

JEFFERSON COUNTY PUBLIC SCHOOLS

ACTIVITY FUND ACCOUNTING MANUAL

INTRODUCTION

This *Activity Fund Accounting Manual* has been prepared by the Jefferson County Public School staff to serve as an instructional aid for those persons responsible for the proper management, supervision and control of school activity accounts.

Section I of this *Manual* presents a condensed format of some of the policies, regulations and procedures outlined in *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* published by the Kentucky Department of Education, Bureau of Administration and Finance, Revised July, 2001. This *Manual* is not intended to be a substitute for the State Manual. Both the State Manual and the Jefferson County Public School *Manual* should be kept in an accessible place by the bookkeeper for ready reference.

This *Activity Fund Accounting Manual* is devoted to the mechanics of preparing and maintaining the activity account records using the Computerized Personal Accountant (CPA)™ System. There are a few minor variations between the CPA™ system and the State Manual in the method of recording receipts and disbursements. The method outlined in Section I of this *Manual* should be followed.

Section II of this *Manual* covers exhibits of various transactions, records, reports and supporting documentation normally generated during the monthly cycle of activity fund accounting.

A diligent effort has been made in preparing this *Manual* to present the most common types of transactions, records, reports and supporting documentation used in the everyday activity account functions. It would be impractical, if not impossible, to try to include an example of each of the possible transactions which may arise in the process of maintaining the Activity Account Funds. Any questions you may have concerning the information contained in this *Manual* or any question concerning activity fund accounting which is not presented in this *Manual* may be directed to the Internal Audit Department at 485-3177.

A. ADDING OR DELETING ACCOUNTS

1. An Activity Account should be set up **as needed** for each club, teacher, activity, etc. in the school. You may add new accounts during the fiscal year. New accounts must be entered with a zero balance. You may mark an account “inactive” after the year end report is prepared & before preparing your July report. The account must have a zero balance. You may not make an account “inactive” except at the close of year. See the *CPA™ Manual*, “Entering New Activity Accounts”. The fiscal year begins on July 1 and ends on June 30.
2. A separate account should be used for each fund. You may number and group these accounts as appropriate for your school. Sort Codes are a handy way to track field trips, fund-raisers and reimbursement accounts. See the *CPA™ Manual*, “Setting Up Sort Codes”.
3. The **postings** to these accounts should be **done daily** in order to maintain a current balance in the accounts and to eliminate a backlog of work.

B. CASH RECEIPTS

1. Money should be turned in to the bookkeeper **daily**. A receipt should be issued for all money received by the bookkeeper. All money should be deposited in one bank account. The total of **money deposited** at the bank each day should always **agree** with the **total receipts** written by the bookkeeper for that day. If the total cash on hand exceeds \$100, it should be deposited in the bank. On the last banking day of the month, deposit all cash on hand except change funds and petty cash.
2. Each teacher or person collecting money should be supplied with either an individual receipt book, **FSA-6** or a “Multiple Receipt Form”, **FSA-18**. Copy on page 53.
3. When individual receipt books are used, the teacher or person collecting money should fill out the receipt showing **date, from whom received, activity account to be credited** and **amount collected**. The receipt is signed by the person collecting the money and the original is given to the student or other person paying the money. The second copy should be left in the book. The book should be turned in with the money daily. The CPA™ receipt number, date and a calculator tape listing all **FSA-6** receipt amounts included, should be attached to the last receipt used. The number of the first and last receipt used in the book for the daily collection should be noted in the memo field on the CPA™ receipt. This allows for cross referencing.
4. When Multiple Receipt Forms are used (mainly for multiple classroom collections of an identical nature), these instructions should be followed:

- a. Number - The bookkeeper shall consecutively number these forms, e.g., 1 to 50, in the upper right hand corner. These shall be **pre-numbered** before they are given out for collections. The MR number should be unique. Do not put an initial after the number to continue a MR#. Always issue a new MR with a new number.
 - b. Log - The bookkeeper shall maintain a written log, see page 52, stating to whom he/she has assigned the Multiple Receipt Form. After all collections are completed, the M.R. form should be returned and noted in the multiple receipt log as returned. Even if a MR is not used for collections, all MRs should be accounted for. They should be kept on file in numerical order. Periodically, the bookkeeper should follow up on numbers which have not been returned. It is important that all MR forms are accounted for and kept on file. It is the only documentation that the student has for the money given to the sponsor.
 - c. The form should be filled out in its entirety including date, heading, totals, student signatures, sponsor's signature and bookkeeper's signature. The first days collections should be placed in the far left-hand column. **Students should sign the form** next to the amount received from them. Exceptions might be pre-elementary and primary students. The sponsor should total the column, count the money to be sure it agrees, post total, sign and remit to the bookkeeper on a **daily basis**. The bookkeeper will count the money and post his/her total. If it is different from the sponsor's total, the sponsor should initial the count. The bookkeeper may mark through the unused spaces for that days receipts so that future collections are not mistakenly entered on that day.
 - e. Return the **FSA-18** to the sponsor to be used again. If all six columns have been used, retain the form and issue a new **FSA-18** to that person with a new number.
5. **All money collected in the school and turned in to the bookkeeper** should be counted jointly by the bookkeeper and the person turning in the money. If it is not possible to do this, the sponsor should count the money and enter the total on the multiple receipt form. The bookkeeper should recount the money when received from the sponsor. A pre-numbered CPA™ receipt, should be issued to the sponsor. This is the only documentation that the sponsor has for the funds turned in to bookkeeper. The CPA™ receipt number should be posted on the multiple receipt form and the multiple receipt number posted in the source field on the CPA™ receipt. This allows for cross referencing
Note: The source field should also indicate a description as to why the money was collected, such as field trip-zoo, candy fund-raiser, etc.
 6. If a CPA™ receipt is found to be entered with an incorrect amount, you may void the receipt. See the *CPA™ Manual*, "Voiding a Receipt".
 7. Fill out the deposit ticket in duplicate or, if using night drop or armored car, in triplicate. Take the original plus one copy to the bank, along with the funds to be deposited. If using night drop, keep the triplicate copy at the school to verify what you "deposited" or sent by armored car.

8. After a deposit ticket has been stamped by the bank, the **principal** or **designee** should initial the duplicate deposit slip and the ledger register of receipts printed by the CPA™ System to verify that the bank stamped amount agrees with the ledger total. See the *CPA™ Manual*, “Printing a Daily List of Receipts”. The bookkeeper **cannot** verify these amounts. This procedure shall be done daily and any discrepancies shall be corrected immediately.
9. All checks received should be restrictively endorsed each day. The stamp should read:

Pay to the Order of
(Name of Bank)
Activity Account
Account Number
(Name of School)
FOR DEPOSIT ONLY

C. DOCUMENTING RECEIPTS

1. School Activity Funds are derived from a number of sources, such as the following:
 - a. admissions
 - b. membership dues
 - c. fund-raisers
 - d. soft drink and snack sales
 - e. school store sales
2. Persons collecting money should supply sufficient detail with the total receipts when turning them over to the bookkeeper. This will afford protection to persons handling funds, facilitate control and serve as documentary evidence.
3. Specific instructions for documenting various types of receipts are given below:

(a) Admissions

The “Requisition and Report of Ticket Sales for Special Events”, **FSA-1** and the “Ticket Seller’s Report”, **FSA-1A**, must be used to report **all ticket sale transactions**. Complete instructions on how to set up and operate the sale of tickets are given on pages 20-24 of this *Manual*. The bookkeeper will

issue a CPA™ receipt to the person turning in the money and the reports. A log of ticket rolls should be kept as a perpetual inventory.

(b) Membership Dues

The procedure for collecting and receipting dues will be the same as for any other money except when printed, pre-numbered membership cards are used. No receipt is necessary for the student in this case, **but** an accounting of all cards given to the teacher or bookkeeper is necessary.

(c) Fund -Raisers

In addition to the normal type of documentation required for receipts (**FSA-6** or **FSA-18**) and disbursements (**FSA-8** or **FSA-12**), all fund raisers, either a school-wide fund-raiser or a fund-raiser benefiting a specific class, organization or activity, should be documented by a “Fund-Raiser Summary”, **FSA-2**. This form should be prepared promptly after a fund raiser is completed and is a joint project of the sponsor and the bookkeeper. Instructions for the **FSA-2** are included on pages 25-27 of this *Manual*. Only fundraisers that have been pre-approved, in writing, by the Superintendent, may be conducted. (Page 28)

(d) Soft Drink Sales

Ongoing sales of all soft drinks, cans or bottles, put into the activity account are normally a significant source of revenue to the school and should be documented.

- 1) If an Internal Auditor has found large, unexplained differences between anticipated and actual receipts, you may be asked to prepare a monthly sales report. See page 32 and 33 of this *Manual* for instructions for completing a “Soft Drink Sales Report”, **FSA-19B** on page 34.
- 2) If you prepare the Soft Drink Sales Report, you must also keep track of giveaways, spoilage, damage, etc. and sales made at cost. See the copy of the “Soft Drink Sales Report Additional Information”, **FSA-19C** on page 35.
- 3) All during the year you must keep track of giveaways, etc. and sales made at cost so that at year end you can prepare the “Soft Drink Additional Information Report”, **FSA-19A** on page 31.

(e) School Store Sales

Sales from school stores can also be a significant source of revenue to the school and should also be documented.

- 1) **School stores**, with **cash registers**, should prepare a daily "Cash Register Cash Reconciliation", **FSA-16** on page 39 to compare daily cash register readings with actual cash received.
- 2) In order to have money available to give change for purchases, see sub-title J in this *Manual* to set up a Change Fund account.
- 3) All during the year you must keep track of giveaways, etc. and sales made at cost so that at year end you can prepare the "School Store Inventory Additional Information Form", **FSA-17A** on page 38.
- 4) School stores are allowed a 15% mark-up.

D. RETURNED CHECKS

1. When checks, which have been previously deposited, are returned by the bank marked "Insufficient Funds", cash should be collected from the check maker and should be redeposited on a separate deposit ticket marked "**Redeposit**". All NSF checks should immediately be entered on the "Log of Returned Checks". See a copy on page 50. The redeposit should **not** be re-entered on the computer. Make a copy of all NSF checks and file with your log of returned checks. The log and copies of checks should be kept on file for audit purposes.
2. When returned checks are charged against a school's bank account and are not collected and redeposited until a subsequent month, the amount of the check should be entered on the Monthly Financial Report Additional Information Form, **FSA-14D**, page 41. The total of these NSF checks not redeposited should be carried to the "NSF Checks on Hand" line of the monthly Schedule of Balances Recapitulation.
3. If the amount of a returned check cannot be collected, a journal entry should be made. To prepare the reversing entry for the initial deposit of the NSF check, follow the instructions in the *CPA™ Manual*, "Writing off a NSF Check".

E. BANK RECONCILIATION

1. The Principal should open the bank statement, review and give to bookkeeper. See page 5 in (Red Book).
2. Monthly, after the bookkeeper has completed the bank reconciliation and the financial report, the principal shall:
 - a. Make sure that Line 7 of the Recapitulation on the Schedule of Balances agrees with the ending bank statement balance.
 - b. Review the Recapitulation on the Schedule of Balances for reasonableness of reconciling items. For example, deposits in transit (deposits made but not yet included in the bank balance) should never be dated any earlier than the last few days in a month.
 - c. Scan the bank statement for frequency of deposits or unusual entries.

- d. Make sure that the Ledger balance on Line 5 agrees with Lines 6 and 13.
- e. After these steps have been performed, the principal shall then initial the bank statement and sign the Schedule of Balances indicating review and approval.

F. DOCUMENTING DISBURSEMENTS

1. All disbursements from the school activity account should be documented by either a “Purchase Request”, **FSA-8** on page 44 or a “Standard Invoice”, **FSA-12** on page 43.
 - a. **“Purchase Request”, FSA-8** should be used when a vendor’s invoice will be received. The form, along with model procurement documentation, should be prepared and approved by the faculty sponsor and principal **before** a purchase is made. See Section G of the Model Procurement Regulations for procedures to follow to document model procurement.
 - b. When the items ordered have been received, Section B of the **FSA-8** should be completed for delivery information. Original vendor invoices (or copies with explanation when a duplicate is being used) should be attached to each **FSA-8** and the payment information should be completed in Section B. Do **not** pay from a statement. Pay from an original invoice only.
 - c. **“Standard Invoice”, FSA-12** should be prepared for all disbursements for which a vendor’s invoice is not available, e.g., admission for field trips, refund to students and reimbursement to teachers. Model procurement documentation is still required for such disbursements. In the case of reimbursements, documentation such as cash register slips, etc., should be attached to the **FSA-12**. Obtain detailed receipts for meals and other multiple purchases. **All** field trips need a receipt. Also, the vendor’s certification section of the form should be signed by the individual or company to whom the check is written. If this is not possible or practical, the reason should be shown on the **FSA-12** in the vendor’s certification section, e.g., check mailed.

G. MODEL PROCUREMENT REGULATIONS

All purchases must comply with model procurement regulations. All **FSA-12s** and **FSA-8s** must have a check mark in the model procurement block in the upper right hand corner of the form. When disbursements are made without purchasing a service or a product (e.g., refunds, change fund, contributions), model procurement is not applicable. In those cases, N/A should be written in the upper right hand corner of the “Standard Invoice”, **FSA-12**. For a synopsis of Model Procurement Regulations For School Activity Funds, see copies of the Purchasing Quick Reference Card, Prohibition, and D & F forms on pages 45-48. For more detailed information, see the *JCPS Purchasing Manual*.

H. DISBURSEMENTS BY CHECK

1. All disbursements must be made by check except for small amounts made from a Petty Cash Fund. See sub-title J of this *Manual* for information on a Petty Cash Fund.
2. Checks to be written are entered in Accounts Payable. See the *CPA™ Manual*, “Entering Invoices in Accounts Payable”. If checks are written by hand rather than printed by the computer, they are to be entered as above except for clicking “post only” in the dialog box where the check number and check date is displayed.
3. Checks should be serially pre-numbered. Be sure to write the check number, date, activity fund and amount paid on each Purchase Request or Standard Invoice. After checks are prepared, sign the completed check and present it, along with supporting documentation, to the principal for signing. All checks must bear two signatures. One of these should be an administrator. Do **not** use a stamp in place of an actual signature.
4. Do **not** sign checks in advance. Do **not** write checks for transfers. Take advantage of cash discounts. If paying a JCPS employee for a service performed, do not make a direct payment to him/her. Send a check to JCPS with information as to service performed, S.S.#, status, hours worked, name and any other pertinent information. An extra service form may be used to record the above information. This includes student workers as JCPS employees. Make the check payable to Treasurer, JCPS.
5. Do **not** pay sales tax. Use the B-160 tax-exempt number when making purchases. This includes reimbursement to staff for purchases made. Do not reimburse sales tax amount.
6. Canceled and voided checks should be kept in numerical order. Account for all check numbers, putting a note of explanation where a check number is missing. If you are only receiving copies of your checks from the bank, ensure that the bank is sending you copies of front and back. Keep voided checks and have them available for audit.
7. An invoice file (paid bills) should be set up for each month. The invoices (paid bills) should be filed in check number order in the month paid. The prices charged for each item should be verified against the purchase order prices.

I. TRANSFER OF FUNDS

Transfer of funds from one activity account to another will be prepared using the CPA system. Record transfers as outlined in the CPA Manual, “Recording Transfers”. All transfers should be consecutively numbered.

1. The transfer form should be signed by the bookkeeper, principal and the sponsor of the account being **reduced**. The transfer forms should be kept in numerical order. An explanation for the transfer should be included on the transfer form.

J. CHANGE FUND and PETTY CASH FUND

1. A **Change Fund** should be set up to provide change for the school store and when change is needed for an event, such as book fairs, festivals, ball games, etc.

Procedures for Establishing and Closing the Change Fund

- a. An account titled “Change Fund” should be set up. This account will carry a negative balance while it is in existence. The Change Fund will appear on the Monthly Financial Report as an Accounts Receivable until it is closed at year end.
 - b. Write a check to the person who needs the change (ex: AD for ticket change, bookkeeper for the school store) and show the words “Change Fund” immediately following the person’s name. This transaction should be documented on a Standard Invoice. Model Procurement is N/A.
 - c. When the event is over, the change should be returned to the bookkeeper and redeposited into the Change Fund Account. Before the year-end closing, all change, such as school store change, should be returned, bringing the Change Fund ending balance to zero.
2. If **small** payments are made frequently during the year, a **Petty Cash Fund** may be set up and maintained. This fund should not exceed \$100.

Procedures for Establishing and Closing the Petty Cash Fund

- a. The principal should select a person to be in charge of the Petty Cash Fund, normally the bookkeeper.
- b. An account titled “Petty Cash Fund” should be set up. This account will carry a negative balance while it is in existence. The Petty Cash Fund will appear on the Monthly Financial Report and will be shown as an Accounts Receivable.
- c. Write a check to the person in charge of the Petty Cash Fund and show the words “Petty Cash Fund” immediately following the person’s name. This transaction should be documented on a Standard Invoice. Model Procurement is N/A.
- d. Whenever a disbursement is made from petty cash, a receipt or signed slip from the person receiving the money (no KY Sales tax should be reimbursed) should be put in the petty cash box in exchange for the same in monies. This assures, that at all times, there will be cash and receipts totaling the full amount set up in the Petty Cash Fund.

- e. When the Petty Cash Fund needs to be replenished, a check in the amount necessary to bring the cash up to the full amount of the Petty Cash Fund is issued to the person in charge of Petty Cash, marking it “Renewal of Petty Cash Fund”. This check must be supported by the receipts or invoices from the Petty Cash box attached to a Standard Invoice. The check to replenish the cash will be written from the activity accounts responsible for the expenses, such as General Fund, Faculty Fund, etc. but ***not*** from the Petty Cash Account.
- f. Before the year-end closing, the Petty Cash Fund should be replenished to the original amount. Receipt the total back to the Petty Cash Fund Account, bringing the account back to a zero balance.
- g. The only entries in the Petty Cash Fund will be the check to open the fund and the receipt at the end of the fiscal year to close the fund.

K. ADVANCES

- 1. When money is advanced to authorized employees for such purposes as school-authorized trips, locker key refunds, etc., an “Expense Memorandum”, **FSA-9** should be used. See a copy on page 49.
The principal, the employee and the bookkeeper should all sign the expense memo before check is given to employee.
- 2. When advancing money for a specific purpose, also prepare a Standard Invoice and have the employee receiving the money sign the vendor’s certification.
- 3. Put the Expense Memorandum with the Standard Invoice in a pending file until the sponsor obtains receipts and completes the paper work .
- 4. The amount of the advance should be the estimated amount of the trips, locker refund, etc. The check should be written from the appropriate account.
- 5. The Expense Memorandum should be documented by proper receipts from vendors and a detailed accounting of where the money was spent and the amount of the purchases. Receipts and unspent funds should be returned in a timely manner. Remind employee that KY. sales tax can not be paid or reimbursed with Activity funds.
- 6. If all the advanced money is not used, the remainder should be redeposited into the account. The **receipt number and date deposited** should be indicated on the Expense Memorandum.

7. As documentation for refunds to students, a Refund Form should be used. See a copy on page 54 of this *Manual*. As each student is paid his/her refund, they should sign their name on the next open line showing the amount received.

L. VOIDING CHECKS

1. If a check is ruined or voided, print the word **VOID** across the check and **tear off the signature section**. File the voided check with the canceled checks in numerical order.
2. If a check must be voided after being printed by the computer, you must void the check in Accounts Payable following the directions in the *CPA™ Manual*, “Voiding a Check in Accounts Payable”. Use the original check number in voiding the check. Ensure that the same account is used from which it was originally written. The check will also need to be cleared or it will appear as an outstanding check. See the *CPA™ Manual*, “Clearing Transactions”.

M. STOPPING PAYMENT ON CHECKS

1. Checks which are lost may be replaced by issuing new checks. Since most banks charge at least \$25 for a stop-payment order, such an order should not be requested unless the amount of the lost check is significantly more than the bank charge.
2. If a check is lost, void the check as instructed in the *CPA™ Manual*, “Voiding a Check in Accounts Payable” and clear that check. Put a note in the canceled checks where that check belongs, noting it was voided and on what date.

N. CERTIFICATES OF DEPOSIT

1. Before a Certificate of Deposit (C.D.) is purchased with school activity funds, approval for the purchase must first be obtained from the Treasurer’s office. See #4 below for specifics.
2. Investment should be made using funds in **excess** of a comfortable working balance.
3. Before investing in a C.D., decide which of the six (6) Board-approved banks (BB&T, Chase, National City Bank, PNC Bank, Republic Bank or Fifth Third) offers the best interest rate for the time period you wish to invest. Please note that you may use any of these six (6) banks for your investment. Each Wednesday, in the business section of the local newspaper, there is a schedule which gives current rates for the various investment time periods (six months, one year, two years, etc.). This, along with calls to various bank branch managers, will help you decide which bank to use for your investment.

4. To request permission to purchase a C.D.:
 - a. Complete a Request to Invest Form using current activity fund figures. See page 57 of this *Manual*.
 - b. Send the Request to the Director of Internal Audit.
 - c. When approval is received from the Treasurer, an activity account titled "Certificate of Deposit" should be set up. Write a check to the bank from the C.D. Account using a Standard Invoice for documentation. This account will carry a negative balance. It will be listed as an Accounts Receivable on your month-end report.
 - d. It is not necessary to get permission to renew or rollover a C.D.
 - e. Purchase of a new C.D. **should be** set up with interest being credited to your checking account, and a receipt written for the interest amount to the Interest Account at the end of the month.
 - f. If the interest is added back to the face value of the C.D. (**not recommended**), record as follows: Write a receipt for the interest, which has been added to the face value of the C.D., to your interest account. Do a disbursement to your C.D. Account, which will increase your negative balance by the interest amount. See the *CPA™ Manual*, "Entering Bank Debits".
 - g. When a C.D. is cashed, it must be redeposited into the C.D. Account. Write a receipt to the C.D. Account and the balance should be brought back to zero. If interest is given which you have not recorded, write a receipt to the Interest Account.

O. REIMBURSABLE ACCOUNT

1. If a school disburses amounts from its Activity Account which are to be reimbursed by JCPS or other organizations, a Reimbursable Account should be set up and used. This account should maintain a negative balance.
2. At any point in time, the negative balance in this account should represent the amount due to your school from JCPS or another organization and should be listed as an Accounts Receivable on your month-end report. The worksheet on page 42 will be helpful in tracking this account's status.
3. Write the check as you would any other check, using an **FSA-12** or **FSA-8** and following Model Procurement regulations, from the Reimbursement Account. Prepare a voucher to claim reimbursement from JCPS as required by the code from which it is to be taken. If you do not receive reimbursement for the exact amount of the check written, you must prepare a transfer from another activity account to offset the difference.

P. DAILY FINANCIAL REPORTING

Follow the end of day procedures outlined in the *CPA™ Manual*, “End of Day Procedures”. A ledger register of receipts is the **only report required to be printed**. See the *CPA™ Manual*, “Printing a Daily List of Receipts”. You may print any others as you feel necessary. The duplicate deposit slip should be stapled to the Ledger Register of Receipts after being stamped by the bank and initialed by the principal or designee. The Ledger Register of Receipts should also be initialed by the principal or designee to verify agreement with the duplicate deposit slip.

Q. FORM 1099 - PAYMENTS TO INDIVIDUALS

1. JCPS is responsible for reporting to the IRS certain payments to individuals from School Activity Funds. If, **Districtwide**, JCPS pays an individual (non-employee) for services in the course of a trade or business and such payments exceed \$600 during a calendar year, JCPS is responsible for reporting the following information to the Federal Government on a Form 1099 Misc.:
 - a. Individual's Name
 - b. Mailing Address
 - c. Social Security Number
 - d. Total Amount Paid by JCPS (Districtwide)
2. Included on the Form 1099 would be payments for services to individuals, such as speakers, referees, performers, etc.
3. Not required to be reported would be the following:
 - a. Payments to corporations
 - b. Payments to individuals for merchandise
 - c. Payments sent to the JCPS Treasurer to be added to an employee's salary
 - d. Reimbursements to employees for such expenses as teaching supplies, travel, etc.
 - e. Each month, as part of the package sent to Internal Audit, each school is responsible for sending a 1099 Report. See the *CPA™ Manual*, “Printing a Vendor 1099 Summary Report”. If you have no disbursements in a month which qualify to be reported, the 1099 Report should still be printed and submitted with the month-end report. It will indicate that there were no 1099 payments.

R. MONTHLY FINANCIAL REPORTS

1. **On the last day of the month**, after all checks have been written, run an Accounts Payable Report. If you have reimbursement items that the computer prints on this report, take a pen and cross these out and re-total the page. If you include reimbursements in Accounts Payable, you would also have to include them in Accounts Receivable. Therefore, do **not** include reimbursable amounts on the Accounts Payable Report.

2. When the bank statement comes, the interest income should be posted. Do this by issuing a receipt for the interest amount in the Interest Account using the date on the bank statement when the interest was paid. Enter bank charges that will not be reimbursed by the bank. See the *CPA™ Manual*, “Posting Bank Debits”.
3. Prepare an “Accounts Receivable Report”, **FSA-14D**. See a copy on page 31. Examples of items that should be included are:
 - a. Petty Cash Fund
 - b. Change Fund for bookstore operations or athletics
 - c. Credit Memos from vendors.
 - d. Reimbursements due from JCPS (Reimbursable Account).
 - e. Certificates of Deposit
 - f. Accrued Interest on C.D. (Interest earned, but not posted.)

Note: Accounts with negative balances are not considered Accounts Receivable unless these amounts are actually due from an outside source.
4. Prepare a list of NSF checks (amounts and names) on Form FSA-14D. See page 41 in this *Manual*.
5. Print all reports as instructed in the *CPA™ Manual*, “End of Month Procedures”.
6. Send to Internal Audit, VanHoose Annex by the 15th of the following month.
7. If possible, the May report should be completed and sent before the bookkeeper leaves for the summer. The June report should be completed the first week the bookkeeper returns to work.

S. ANNUAL FINANCIAL REPORT

End-of-the-year procedures:

1. Use the checklist in the *CPA™ Manual*, “End of Year Procedures”, and prepare reports for year ending. File reports for the auditors.
2. The **bank statement** balance as of June 30 should be certified by a bank official. See the form on page 58.
3. An Accounts Receivable list should also be included with the report, including any accrued interest on C.D.s. See form on page 59.

T. ANNUAL AUDIT OF THE ACTIVITY FUND ACCOUNTS

1. Sometime after the return to school from summer break, a school visit will be made to the High Schools by Internal Auditing. A CPA firm will also perform an audit on the records of selected High, Middle and Elementary schools. Members of Internal Audit will also audit Middle Schools and Elementary Schools before the two week winter break. Starting in February, all schools will be visited again by members of Internal Audit Department. All activity accounts of all schools are subject to interim audits by the Internal Audit Department at any time.
2. The audit will follow definite prescribed rules which are in accordance with the procedures set forth by the Division of School Management and Audit, Kentucky Department of Education. A copy of the audit will be on file in the Internal Audit Department of the Jefferson County Public Schools for public inspection.
3. The school can save audit time and expense by having the financial reports filed as recommended and the following schedules and records ready for the auditor:
 - a. A "School Store Inventory", **FSA-17**, which lists all items for sale as of June 30th at **cost price**. Also include a list of giveaways and items sold at cost using "School Store Inventory Additional Information", **FSA-17A**. Instructions and copy of the forms are found on pages 36-38 of this *Manual*.
 - b. A "Soft Drink Inventory", **FSA-19**, which lists all soft drinks or snack items at **cost price** as of June 30th. Also include a list of giveaways and items sold at cost using "Soft Drink Additional Information", **FSA-19A**. Instructions and copy of the forms are found on pages 29-31 of this *Manual*.
 - c. Year End Reports as instructed by the *CPA™ Manual* plus an Accounts Receivable and Official Bank Verification Report. See form on Page 58.
 - d. Prepare two backup disks and send one to the Internal Audit Department.
 - e. Log of Returned Checks. See page 50.
 - f. Activity Fund Budget. See page 40.
 - g. Fund-raiser approval list and completed fund-raiser summaries. See pages 27 and 28.
 - h. Canceled and voided checks in numerical order with a note where one is missing as to the reason it is not there.
 - i. All Transfer Forms in numerical order. (report run on CPA)
 - j. All Multiple Receipts in numerical order and any receipt books used. See page 52 and 53.
 - k. Fee Waiver Forms. (In order by class or school)
 - l. Bank Statements.
 - m. Monthly Reports.

- n. Documentation for all checks (FSA-12s and FSA-8s).
 - o. Preschool tuition records, if applicable
 - p. Ticket Sales Reports and documentation for athletic events. See pages 22-24.
- 4. After the principal receives a written report of audit comments and recommendations for improvement, the principal should review the report with appropriate personnel and, within 30 calendar days, send a written plan of corrective action to the Director of Internal Audit.

U. ADDITIONAL INFORMATION

- 1. Retain the financial records for 5 years plus the current year. **Permanently retain** a backup disk **or** the yellow journal sheets (used in the old write-it-once system) **for every year**.
- 2. Do not make obligations unless funds will be available during the school year.
- 3. Do not make personal loans from or hold post-dated checks in the school activity fund.
- 4. **Do not cash personal checks using activity funds.**

V. THE FOLLOWING SHOULD BE DONE

- 1. Issue a receipt for all monies received.
- 2. Account for all receipt numbers.
- 3. Restrictively endorse all checks received each day.
- 4. Make a bank deposit if cash on hand (except petty cash and change funds) exceeds \$100.
- 5. Deposit **all** cash on hand (except petty cash and change funds) the **last banking day of each month**.
- 6. All monies should be counted jointly by the bookkeeper and the person turning in the money or an envelope system may be used.
- 7. All monies should be deposited in one bank account.

8. Except for **small** amounts made from a petty cash fund, make all disbursements by check.
9. Account for all check numbers.
10. All checks must bear two signatures. One of these should be a school administrator, normally the principal.
11. All purchases must comply with model procurement regulations.
12. Supporting documents must be kept and correctly filed for all expenditures.
13. Take advantage of cash discounts.
14. Reconcile each bank statement as soon as it is received.
15. A separate Activity Account must be maintained as needed for each club, teacher, activity, etc. in the school.
16. Obtain prior approval from the Superintendent, in writing, for all fund-raising projects.
17. Obtain approval from Office of the Treasurer before purchasing Certificates of Deposit. Send to Internal Audit first. Renewals of existing certificates do not need this approval.
18. Retain financial records for a period of five years after they have been audited. Computer disks should be kept permanently.
19. State recommended forms must be used unless special permission is granted from the Director of Internal Audit to use substitute forms.
20. The "School Activity Budget", **FSA-5**, should be prepared for School Activity Accounts. See page 26 for a copy of the form. **Send** the Activity Budget to Director of **Accounting** by October 31.
21. Print a list of receipts daily.
22. Post all transactions daily.
23. Back up data on the computer daily. Be sure to use a pre-formatted disk for each day of the week.

24. Send Monthly Financial Report to Internal Audit by the 15th of the following month.
25. Write off all checks more than six months old.
26. Copy the disk before setting up the new fiscal year and send to Internal Audit. Retain another disk in your school.

W. THE FOLLOWING SHOULD NOT BE DONE

1. Do not pay State Sales Tax on school purchases.
2. Do not use a vendor **statement** as a basis for payment. Pay from original invoices only. Invoices should be checked against the statement and stapled to it.
- 3. Do not sign checks in advance.**
4. Do not make obligations unless funds will be available during the school year.
5. Do not make personal loans from or hold post dated checks in the School Activity Funds.
6. Do not write checks for transfers.
7. Do not make direct payments for services to school board employees.
8. Do not use a stamp in place of a signature.
- 9. Do not cash personal checks**