

# Elements of Local School Accounting I



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**AASBO – LSFM COURSE**

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# Agenda



- **PUBLIC / NON-PUBLIC FUNDS**
- **SCHOOL ACTIVITIES**
- **SCHOOL ORGANIZATIONS**

# Public/Non-Public Funds



# Public Funds



1. Funds received from public (tax) sources.
2. Funds received from non-tax sources but used for public purposes.
3. **Any funds subject to the direct control of the school principal.**

# Non-Public Funds



1. NOT received from public (tax) sources.
2. NOT used for public purposes.
3. Subject to the intent and authorization of the organization's members, officers, and sponsors and not used for general operations of the school.
4. The Principal does not direct the use of these funds.

# Public vs. Non-Public



- You can transfer non-public to public, but NOT public to non-public.
- You cannot purchase “stuff” (clothing, food, flowers, coffee, etc.) for teachers or other staff from public funds
- A non-public account is not allowed to have a deficit.
- If non-public receipts are commingled with public receipts, they all become public.
- When in doubt, consider the funds public.

# Public Funds Expenditures Allowable



- Professional development training expenditures, including refreshments and meals
- Refreshments for an open house at a school where the public would attend
- Membership in professional organizations
- School landscaping, maintenance, furnishings and decorations.
- Expenditures for school office (pictures, flower arrangements)

# Public Funds Expenditures Allowable



- Pregame meals for the athletic participants and coaches
- Academic incentives for students
- Transportation to events related to school sponsored activities
- Athletic and band uniforms for **students**



# Public Funds Expenditures Unallowable



- Meal expenditures for employee spouses
- Faculty & staff – “stuff”
  - Christmas luncheon, Start/End of year breakfast/lunch
  - Planned lunches
  - Food/Coffee for employees or teacher lounge
  - Staff Holiday Parties
  - T-shirts
  - Gifts (Faculty Appreciation, Holidays, etc.)
  - Flowers for sickness, death, secretary’s day, etc.

# Public Funds Expenditures Unallowable



- Food items for social gatherings
- Dues to private clubs (Rotary, Kiwanis)
- Scholarships (for use after graduation)
- Championship rings
- Christmas Cards
- Alcoholic Beverages
- Donations to various organizations

# Non-Public Activity Accounts



- The Principal cannot use or transfer non-public activity funds without the approval of the organization's officers or sponsor.
- Monthly reports should be provided to the organization's officers or sponsor reflecting the operations and balances of the activity.

# School Activities



# School Fees



- School fees are charges for instructional purposes during the school day during a school term supported by taxation.
- School fees include
  - charges for workbooks and supplemental instructional materials used in classroom instruction
  - charges for activities during the school day
  - charges for access to instructional resources, such as libraries, computers, and science labs

# Student Fees



- No fees are allowed in courses required for graduation.
- In courses not required for graduation, fees may only be charged in courses requiring laboratory and shop materials and equipment, provided that fees are waived for students who cannot afford to pay the fee.
- Funds collected for student fees can only be used for the purpose for which the fee was collected.

# Student Fees



- No fees are allowed in grades K – 5.
- State laws allow for out-of-district fees, lost textbook fees, and driver education fees.
- However, there are limitations to the collection of other student fees.

# Donations & Voluntary Contributions



- Voluntary contributions are allowed.
- A student who does not pay the voluntary contribution for an academic course, instructional materials (including workbooks), access to instructional resources, school day academic field trip, or other instructional activity cannot be treated any differently than a “paying” student.
- Donation/Contribution/Fee requests must be approved by the Principal.



# Fees / Donations / Contributions



- Actions taken against students for non-payment of student fees, contributions, or donations are prohibited.
- Examples of prohibited actions include:
  - Withholding:
    - ✦ Grades
    - ✦ Report cards
    - ✦ Transcripts
    - ✦ Diplomas
    - ✦ Honor rolls
    - ✦ Participation in graduation events & student recognition events
    - ✦ Membership in honors organizations
  - Other actions that would subject the student to embarrassment or ridicule.

# Field Trips



- Voluntary contributions are allowed.
- 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.
- Student trips that extend overnight, are held outside of school hours, or are held on a day school is not in session are considered extra-curricular activities.

# Academic Incentives



- Public funds can be used to promote educational excellence by students.
- Excellence includes
  - Attendance
  - Honor rolls
  - Test scores
  - Other academic achievements

# Academic Incentives



- Incentive awards procedure
  - Action required for a student to receive an incentive
  - Relationship of the required action to educational excellence
  - Description of the planned incentive
  - Value of the planned incentive
  - Process for determining the incentive recipients.
- For incentives of significant value, signed documentation of the student's receipt of the incentive should be maintained. This should include signatures of the student, school official, and a witness.

# School Organizations



# Student Organizations



- Operated by the student officers, members, and faculty sponsor.
- Income is recorded by receipts and funds are deposited in the school bank account.
- Principal approves purchase orders, signs checks, and is responsible for maintaining the financial records for student organizations.

# Athletics



- School athletics are under the control of the school principal.
- Athletic funds are maintained in the school bank account and include:
  - Gate receipts
  - Game programs
  - Vendor advertising
  - Parking \*
  - Athletic concessions \*

# Parent Organizations



- PTOs and PTAs
- Included in the school financial records and the school bank account unless:
  - It has an EIN number and separate mailing address, and
  - No employee of the school **leads** the organization's fund-raising, and
  - No employee of the school maintains the accounting records for the organization.



# Booster Organizations



- Primarily athletic boosters and band boosters but has expanded to cheerleader boosters, choral boosters, academic boosters, and alumni associations.
- Subject to poor financial management practices, theft and misappropriation of funds.
- Involvement of school employees in booster organizations should be limited.

# Booster Organizations



- Included in the school financial records and the school bank account unless:
  - It has an EIN number and separate mailing address, and
  - No employee of the school **leads** the organization's fundraising, and
  - No employee of the school maintains the accounting records for the organization.
  - No employee of the school, **who is associated with the activity supported by the booster organization**, serves/holds a leadership position in the organization.

# Specific Requirements



- Parent organizations and booster organizations that maintain their own financial records must provide:
  - Proof of employer identification number.
  - Annual audit report.
  - Financial records to the school's auditors and authorized school employees upon request.
  - Required financial reports.
  - Proof of a fidelity bond for the treasurer.
  - Assurance that it 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.

# Financial Procedures for Local School



- Available from Alabama Department of Education web site – [www.alabamaachieves.org](http://www.alabamaachieves.org)
- Teachers & Administrators Offices upper right (red box)
- LEA Fiscal Accountability (alphabetical listing)
- Local Schools – Procedures (Page Navigation or scroll)
- Local School Financial Procedures

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**Questions?**

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