for each deposit.

For any monies received, teachers will provide receipts to students and parents using school-designed forms or from subsidiary receipt books purchased and used for each deposit.

Money collected for different purposes must be kept separate and identified separately by the bookkeeper. All collections should be turned into the bookkeeper intact on a daily basis. Teachers must obtain a receipt from the bookkeeper whenever they turn in money. School volunteers are not authorized to make collections or to issue receipts. Only employees may do this.

The bookkeeper will verify receipt amounts in the presence of the remitter (teacher, athletic director, secretary, etc.) and if the money and the reported amount agree, a receipt will be issued to the person turning in the money by using a pre-numbered receipt. The original will go to the remitter and the copy will serve as a source document for deposits. Receipts should not be altered. Errors should be voided.

Suggested on Receipts:

- The date the money is received.
- The amount of money received.
- The purpose of the money collected.
- The account to be credited.
- The signature or initials of the collector.

Cash receipts should always equal the sum of the money for deposit. Money collected is NOT to be used to cash checks. It is to be deposited intact. Vending money should be collected and counted by two employees IF POSSIBLE. Vending money will be receipted to the school employee(s) submitting the money. All checks must be endorsed restrictively “FOR DEPOSIT ONLY”. A stamp with the school’s name, bank account #, and For Deposit Only can be used.

3.4 Deposit of Funds

Principals are responsible for the timely deposit of money into the bank. This responsibility may be delegate. School staff should turn collected funds into the school bookkeeper on a daily basis. (This includes money collected by teachers, athletic directors, club sponsors, etc.) The school bookkeeper should make daily bank deposits at times when collection activity is high. No substantial amount of cash money should be held in the school overnight. Any money kept overnight should be secure.

Only the principal, assistant principal, and the bookkeeper should know safe or vault combinations. If there is a personnel change in any of these positions. The safe combination should be changed.

The school office will deposit, intact, all monies collected. The last receipt on all bank deposits should include all receipt numbers contained in the deposit, the total amount of the deposit, and the date of the deposit. The deposit ticket itself MAY show all the receipt numbers that make up the deposit.

Occasionally, a mistake is made on a deposit. If the bank teller finds an error, the teller will process the deposit as it is written and then correct the amount by issuing a credit or a debit memo for the difference.
Periodically, the bank will forward a check that has been deposited to the school account with an explanation as to why the check has not cleared (insufficient funds, account closed, etc.) When this happens, deduct the amount from the fund it was initially deposited into. When the funds are recovered, another receipt should be written referencing the replacement by reason. The redeposit should be entered in the fund initially used. For all NSF returned checks, the person on the account will be required to submit money order, cash, or cashier's check as a replacement plus any fees the school has incurred due to this transaction.

3.5 Purchasing


School principals are responsible for all purchases that use school activity fund monies, and for ensuring that these purchases are used for the benefit of students. They also are responsible for expending funds only for the purpose for which the funds were collected. Monies collected must be expended for the restricted purpose. The principal, prior to purchasing, must approve all purchases made in the name of the school.

Purchasing items from school system employees is prohibited. Paying for services from a school system employee is prohibited unless the employee has a business license. If licensed, the purchase must be paid to the employee’s business. If the employee does not have a business license, see sections 4.13 and 4.16.

Each principal may establish written purchasing procedures to be used by school staff. Recommended purchasing procedures include requests for purchases through written school purchase orders, obtaining authorization to purchase signatures, and submitting documentation of purchase (invoice, receipts).

Any equipment or furniture purchased with school funds becomes the property of Social Circle City Schools Board of Education. Purchases should not be made unless funds are available in the particular school fund.

A partially complete purchase may be paid at the option of the principal. Those items that have been received and invoiced may be paid in this manner.

3.6 System Purchasing Guidelines

All purchases should originate with an approved purchase order. Purchase orders created after the purchase has been made should NOT occur.

Purchases exempt from this guideline are travel expenses.

The school system is exempt from state sales tax. Any purchases being made that include sales tax will not have the sales tax reimbursed. Sales tax exempt information can be obtained from SCCS Finance Office.

Any purchase order created with a line item stating “See attached list” will need to have the attached list forwarded to purchasing for approval. Purchase orders using lists will not be approved without seeing the list to ensure that the appropriate account numbers and purchasing standards are being followed.
Purchase orders on outdated forms, hand-written, or displays miscalculations will be returned cancelled and returned to the school bookkeeper to forward to the originator of the order.

3.7 Disbursements

- All disbursements must be made by school check.
- There should be no doubt as to WHY a check is written.
- A check should not be written unless approved by the principal with adequate supporting documentation.
- Documentation should be a signed packing list (verifying receipt) and an itemized invoice. A statement is not adequate but can be accompanying.
- No disbursements (reimbursements to employees) are to be made without prior written approval from the principal.

Every effort should be made to secure an original invoice as proof of purchase. Statements alone should never be used as the bases for a payment. No check should be written for any documentation marked “Miscellaneous”.

3.8 Reimbursements to System Funds

Individual schools collect funds from students and parents that should be routinely submitted to the SCCS Finance Office to reimburse the system for expenditures already made. The types of reimbursements expected from the schools are lost media books, lost textbooks. The schools may retain up to $100.00 in Lost Media Books and Lost Textbooks to cover refunds of found books. These reimbursements should be submitted via check to SCCS Board of Education by June 30.

3.9 Adult vs. Student Generated Funds

“Expenditures for a faculty banquet and for payment of insurance premiums for members of a high school football team would be improper objects for expenditure of schools funds.” (1971 Op. Attorney General No. 71-12). This does NOT include adult-generated money or Sunshine Fund money.

Schools desiring to do so may establish an “Adult Activities Fund” for the purpose of funding activities which affect adults only. Principals should recognize that the law provides that student-generated funds may only be used for the benefit of students. The school principal may transfer up to ten percent of the General Fund balance on July 1 to the Adult Activities Fund. No more than this amount (plus any additional pure adult funds collected) may be spent during the year for adult activities. This will be a mandatory audit item each year. The Adult Activities fund should be the only fund used to purchase adult awards, rewards, spirit wear, and food for adult breakfast/lunch. Principals should not approve any student generated funds for these activities.


3.10 Journal Entries

Journal entries are used to make adjustments and corrections to the books: returned checks, lost checks, checks that have not cleared the bank.

Returned checks: use procedures discussed earlier.
Lost checks: Contact the bank to issue a stop payment on the check first, then follow the same procedures as in voiding a check by voiding in the fund the initial expense came from. Issue a new check and note that it is replacing the lost check number. Be aware that the bank will charge for lost check services.

Outstanding checks: Checks sometime never clears the bank. If the check has been outstanding for six months, contact the company/person to whom the check was issued for information. Contact your bank to determine the “stale date”. GA Code defines a check dormancy period of five years: O.C.G.A. 44-12-190 through 235.

3.11 Transfer of Funds

Transfers do not add to or subtract from the bank balance. They merely move money from one fund to another. All transfers of money from one fund to another fund must be approved by the principal. You may design your own transfer form – all transfers must be documented. Transfers need to have a purpose. A transfer is not to be done from a governmental fund to an agency fund, and vice versa.

3.12 Bank Statement Reconciliation

The bank account must be reconciled every month and approved by the principal. Until audited, all paid check copies (part of the monthly statement) and any other items returned by the bank shall be filed with the bank statement on which they appear.

The principal should receive the bank statement, directly and unopened, each month and should review and initial the statement and review the cancelled checks before forwarding to the bookkeeper for balancing with the school books.

Deposits should relate directly to the month-end Cash Receipts after considering deposits in-transit, any returned checks which have not been re-deposited, and interest earned.

Cancelled checks should relate directly to the month-end Cash Disbursements after considering outstanding check and any bank charges.

The reconciled bank balance must agree each month with the month-end balance in QuickBooks Pro.

3.13 Closing Procedures

MONTHLY. After all monthly transactions have been posted, including bank adjustments and any corrections, the books should be closed for the month. A balance sheet and statement of receipts and expenditures for the month should be produced and filed. The books for that month should not be reopened after closing and printing reports.

QUARTERLY. Each school is required to submit their activity funds report to the Administrative Finance Office on a quarterly basis. This will be accomplished by producing a backup of the QuickBooks
file and forwarding to the Finance Office using the flash drive provided to each school. This is in compliance with Georgia Law 20-2-962 and State Standard D1.2.

The school activity account information will be shared with the Superintendent and the Board of Education on a regular basis.

The backup of the QuickBooks file is due no later than the last working day in October, January, April and July of each year.

YEARLY. A year-to-date general ledger report may be turn monthly and/or quarterly, but the end-of-year report showing the entire year’s transactions MUST be turn as of the June 30 closing and held for audit. A copy of this report should be kept in the school bookkeeping records.

SECTION 4: SPECIAL GUIDELINES

4.1 Admissions/Ticket Sales

Persons in charge of admissions and/or ticket sales shall complete a Report of Admissions or for each activity for which tickets are sold for admission. Examples are athletic events, dances, drama productions.

School bookkeeper should not be person in charge of admissions and/or ticket sales.

Admission tickets shall be pre-numbered. If it is necessary to sell tickets at more than one location (two gates at football games), a form shall be completed for each location, and a record maintained of the ticket numbers issued to each seller or gatekeeper.

Proceeds from a night performance or activity shall be kept in the school’s safe or vault for regular deposit on the following working or banking day or placed in the bank’s night depository. The bookkeeper shall issue an official receipt acknowledging collection. This receipt shall be securely attached to the Report of Admissions or Tickets Sold. Cash receipts should NEVER be taken home for safekeeping.

It is recognized that errors may occur in making change and that the actual cash turned in may not agree always with the number of tickets sold. For this reason, any difference in the potential cash and the actual cash in the cash box shall be shown on the report and explained IF POSSIBLE. This form shall be signed by the seller, reviewed and initialed by the principal, and verified by the bookkeeper before a receipt is issued.

All monies received for each performance shall be deposited intact and no payments shall be made in cash to officials, security personnel, workers, or other employees. Employees will be paid through payroll and non-employees will be paid by school check –Casual Labor (See 4.16). When employees are paid through payroll, a school check for the total of salary and benefits is to be forwarded to the Administrative Finance Office to cover payroll expenses. The Administrative Finance Office will
forward an invoice to the school owing the money. Benefits for employees being paid for casual labor activities should be calculated at 7.65% above their gross pay to cover employer benefits.

ATHLETIC EVENTS. Since large amounts of money are collected at football and basketball games, the following procedures should be considered strongly:

- Assign two people to each gate. One person will sell tickets and collect money; the other person will collect the tickets at the gate. Only one person needs to be at a pass gate or other gate where tickets are not sold.
- Appropriate security measures should be established for the collection of cash and these measures should be followed by the ticket sellers and the police personnel, if used.
- Bank deposits should be made using regular deposit procedures on the day of the event or, if a night event, drop collections in the night deposit drop at the school’s bank. YOU SHOULD NEVER TAKE GATE RECEIPTS HOME FOR SAFEKEEPING.
- Do not cash checks from the gate receipts for employees or non-employees. Also, do not pay workers or security personnel in cash.
- A Report of Admissions or Tickets Sold Form should be completed and signed by the person responsible for collecting money. School bookkeeper should not be person responsible for collection of money.

These procedures are optional for other athletic events and should be used at the principal’s direction.

4.2 Adult Funds

Money generated by adults must be kept separate from student generated funds. Adult funds have more latitude for expenditures since they are NOT required to be spent for educational purposes. (See paragraph 3.9 above). Travel expenses for staff members may be paid from adult funds, however reimbursement must be made from the Travel Reimbursement Form used by the school system, and using the state travel guidelines.

Sunshine fund revenues are collections from adults and are spent for flowers, gifts, etc. Cash gifts or awards will not be made. A sunshine committee should be appointed to oversee and approve expenditures.

Adult money MAY be transferred to student funds, but student funds must NEVER be transferred to adult accounts, with the exception of the permitted transfer outlined in paragraph 3.9.

4.3 Charity/Family Support Funds

CHARITABLE ORGANIZATIONS – When money is collected from students/faculty for a specific outside charitable organization, it should be receipted separately, kept intact, and deposited into a separate fund set up in the charity’s name. When remittance is made to the organization, the fund should be zero.

FAMILY SUPPORT FUNDS – A separate fund may be established for collecting money for a student or a student’s family that may need financial aid. The need(s) should be documented by the local school administrators. The fund must be approved by the principal in writing.
The purpose of the fund and statement of how the money will be expended must be kept in the local records. Monies from the fund may be used for medical services, food, clothing, or any of a number of other support needs. Expenditures should follow the guidelines in the statement. Ideally, the fund should zero by year-end.

Profits generated by and for students should not be contributed to charities. These funds are for educational purposes only. Club or organizations monies may be donated if so directed by the membership of the agency account. Example – Beta Club may vote to give $50 to the United Way.

4.4 Donations to the School

Cash donations to the school for a specific purpose should be set up in a separate fund and expended as indicated by the donor. School records should reflect that expenditures met the donor’s specific purpose.

Cash donations to the school for general school use (undesignated purposes) may either be deposited in the General Fund or set up in a separate fund. The principal will decide if expenses need to be shown separately or not.

Donations of equipment or other property to the school will remain at the school, but will become the property of Social Circle City Schools. If applicable, the principal must insure that donated property is added to the Fixed Asset Inventory of the school system.

4.5 Field Trips

Money collected for field trips should be deposited into a separate fund. Sometimes, due to some students’ inability to pay, this fund will show a negative balance after all expenses are paid. This may be zeroed at year-end by transferring money from the General Fund.

Occasionally, a field trip must be cancelled, and the money collected must be refunded to a number of students at one time. When this happens, the refunding procedures outlined in Section 4.12 should be followed.

Field trip funds should not carry substantial balances from year to year. They should be budgeted accurately so that after the field trip is taken the fund is as close to zero as possible. If a large balance occurs, the principal should use his/her discretion in refunding the funds to paying students.

4.6 Fund-Raising/Enterprise Funds

All school-wide fund-raising projects must be approved by Social Circle City Schools Board of Education prior to the activity. PTO or Booster Club projects are not covered by this requirement. Fund-raisers should be listed on the appropriate Fund-Raiser Request form and submitted to the superintendent to be taken to the Board of Education. Timing of request form to superintendent is important due to board meeting dates.
School-wide fund-raising/enterprise projects should be recorded in the Fund-Raisers’ fund. However, a separate fund may be set up for each project if desired. Only receipts and disbursements pertaining directly to the activity should be recorded in the transactions of the fund. This allows the school to determine the amount of profit (or loss) realized from the activity after taking into account spoilage, items lost, items or cash given as prizes, awards, or incentives, etc. It also allows the school to determine if theft has occurred, if sales are too low, or if the mark-up is sufficient to allow a suitable profit.

Club or class fund-raisers may be handled within that club or class’ fund.

Profits from a school-wide fund-raiser or on-going enterprise activity may be transferred to the General fund at any time during the school year, but must be transferred by June 30 to zero the fund. Expenditures of a general nature must be made from the General fund and not from the profit-making fund.

4.7 Gratuities/Discounts

All Social Circle City School employees are strictly forbidden from accepting gratuities or discounts for personal gain. These include but are not limited to those arising due to purchases made for the school or for the school system. By accepting gratuities or discounts for personal gain, a conflict of interest is created.

4.8 Inactive Funds

A fund will be considered inactive if there has been little or no activity during the preceding 12 months and the school administrators do not anticipate further activity.

In the case of a disbanded club, a discontinued subject, or a discontinued activity group, any remaining balance may be transferred to the General Fund within six months after the fund or the function becomes inactive.

In the case of a graduated class, six months after the date of graduation, or when all obligations have been cleared, any remaining balance may either be transferred to the General Fund or be transferred to the current graduating class fund. The principal will decide which option to follow.

If an inactive fund has a negative (deficit) balance, a transfer from the General fund must be made to cover the deficit amount and the account for closure to zero out.

4.9 Lost or Damaged Books

Monies collected for lost or damaged textbooks during the year must be receipted into a separate fund established for this purpose. The monies in this fund must be paid to the Social Circle City Schools Board of Education for the replacement textbook. Money for lost or damaged library books should also be paid to the Social Circle City Schools Board of Education and will be placed in the school’s media account at the system level on a quarterly basis.
4.10 Negative Fund Balances

Some funds have negative balances when they are opened, and this is normal (examples: NSF Check Fund, etc.) However, most funds have positive balances, and when these funds go “in-the-hole,” the bookkeeper should advise the principal who will determine if the negative balance should be investigated. As a general rule, negative balances should be cleared into the appropriated fund by June 30th.

In some schools there may not be enough money in the General Fund to pay expenses all year and a negative balance develops in the fund, although there is money in the bank account because profits have accumulated in the enterprise funds. In this case, the principal has the option to leave the negative balance clearing the fund by year-end.

4.11 PTO/Booster Clubs

Organizations such as PTOs or Booster clubs, although they are school-related, are separate entities. They should raise their own funds, keep their own books, and be accountable to their respective memberships. When these organizations give money or property to schools, the money or property should be treated as outlined in Section 4.4 Donations to Schools. The organizations are not authorized to use the school system tax ID number or sales tax exemption.

4.12 Refunds & Reimbursements

The Check Request Form for a single refund should have the original receipt attached, if the receipt is obtainable. Reimbursements to employees for purchases made must follow the appropriate purchase order process with pre-approvals and signature. Receipts must accompany request.

Occasionally, it may be necessary to make refunds to a number of students; for example, when a field trip is cancelled. In this case, one of two options may be exercised:

Option 1: SINGLE CHECK. When the amount due each student is less than $25, a single check for the total amount to be refunded may be cashed so distribution can be made to each student due a refund. To properly account for the cash so disbursed, each student due a refund shall sign the Monies Disbursed to Students Form verifying the refund was received. The teacher/activity sponsor will return the signed Monies Disbursed to Students Form to the bookkeeper, who will attach it to the Check Request Form as documentation.

Option 2: MULTIPLE CHECKS. When the amount due each student is $25 or more, a check should be written to each student due a refund. To reduce paperwork, instead of an individual Check Request Form for each student, a Multiple Refund Checks Request Form may be submitted. The teacher/activity sponsor will complete the form with student’s names to receive refund. The Bookkeeper will indicate the corresponding check number beside each student’s name. This form is NOT for cash refunds.
4.13 Salary Supplements/Bonuses/Loans/Gifts

No personnel should be paid out of local school funds. The following payments from local school activity funds to any Social Circle City School employee (or student) is strictly prohibited:

A. Salary advances
B. Payment for services rendered
C. Salary for coaching summer camp
D. Bonuses
E. Personal Loans (to anyone)
F. Gift, flowers, or any other personal contributions except from adult funds (Sunshine or Adult Activities) or from donations for which these monies were specifically received, or from clubs which have voted to make such donations.

Loans to any organizations, such as a PTO, Booster Club, etc. are also prohibited.

4.14 Sales Tax

School activities are generally exempt from sales tax. The purchases exempt from this guideline are any non-educational expenditure for flowers, gifts, etc. (See Paragraph 4.2 Adult Funds). Contact the Administrative Finance Office if you have specific questions regarding sales tax.

4.15 Vandalism

Each school will be responsible for attempting to recover the cost of vandalism from the individuals involved. When vandalism occurs, the school shall establish a separate governmental activity fund entitled “Vandalism Fund” into which the monies recovered by the school will be receipted and deposited.

At the end of the school year, issuing a check to the Social Circle City Schools Board of Education and forwarding the check to the Administrative Finance Office will zero the fund.

4.16 Wages/Casual Labor

All compensation for service payments to any SCCS employee MUST be paid through payroll. A check for the work plus matching benefits expense (7.65%) must be paid to the SCCS BOE. The payroll information must be submitted to the Finance Office on the date indicated for Substitute payroll cut-off dates. Authoritative signature is required indicating payment is due (Principal, Athletic Director, etc.)

These procedures (along with those shown below for payments to non-employees) are necessary for the school system to comply with federal and state laws relating to payments to individuals. The school system could incur severe financial penalties for failure to comply with these laws.
The only actual legal test the IRS can use to determine a worker’s classification is the “common law” test, which holds that if a business tells, or has a right to tell, a worker how, when, and where to work, then the worker is an employee.

All other individuals who do not meet any of the conditions of a School Board employee may be paid through the school by completing the Casual Labor Form. Common examples of a non-School Board employee are:

1. Police officers hired to provide security at a specific event.
2. Game officials.
3. Consultants hired to perform a specific task.

A record must be kept for any compensation payments. Before payments are made for services, each individual should complete a Casual labor Form and a W-9 Form. The following information is recommended to be obtained:

1. Exact legal name of payee
2. Address of payee.
3. Social Security Number or Employer Identification Number (EIN) of payee. Complete W-9 Form
4. Date the services were performed
5. Type of services performed
6. The amount paid to the individual
7. Contractor’s signature
8. The signature of the principal

The original of this contract should be filed as documentation with the properly executed Check Request Form. A copy shall be furnished to the payee for his/her records. Any non-employee paid compensation must be forwarded to the Admin. Finance Dept. after December 20th and before January 10th of each year so that an IRS 1099 Form can be created and forwarded to them.

4.17 Summary of Safeguards

To be in compliance with the accounting procedures outlined in the manual, the Finance Office has listed SOME of the required procedures that MUST be followed and prohibited procedures not allowed:

A. Required Procedures

- Issue a receipt for all monies received
- All checks must be properly documented. Make copies of all payables
- Report immediately to the school principal and to the CFO any error that cannot be traced to the source or corrected.
- Maintain the current bank balance in the checkbook after daily transactions.
- Make daily deposits when possible.
- Deposit intact all collections of money by activity.
- Deposit all cash except for change funds the last banking day of each month.
- Reconcile each bank statement with the checkbook and the ledger.
- Take advantage of all trade discounts when available.
• Complete each month’s posting and balance the books before proceeding with the next month’s activities.

B. Prohibited Procedures

• Paying Board of Education employees a wage or wage supplement. This includes bonuses and additional compensation for any service. This is a function of the BOE Payroll Dept.

• Issuing a check without first securing an itemized invoice or receipt.

• Using a monthly statement as the basis for payment

• Making obligations for which funds are not available.

• Making personal loans from activity funds.

• Cashing checks from school receipts.

• Volunteers writing receipts and handling school funds.

• Permitting any outside agency (PTO, Booster Club, Etc.) access to the SCCS Sales Tax Exemption Form or the school’s Federal Tax Identification Number.

• Transfer of funds from a restricted account without the approval of both the fund sponsor and the principal.