

A green chalkboard with two pieces of pink chalk and some faint white chalk markings. The chalkboard is the background for the text.

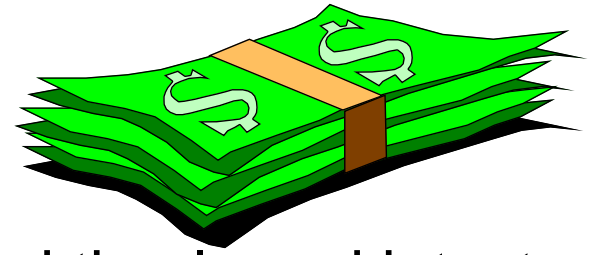
Update on Local School Issues June 2010

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Examiners of Public Accounts

Common Problems at Local Schools



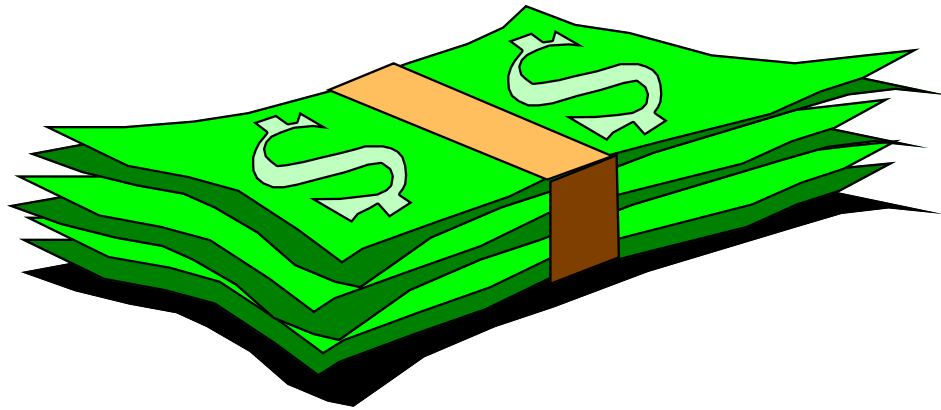
Receipts



- Receipts are to be deposited timely and intact. If receipts are not deposited daily, there is more opportunity for problems/theft.
- “Master Receipt” should note if the amounts received were cash or check.
- If a receipt is voided, “voided” original should be stapled to copy in receipt book.

Receipting by Teachers

- All monies received by teachers from students should be receipted and given to the school bookkeeper in a timely manner



Reconciling of Bank Accounts

- All bank accounts should be reconciled monthly and reviewed by the Principal. This will ensure that errors are discovered on a timely basis. Corrections may then be made so that the school will have accurate financial data.

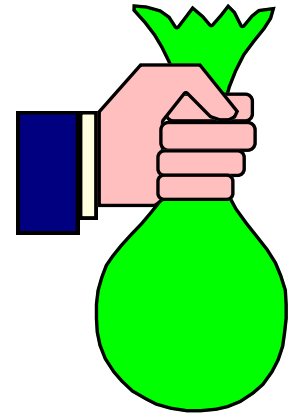


Capital Assets

- When a school purchases an item which meets the Board's policy for a capital asset, the school must report the item to the central office so that it can be added to the Board's asset listing.



Loans/Contracts



- Only the Board can borrow money for a school.
- The loans must be approved by the members of the Board.
- Schools can not loan money to clubs, PTA's, etc.
- Capital Leases - should be approved by Board!
- Copier Leases – no more than 3 years; approved by Board

Deficit Balances - Non-Public Accounts

- Deficit Balances in non-public activities/accounts are not allowed.
- The School can not loan money or extend credit to individuals per the State Constitution!
- The Principal/Bookkeeper should ensure money is available for a non-public expenditure prior to authorizing a Purchase Order.

Fundraisers

- Public /Non-Public Funds
- Need for proper documentation



Vending

- All monies derived from soda and snack vending machines located on school property is considered to be “public” money.
- The Principal should periodically review the concession profits or losses to determine if profit margin is reasonable or if any problems may exist.



Vending

- If the school handles vending machines themselves, two persons should be involved in the process of collecting and receipting the monies.
- Vending may be handled by the soft drink or snack vendors. In these cases, the vendors send the school a check for a certain percentage of the machine profits.



Gate Receipts/Parking



- Gate Receipts and Parking Fees for parking on school property during athletic events are considered to be “public” funds.
- The value of the gate receipts and parking must be paid to school for each season pass sold by Booster organizations.
- All funds collected are to deposited intact and recorded in the schools public accounts.
- Any amounts paid to the Booster organizations for the collection of gate receipts/parking should be handled as a separate transaction; Reasonable %.

Receipts from Athletic Activities

- Pre-numbered tickets should be used for all athletic events.
- Control sheets should be maintained documenting the beginning and ending ticket numbers issued for each event.
- Check-up sheets should be used to document the number of tickets used and cash turned in.



Athletic Camps



- If various athletic camps are conducted on school property, all proceeds should be deposited in the athletic program (i.e., public funds).
- These camps use school property, utilities, school liability insurance and often, school personnel.
- Examples: Football, Basketball, Baseball/Softball Camps, etc.



Salary Supplements

- All salary supplements paid to school personnel should be included in employee's gross wages.....even if supplements are paid by a booster organization!
- IRS regulations do not permit an employer to send a Form 1099 to an employee – wages must be included on W-2.



Documentation of Expenditures

- All expenditures paid by a local school should contain the following source documents:
- purchase order signed by Principal (prior to the purchase)
- signed receiving slip
- original invoice (vendor statements are not acceptable)
- Note - Please stamp invoice “paid” and write date paid and check number on invoice.



Unallowable Expenditures - Public Funds

- Gift items for staff
- Flowers for staff and/or families
- T-Shirts for office staff
- Staff Holiday parties / Christmas gifts
- Christmas cards
- Donations to various organizations



Unallowable Expenditures - Public Funds

- Dues to private clubs (Rotary, Kiwanis)
- Alcoholic beverages
- Scholarships for Students
- Meals for spouses
- Food items for teachers
- Coffee and cups for employee's



Food Purchases

- Numerous questions arise surrounding the purchase of food items or refreshments from Public Funds.
 - *All-day Professional Training Meetings - YES*
 - *Open Houses - YES*
 - *After-school Staff Meetings - NO*
 - *Staff meeting day before school starts/end of year – NO*
 - *Candy - NO*



Allowable Expenditures - Public Funds

- Expenditures for pictures for school office.
- Expenditures for flower arrangement for school office.
- Athletic receipts can be expended for pregame meals for the athletic participants and coaches. (Principal and parents not included)



Allowable Expenditures - Public Funds

- Refreshments expended for an public open house at a school.
- Transportation to events related to a school sponsored activity.
- Meals for faculty and staff for a meeting that extended into lunch hour and food had to be provided for the meeting to continue – unplanned.



Constitutional Amendment No. 558

- May expend public funds for the recognition of significant contributions to education.
- May expend public funds to promote educational excellence by students, faculty, staff, and the public.
- Recognitions may be in the form of trophies, plaques, academic banquets, and other honors.
- Teacher retirements

Constitutional Amendment No. 558 – Allowable Expenditures

- Plaques and other awards for Significant Academic Achievement or Significant Contribution to the School



Barnes & Noble Book Fair Profits

- Profit from school book fair is no longer paid to the local schools in cash/check
- Profit from fair is given to the school in the form of a Barnes & Noble gift card
- These gift cards should be treated as public funds

Legislative Monies

- Must be used for an educational purpose.
- Competitive Bid Law does apply.
- Is considered PUBLIC funds.
- Records of expenditures should be maintained at local schools.





Competitive Bid Law – Legal Authority for Boards

- *Code of Alabama 1975*, Section 16-13B-1 through 16-13B-11
- Applies to both County and City Boards of Education

To What It Applies...

- Applies to the expenditure of funds for labor, services and work involving \$15,000 or more
- Applies to the purchase or lease of materials, equipment, supplies or other personal property involving \$15,000 or more



To What It Does Not Apply:

- Classroom Instructional Support – The **Code of Alabama 1975**, Section 16-1-8.1(b)(6)
- Local School Expenditures – The **Code of Alabama 1975**, Section 16-13B-2(b)(2)
 - *Individual school purchases from monies other than those raised by taxation or rec'd from state or county appropriations (i.e., fundraisers, donations)*

Purchasing Options

- Let Own Bids
- State Contracts
- Contracts with U.S. Communities
- Joint Purchasing with Other Governmental Entities

External Organizations/GASB 39





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Why do auditors need to have certain financial information about our booster organizations, PTO's and PTA's?

Are the auditors going to audit these agencies?

External Organizations/GASB 39

- The GASB requires that certain organizations be included in the Board's financial statements (as component units), if the nature and significance of their relationship with the Board is significant to the Board's financial statements.
 - *Booster clubs – Athletic and Band*
 - *PTA's/PTO's*
 - *Any other affiliated organizations*

External Organizations/GASB 39

- Auditors are required to document all potential component units and whether or not they are significant to the Board's financial statements.
- To determine if an organization is significant, auditors must obtain certain financial information from these organizations (I.e., revenues).

External Organizations/GASB 39

- It is our professional opinion that the majority of the time, these organizations will not be significant to the Board's financial statements and will not have to be included.
- However, we are bound by auditing standards to document this in our working papers.
- Please encourage full cooperation!

Questions?

