

## **TYPES OF FUNDS**

**FILE: DIB**

**TITLE:** School Internal Account Funds

### **POLICY:**

- (1) Basic Principles Governing School Internal Account Funds
  - (a) Purpose - School internal account funds shall be used to finance a program of activities approved by the school board which supplement those activities provided from school district funds.
  - (b) Scope - All funds collected in connection with school-sponsored or related activities involving school property or students shall be included in and become a part of the internal funds of the school. Financial transactions of all school organizations shall be accounted for in school internal funds. All organizations connected with or operating in the name of the school which obtains money from the public shall be accountable to the school board for receipt and expenditure of those funds in the manner prescribed herein.
  - (c) Benefit to Students - Funds collected each year shall be expended to benefit those students currently in school unless those funds are being collected for a specific documented purpose. Funds collected for a specific purpose shall be expended for the purpose collected. All internal funds designated for general purposes shall be used to benefit the student body.
  - (d) Conflicts with School Board Policy - No fund raising activities which conflict with any program or policy approved or administered by the school board may be undertaken by the school, by any group within the school or by any group connected with the school and using the school name.
  - (e) Consistency with Legal Requirements - The collecting and expending of internal funds shall be in accordance with the Florida Constitution, existing Florida Statutes, State Board of Education Rules, School Board Rules and the Florida High School Activities Association rules. Sound business practices shall be observed in all transactions.
  - (f) Competition with Commercial Firms - Student projects and activities financed with internal funds and designed to provide educational experiences shall be conducted in such a manner as to offer a minimum of competition to commercial firms.
  - (g) Purchases - Purchases from internal funds shall not exceed the resources of the purchasing account except for items for resale.

(h) Internal Controls - An adequate system of internal control shall be maintained in order to safeguard the assets of the school internal funds.

(2) General Practices to be observed in School Internal Funds

(a) Employee Bonds - All employees having responsibility for handling funds or for recording financial transactions shall be bonded in the manner prescribed by File DH, Bonded Personnel.

(b) Approval of Purchases - All purchases from internal funds shall receive advance written authorization of the principal or designee. Neither the school nor the school board shall be liable for any purchase in the name of the school made without express prior written approval. Any person who makes or approves the making of any such unauthorized purchase shall be personally liable for the amount of the obligation.

(c) Prenumbered Receipts - Approved prenumbered receipts shall be used as the means of recording cash received and as the basis for entries to accounting records.

(d) Prenumbered Checks - Approved prenumbered checks shall be used as the means of disbursing funds and as the basis for entries to accounting records.

(e) Instruments of Obligation - Promissory notes, installment contracts, lease agreements or lease-purchase agreements shall not be executed in the name of a school or any school organization. All such obligations shall be executed by the school board.

(f) Accommodation to Employees or Others - Internal funds shall not be used to cash personal checks, make any kind of loans, pay any form of compensation directly to school board employees or extend credit. Purchase of articles for the personal use of any person shall not be made from internal funds.

(g) Fiscal Year - Internal funds shall be accumulated and utilized on the same fiscal year basis as all other school district funds. No school organization shall make expenditures that exceed the cash resources available to that organization. All accounts payable shall be disclosed to the school board at the end of the year.

(h) Reconciliation of Bank Statements - Bank statements shall be reconciled by two individuals as soon as received and submitted to the principal for review and approval.

(i) Monthly Financial Reports - Monthly financial reports shall be made in written form to provide the school administration with financial information necessary for appropriate decision making.

- (j) Annual Financial Reports - Annual financial reports shall be submitted to the administrator, internal accounting on or before August 1 for consolidation and inclusion in the district's annual financial statements.
- (3) Standards, Practices and Procedures for School Internal Funds
- (a) Banking Practices
    - (i) Depositories for Internal Funds - Depositories in which internal funds are kept shall be certified by the state as qualified public depositories, approved by the school board, and shall be required to furnish the same type of security for deposits as is required for other school board funds. (ii) Bank Accounts - Each school shall have only one checking account which shall be entitled The School Board of Orange County, Florida, (School Name) Internal Fund. This account title must be imprinted on all internal fund checks and deposit slips. All monies received by the school shall be deposited intact as collected into this account and all disbursements shall be made by checks drawn on this account. Savings or investment accounts shall be titled in the same manner.
    - (iii) Check Signatures - Each account shall have at least two authorized check signers, one of whom must be the principal. These names shall be kept on file for audit. All checks shall be signed with two signatures, one of which must be the principal; however, checks may be signed by the principal's designee in an emergency or urgent situation when the principal is absent. Under no circumstances may checks be presigned.
    - (iv) Cash Collections and Deposits - All money collected by the school or by school personnel shall be substantiated by prenumbered receipts, consecutively numbered class receipt records, reports of monies collected, prenumbered tickets, reports of tickets issued and sold or other auditable records.
      1. Insofar as is practicable, all money should be collected in the school office. Collections made outside of the school office shall be turned into the school office no later than the next business day.
      2. All money collected shall be deposited intact to the school safe, located on the premises or a depository as frequently as feasible and as dictated by sound business practices. All collections must be deposited within a school safe or the depository the same day of collection. No funds shall be retained at a school outside a school safe or

depository over the weekend or during a holiday period.

3. All deposits must equal the total amount of money collected and recorded on receipts for the period covered by the deposit. Deposit slips shall be made in the number of copies necessary to meet the approved accounting procedures. All checks deposited in the designated account shall be endorsed showing a restrictive endorsement as noted below.

FOR DEPOSIT ONLY  
THE SCHOOL BOARD OF ORANGE  
COUNTY, FLORIDA  
(SCHOOL NAME) INTERNAL FUND  
(ACCOUNT NUMBER)

4. The principal shall be notified immediately of any errors in deposits or disbursements and shall take appropriate corrective action. 5. Perpetual inventories shall be maintained for all prenumbered source documents. Inventories shall show the beginning and ending numbers of documents acquired and issued. In all cases where tickets are used, ticket reports and unsold tickets must be available for audit. All prenumbered documents shall be accompanied by a certified statement of the numbers received.
  5. An armored car service will pick up school deposits based upon a scheduled pick up provided by the district office. A record will be maintained with signatures of individuals depositing funds into the safe.
- (b) Cooperative Activities - A cooperative activity is one in which the school participates with outside groups such as the PTA or various booster clubs through planning, staging, conducting or attending school-related activities. Such activities may be held on or off the school grounds and will usually take the form of fund-raising events such as carnivals, paid entertainments or food sales.
- (i) If the proceeds from the cooperative activity are to be divided between the school and the sponsoring organization, a written agreement should be executed prior to initiation of the activity. The agreement should include the following as a minimum.

1. Responsibilities of the school and the sponsoring organization for planning and conducting the activity
  2. A formula for decision of the profits derived from the proceeds of the activity
- (ii) All purchases for items to support the cooperative activity shall be in accordance with the general requirements for purchases specified herein. All expenditures shall be initiated and recorded in the manner provided herein.
  - (iii) As soon as practicable following the activity, a reconciliation of all revenue and expenditures attributable to the activity and a calculation of the division of profits shall be prepared by the principal. A copy of such reconciliation shall be provided the sponsor of the activity.
- (c) **Booster Organizations** - Organizations which operate under the auspices and in the name of an Orange County public school as a booster club shall deposit all funds collected or earned in the school's internal accounts. These funds shall be controlled and accounted for in the same manner as other internal funds.
  - (d) **Parent-Teacher Associations** - Funds earned by PTA-PTO activities are not required to be deposited in the school's internal accounts. Such activities shall receive the approval of the principal in advance and shall not be in conflict with school board rules.
  - (e) **Faculty and Staff Accounts** - When approved by the principal, trust funds for faculty and staff may be deposited in and accounted for through the internal funds of the school.
- (4) **Student Activities and Projects**
    - (a) **Athletics** - All revenue and expenditures involving athletic business transacted at the school level shall be recorded in accounts in this classification.
    - (b) **Music** - Proceeds of activities of musical organizations, donations to these groups and their expenses for supplies and trips shall be recorded in this classification. Collections from students for rental or maintenance of uniforms or instruments shall be recorded in separate accounts in this classification or in trust if restricted as to use.
    - (c) **Classes, Clubs and Departments** - Class and club accounts are those which support a group of students within a community of interest with a roster of members, officers and sponsors.
      - (i) Each class or club to be included in the internal funds of the school shall be approved by the principal.

- (ii) The sponsor of each school club or organization shall be responsible for providing adequate financial documents and records to the principal and is responsible for retaining duplicates of the documents and records. These records may include an organization budget; duplicate receipts for all income from dues, fund raising activities, entertainments, assessments, or donations; and approved requests for payments.
  - (iii) All collections received by any club or school organization shall be deposited in the school internal fund.
  - (iv) All disbursements by any club or school organization shall be made by an internal fund check. Disbursements shall be approved by the appropriate organization officer, the sponsor and the principal.
  - (v) A financial report shall be filed with the principal's office at the close of each fund-raising activity. To accommodate collection of data for this report a separate account for the activity may be established. The organization sponsor shall designate transactions to be recorded in each of the club's accounts.
  - (vi) Class and club moneys shall be expended for the benefit of the students who participated in the generation of the revenue.
  - (vii) Any remaining balance in the account of a class that has graduated and has had an opportunity to determine the disposition of the funds shall be considered as belonging to the general miscellaneous account and shall be transferred to that account at the end of the following school year.
  - (viii) Any remaining balance in the account of an inactive student organization shall be considered as belonging to the general miscellaneous account and shall be closed at the end of the following school year.
  - (ix) The business functions of school organizations are to be conducted in such a manner as to offer minimum competition to commercial firms.
  - (x) Departments may be structured similar to classes and shall conduct financial transactions in accordance with guidelines established for classes.
- (d) Trust Funds - All funds collected for a specific restricted purpose shall be accounted for in a trust account. Such funds may be expended only for the purpose for which they were collected.

- (i) At no time may a trust account have a deficit. These accounts should normally have a zero balance at the end of each year. When the purpose of the trust fund has been accomplished or becomes inoperative, unused trust funds shall be returned to the person(s) from whom collected, if practicable. Donors may designate an alternative purpose. Funds which cannot be returned shall be placed in the miscellaneous general account.
- (ii) If a school organization undertakes a project extending beyond the current fiscal year or receives a restricted donation to be used over a period of time beyond the year in which received, approval must be granted by the principal. The funds shall be held in a trust account.
- (iii) Collections for remittances to the school board, such as out-of-state tuition, course fees, extended-day fees or reimbursement for damages, shall be accounted for through trust funds.
- (iv) Collections of state sales tax shall be accounted for through a trust account.
- (e) General Fund - This fund shall include all funds not classified in subsections (1) through (4) and which are to be utilized for the general welfare of the student body of the school. Separate accounts shall be maintained for activities such as the school store and other activities when it is good business practice to separately monitor the financial status of the activity. Activities not accounted for separately shall be recorded in a miscellaneous account.

(4) Purchasing Policies and Standards

The principal shall be fully responsible for all purchases and purchase commitments requiring the present or future disbursements of internal funds moneys. A signed commitment from the principal or designee shall be on file before any purchases are made. Vendors shall be notified of this policy. No purchases shall be made unless sufficient resources are available, except items for resale.

- (a) Bid Requirements - Unless specifically exempted herein, all purchases of items of \$6,000 or more shall be made in accordance with File DJB, Purchasing Policies and Bidding. Any such proposed purchase shall be referred to the district purchasing office for assistance in developing specifications and for bidding.
- (b) Nonbid Purchases - Purchases of items in amounts less than \$6,000 may be made by the principal without prior authorization from the school board; however, good business practices shall be followed in making such purchases in order to ensure the

maximum value received for the school. All purchases in excess of \$500 shall be based on informal bids or quotations.

- (c) Use of District Bids - If the school district has an open bid in effect for specific commodities, all purchases from internal funds for that class of commodities shall be made through the approved vendor.
- (d) Commemorative Items - Specifications for all commemorative items, such as class rings or pins, shall be developed by a school committee consisting of staff and student representatives appointed by the principal. These specifications shall be used to purchase commemorative items on an annual basis. This purchasing shall be conducted as a service to those students wishing to purchase commemorative items.
- (e) Restricted Expenditures - The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose.
  - (i) Equipment, supplies, forms and postage for curricular or classroom use for which school board funds are available.
  - (ii) Curricular-related travel; professional, technical or consultant services; or other items which are the responsibility of the school district.
  - (iii) Articles for the personal use of any students, employee or other person except those items which are identifiable as being in recognition of service or promotion of school activities and those items identified under State Board of Education Rule 6A-1.043, Promotion and Public Relations Expenditures.
  - (iv) Personal memberships or subscriptions
  - (v) Salaries or other compensation for duties or assignments which are the responsibility of the school district
  - (vi) Loans, credit or accommodation purchases for anyone
  - (vii) Repairs and maintenance of school board equipment for which district funds are available
  - (viii) Payments for compensation to employees of the school district for work performed at athletic or any other school events or activities; such payments to be made through the district payroll office on school board warrants

(5) Property Acquisition and Control

If in the course of school activities, tangible personal property (as defined in Section 274.01, Florida Statutes) is purchased for use in a project or



program, the item shall become the property of the school board and shall be identified and accounted for in the manner prescribed for all school board property.

- (a) Tangible Personal Property - The property control department shall be notified when items that meet the criteria for fixed assets are purchased or received through donation. Such notification shall include a complete description of the item(s) purchased or received, including the following specific information:
  - (i) make and model number of the item
  - (ii) serial or identification number
  - (iii) date acquired
  - (iv) total cost (or fair market value if donated)
- (b) Construction, Remodeling, Renovation, Repairs or Alteration to Buildings - All expenditures from internal funds for construction, remodeling, renovation, repairs or alteration to school board facilities shall have prior written approval of the superintendent or designee.
- (c) Modifications to School Property - In the event it becomes necessary, either by a student organization, a contracting concessionaire or an outside organization, to change, alter or attach permanent fixtures to school property or to utilize more than the ordinary amount of utilities, prior approval shall be obtained from the superintendent or designee.

(6) Purchases Subject to Sales Tax

All items purchased from internal funds for resale are subject to Florida sales tax unless specifically exempted.

- (a) Alternative Method of Payment of Sales Tax - As an alternative to collecting sales tax from students and remitting to the state monthly, each K-12 school may pay state sales tax on the basis of the purchase price to the vendor from whom the goods are purchased. If the items being purchased for resale are purchased from an out-of-state vendor or from a vendor who will not accept payment of the tax, the appropriate amount must be collected on each sale and remitted to the State Department of Revenue on a schedule approved by that department.
- (b) Taxable Status of Admissions - Admission charges for school activities which utilize student or faculty talent exclusively are not taxable. Free passes are not taxable unless a service charge or donation in excess of nine cents is required. All other admissions to activities held or sponsored by the school are taxable, and the

tax shall be collected and remitted on a schedule authorized by the State Department of Revenue.

(7) Reports

- (a) Monthly Financial Report - The principal shall prepare a monthly financial report on all transactions within the internal funds and provide an accounting to each class, club, trust fund or activity for which separate accounting is maintained. The principal shall file with the internal accounts section within the Finance Department a monthly financial report no later than the twentieth of the month following the month being reported.
- (b) Annual Financial Report - At the end of each fiscal year the principal shall prepare a detailed annual report of all transactions for the school internal funds for the fiscal year. A complete accounting with year-end balances shall be provided to each class, club, trust fund or activity for which separate accounting is maintained. An annual report shall be prepared reflecting the year's activity and year-end balances for all schools by the administrator, internal accounting and forwarded to the finance office for inclusion in the district annual financial report. The principal shall also provide the finance office with a listing of each payment to any vendor who does not have a federal tax identification number or who utilizes a social security number as a tax identification number.

(8) Annual Audit

An annual audit of the internal funds of each school shall be made by the school board internal auditor pursuant to the State Board of Education Rules. The audit shall verify accuracy of all financial transactions and shall also identify any instances of failure to comply with law, State Board of Education Rules or School Board Rules. Within 20 days following receipt of each audit, the principal shall submit a written statement to the administrator, internal auditing, identifying the actions taken or to be taken in order to correct any errors, deficiencies or adverse findings noted in the audit.

(9) Investments

The principal shall provide for the investment of any funds which are surplus or not needed immediately for expenditure. Such investments may be placed in savings accounts of banks or savings and loan institutions, certificates of deposits issued by banks, United States government securities, or any other investment guaranteed in total by United States government securities, as provided by File DFAA, Investment of Temporarily Idle Funds, for district funds.

(10) Fund Raising

- (a) Each fund-raising activity undertaken by the school or by an organization within the school shall be conducted in accordance with File JJE, Fund-Raising for School Projects and Activities.
- (b) Liability Exposure - If a school or a school organization proposes to engage in any fund-raising activities which may expose the school board to extraordinary liability, prior written approval must be obtained from the superintendent or designee.
- (c) Deposits of Receipts - All receipts from fund-raising activities must be deposited in the internal funds of the school and all transactions in connection with the activity shall be recorded through such internal funds.

(11) Retention of Records of Internal Funds

All records maintained as part of the internal funds of the school and public records under the laws of the state of Florida shall not be destroyed or otherwise disposed of without specific authorization. All requests for disposition of internal fund records, after completion of audit, shall be directed to the manager of records management. No such records shall be destroyed unless and until written authorization is provided.

(12) Collection of Worthless Checks

The district's authorized check collection company is responsible for seeking reimbursement for any unpaid check returned by the bank.

(13) Chart of Accounts

The following represents the state-prescribed chart of accounts and account numbers required for maintaining the internal fund records of each school. This chart of accounts is established for planning purposes and future adoption by the State Board of Education (SBE). It is optional until such time as it becomes a requirement of State Board of Education Rules.

- (a) Fund Group \_\_\_\_\_ 800
- (b) Balance Sheet \_\_\_\_\_ See Chapter 2, Financial and Program Cost Accounting and Reporting for Florida Schools
- (c) Revenue Accounts \_\_\_\_\_ 900
- (d) Expenditures \_\_\_\_\_
  - (i) Function \_\_\_\_\_ 9800

(ii) Object \_\_\_\_\_ See Chapter 4, Financial and Program Cost Accounting and Reporting for Florida Schools

(iii) Student Activity/Project

1000 Athletics  
2000 Music  
3000 Classes  
4000 Clubs  
5000 Departments  
6000 Trust  
7000 General

(14) Procedure Manual

The superintendent shall direct the development and provision to each school of a manual which shall outline specific procedures for accounting and handling of funds which incorporate and implement the rules governing internal funds set forth herein, generally accepted accounting principles and rules relating to internal funds adopted by the State Board of Education.

**LAWS IMPLEMENTED:**

Chapters 119 and 274; Sections 1001.42(10)(16); 1001.52; 1011.60; 1011.19; 1010.01; 1010.04; 1011.06; 1011.07; 1010.07; 1011.18, Florida Statutes

**STATE BOARD OF EDUCATION RULES:**

6A-1.001; 6A-1.008; 6A-1.0012; 6A-1.012; 6A-1.085; 6A-1.087; 6A-1.091

ADOPTED: - 12/14/10

**TYPES OF FUNDS – cont'd**

**FILE: DIB**

**TITLE:** Petty Cash Fund

**POLICY:**

Petty cash funds for necessary operating expenditures may be established within the limits and in accordance with the procedures established herein.

(1) District Petty Cash Funds - Petty cash funds for district-level cost centers may be established in the amount necessary and appropriate for district-level expenditures as approved by the Sr. Director of Finance. The administrator to whom each fund is assigned shall be the custodian for the petty cash fund and shall at all times have in custody cash, receipts,

paid invoices or a combination thereof totaling the amount of the petty cash fund. The fund shall be maintained separate and apart from any other funds. Under no conditions may the petty cash fund be used for a loan or advancement to any organization or person, including the cashing of a personal check.

- (a) The petty cash fund shall be established by an advancement from the district operating fund.
- (b) As petty cash becomes exhausted, the school board, upon receipt of adequate data, shall reimburse the funds from the appropriate accounts within the district budget.
- (c) In order to receive reimbursement for expenditures, it shall be necessary to submit a statement with the itemized receipts or paid invoices for each expenditure made.
- (d) The petty cash fund shall be reconciled and closed prior to the end of each fiscal year unless otherwise authorized by the Sr. Director of Finance.

(2) School Petty Cash Funds - Each school is authorized the following petty cash funds to be established and operated as prescribed herein.

- (a) Establishment
  - (i) Regular Petty Cash Fund - This fund shall not exceed the amount established and approved by the Sr. Director of Finance.
  - (ii) School Food Service Petty Cash Fund - This fund shall not exceed the amount established by the Sr. Director of Finance.
  - (iii) Internal Accounts Petty Cash Fund - This fund shall not exceed the amount established by the Sr. Director of Finance.
- (b) Operating Requirements - The principal of each school shall be responsible for all school petty cash funds and shall follow the procedures outlined herein in disbursing petty cash funds.
  - (i) Purchases - Petty cash funds are used to purchase items of small dollar values which are impractical to acquire using the normal purchasing processes. These funds are not to be used as a substitute for the normal purchasing process.
  - (ii) Replenishment of Funds - Replenishment of funds for purchases made from petty cash funds shall be made as follows.
    - a. Regular Petty Cash Fund - Replenishment for expenditures shall be made from district operating funds in the following manner.

1. The regular purchase order request form for purchase orders may be used when requisitioning petty cash funds.
  2. The fund may be replenished upon submitting a requisition with signed Petty Cash Authorization/Reimbursement forms and attached original invoices/receipts to Accounts Payable. Each reimbursement form must be signed and shall contain a notation indicating the internal account check number used to make the payment.
  3. A school may not have more than one purchase order requisition for petty cash outstanding at any one time. One requisition shall replenish the petty cash fund before another requisition may be issued.
  4. No warrant shall be issued by Accounts Payable to replenish a petty cash fund unless funds are available to support the replenishment.
  5. Each warrant issued for replenishment shall be cashed or deposited in the school's internal accounts with proper accounting.
- b. School Food Service Petty Cash Fund - Replenishment for expenditures made from the school food services petty cash fund shall follow the procedures outlined in subsection (2)(b)(ii)a. herein.
- c. Internal Accounts Petty Cash Fund - Replenishment for expenditures made from the internal accounts petty cash fund shall be made from the appropriate account or accounts within the internal accounts of the school.
- (c) End-of-the-Year Replenishment - Each school shall replenish all petty cash funds to the established amount prior to the end of each fiscal year.
- (i) All requisitions to replenish the regular petty cash fund shall be received in Accounts Payable at least five days prior to the last working day in June, and no further purchases may be made from such fund until after the beginning of the next fiscal year or as instructed by the Sr. Finance Director.
  - (ii) No requisition to replenish purchases made from the regular petty cash fund in a prior fiscal year shall be honored for payment unless approved by the Finance Department.

- (d) Closing of the Regular Petty Cash Fund - Any school desiring to permanently close the regular petty cash fund shall return all funds in the account to the Finance Department.
- (3) Theft or Loss of Petty Cash Funds - The person to whom a petty cash fund is assigned shall be personally liable in the event of any loss resulting from negligence or failure to follow proper procedure. Any theft shall be immediately reported to appropriate law enforcement authorities.

**LAW IMPLEMENTED:** Section 1001.41(2), Florida Statutes

**STATE BOARD OF EDUCATION RULE:** 6A-1.057 (see note at end)

ADOPTED: -12/14/10

**TYPES OF FUNDS – cont'd**

**FILE: DIB**

**TITLE:** Write-Off of Uncollectible Accounts Receivable

**POLICY:**

- (1) Each principal or other person in charge of a school shall be responsible for taking necessary measures for securing full payment for all accounts receivable due the school. If, after all possible efforts to collect any outstanding debts have been exhausted, the principal may request that the school board authorize an adjustment or write-off of such amounts from the internal accounts of the school in the following manner:
- (2) The school board shall review each such request and, after review of the circumstances and after determining that further efforts would not be cost-effective, may authorize the debt to be removed from the internal accounts of the school and may further:
  - (a) Direct the school board attorney to take the necessary action deemed necessary to collect the accounts receivable.
  - (b) Place information, evidence, and documents applicable to the accounts receivable in the hands of the State Attorney for review and appropriate action, or
- (3) Nothing contained herein shall authorize any write-off of any obligation or debt of an employee of the school system. In the event a principal is unable to obtain payment of such obligation, the matter shall be reported to the superintendent for recovery through a deduction from the employee's compensation.

**LAWS IMPLEMENTED:** Sections 17.041, Florida Statutes

ADOPTED: -12/14/10