

Procedures Manual for SCHOOL FUNDS



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Prepared by the Finance Office

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A. Introduction

The purpose of this manual is to communicate the approved procedures for administering School Funds of the Carroll County Public Schools.

This manual has been approved by the the Finance Office and the Internal Audit Department.

Proper management of School Funds is an enormous responsibility and needs to be treated as such. The Finance Office continues to appreciate the efforts made by the School Administrators and the Financial Secretaries as they complete the important task of recording and managing School Fund transactions.

B. Overview

1. **Purpose of School Funds** – School Funds should be used to promote the general welfare, education and morale of all students and to finance the normal, legitimate, co-curricular activities of the various individual student groups.
2. **Definition of School Funds** – School Funds consist of funds derived from extracurricular student activities, such as entertainment, athletic contests, club dues, school stores, etc. and from any and all activities of the schools involving school personnel, students or property.
 - a) Restricted School Funds are to be used solely for the purpose for which such funds are collected.
 - b) Unrestricted School Funds may be used at the discretion of the Principal and must be consistent in promoting the general welfare of the student body.
 - c) Funds derived from the student body as a whole shall be used to benefit the student body as a whole.
 - d) School Funds belong to the current student body and should be, in general, expended to benefit those students currently in school who have contributed to the accumulation of such funds.
3. **Types of School Funds** – Funds handled within the school are classified as either:
 - a) Restricted School Accounts – used to finance a program of co-curricular school activities supplementing, but not replacing the activities financed by the Board of Education. As a general rule, these funds shall be expended for the purpose in which they were raised, thereby benefiting those students currently involved with that activity account. Transferring funds between activity accounts will only be permitted if one or more of the following conditions exist:
 - i) The contributors in the two activity accounts are generally the same people. For example, a transfer would be allowed from the Horticulture Club to the Flower Club if the students are essentially the same.
 - ii) There has been no activity for one year or more in the activity account that the funds are being transferred from. (Activity is defined as any non-passive revenue or expenditure). Transfers with no activity for less than one year are permitted with approval from the Finance Office.
 - iii) An activity account ends the year with a negative balance. To bring the negative balance to zero, the first source of revenue shall come from the unrestricted accounts via journal entries. If a negative balance still exists after the transfers from the unrestricted funds, then and only then will transfers from other restricted accounts be permitted.

Transferring funds from the restricted fund to the unrestricted fund will only be permitted if one or more of the following conditions exist:

- i) The members or representatives of a graduated class make a gift.
- ii) A coding error was made and a journal entry is needed to correct the error.
- iii) An exception can be made with written approval from the School Training and Support Accountant.

School administrators will not use a restricted account in place of an unrestricted account in order to circumvent these rules.

- b) Unrestricted School Accounts – used to finance programs or to make purchases of materials, equipment or services for the benefit of the entire school. These funds should be expended to supplement the funds allocated to the school by the Board of Education of Carroll County.
4. **Basis of Accounting** – All financial transactions are recorded on a cash basis by authorized school personnel.
5. **Responsibility** – The following outlines the responsibilities of the various parties in relation to School Activities Funds.
- a) Superintendent – “The Superintendent of Schools shall have the responsibility and authority to implement all policies and rules pertaining to the supervision and administration of a school fund accounting system in the schools.”
 - b) Principal – The responsibility for safeguarding, accounting for and managing school funds rests solely with the Principal. The duties required to properly manage funds and maintain fund security may be delegated to the degree deemed appropriate by the Principal, however, ultimate responsibility shall remain with the Principal. The Principal is also responsible for maintaining adequate internal controls over school funds. At a minimum, the Principal shall implement the following management practices:
 - a. Be familiar with and enforce all policies, procedures and practices related to school funds.
 - b. Communicate proper practices periodically with staff members and responsible students to include the following:
 - 1. Proper budget planning
 - 2. Prior approval for expenditures of school funds
 - 3. Proper control of funds collected through daily submission of funds to the financial secretary.
 - c. As a general rule, these funds shall be expended for the purpose in which they were raised, thereby benefiting those students currently involved with that activity account as defined in Section B.3.a).

- d. Instruct the financial secretary as to duties to be performed and provide adequate supervision and guidance to the financial secretary.
 - e. Obtain accurate and timely monthly and annual reports that present the status and results of operations from the financial secretary.
 - f. Review purchase orders and other supporting documentation to ensure that purchases and expenditures are authorized and properly supported.
 - g. Ensure that adequate physical controls are available and used for the protection of cash and other assets.
 - h. Implement necessary corrective actions as a result of audit findings.
 - i. Participate in the preparation, modification and interpretation of policies and procedures for administering School Funds.
 - j. Ensure all school accounts have an account manager assigned in FIC.
 - k. Ensure all active FIC accounts are verified every 30 days.
 - l. Ensure Financial Secretaries receive adequate training.
- c) Assistant Principal – Assistant Principals shall perform duties as delegated by the Principal and shall be familiar with all policies, procedures and practices even if no duties have been delegated.
- d) Financial Secretary – Under the supervision of the Principal, the Financial Secretary shall receive, receipt, secure, deposit, account for and disburse all funds flowing through the school fund accounts, except as otherwise directed by the Principal. The Financial secretary shall perform the following duties:
- a. Deposit all funds promptly and intact.
 - b. Maintain all required records on a current and accurate basis.
 - c. Promptly submit or have available all required reports and reconciliations.
 - d. Inform Principal of all actual or potential problems.
 - e. Perform other related duties as directed by the Principal.

The financial secretary will not engage in water sales, sales of stamps, or the sale of any other item(s) that are not directly related to the schools' activities or CCPS.

- e) Faculty Advisors – Faculty Advisors are responsible for working with students in specific activities and for carrying out administrative procedures.

- f) Account Managers – Account Managers are responsible for administering and verifying financial transactions in the Financial Information Center (FIC).
- g) Students – Secondary school students should be involved in the fiscal management of the activities including working with the Faculty Advisor in carrying out the established administrative and financial procedures.
- h) School Training & Support Accountant - Responsible for providing daily support to school administrators. This includes answering questions, approving check requests, inputting journal entries, reviewing cash receipt and bank reconciliations and providing financial training.
- i) Internal Auditor – The Internal Auditor is responsible for auditing or reviewing school funds and for recommending the appropriate procedures to be followed.

6. Related Statutes and Board Policies

- a) Students cannot be charged for items that should be provided by Carroll County Public Schools as part of the instructional program. Refer to the *Annotated Code of Maryland Section 1-201*
- b) Schools are prohibited from borrowing funds from a lending institution, vendor, or others. The only obligations a school can incur are those for normal purchases from vendors. These obligations must be short-term and must be paid when due. Refer to the *Annotated Code of Maryland Section 6-222*
- c) Principals may not permit students or student organizations to organize any fundraising campaigns which might send the students into the community going door to door selling magazines, candy, seeds, Christmas cards, etc. However, this does not preclude the sale of materials on school premises to patrons or students.
- d) When a school elects to permit students to be involved in fund-raising activities sponsored by charitable organizations,
 - 1. the school shall consider only those fund-raising drives approved by the Superintendent of Schools
 - 2. special assemblies or other meetings to encourage student involvement shall not be held.
 - 3. Fund raising activities such as gofundme.com are not permitted.

- e) The collection of monies from students to provide direct support to instructional programs and student activities is, in general, prohibited. Exceptions include: collection of funds for lunches or snacks, materials for outdoor education activities, field trips, athletic fees, graduation expenses, yearbooks, student pictures and scholastic accident insurance.
7. **Record Retention and Disposal** – Schools are required to maintain and dispose of records in accordance with the Maryland State Department of Education (MSDE) retention policies and with the record retention schedule which can be located on the Carroll County Public Schools Financial Services website.

C. General Operating Procedures

1. **Management** – The management of School Funds should be in accordance with sound business practices, including sound accounting procedures and internal controls.
- a) Principal’s Accountability – The Principal is ultimately responsible for all monies received or disbursed within the school.
 - b) Contracts – Due to year-end 1099 reporting, **contracts must be paid through Accounts Payable**. Only the Superintendent, Assistant Superintendent of Administration and the Supervisor of Purchasing may obligate the school by contract for the purchase of equipment, supplies, or services. All contracts must be signed by either the Superintendent, Assistant Superintendent of Administration or the Supervisor of Purchasing and by an authorized representative of the contractor.
 - c) Purchase/Credit Cards – No general purpose credit card or debit card should be obtained in the name of an individual school.
 - d) Expenditures by Students or School Employees – Neither a school nor a School Fund shall be responsible for an expenditure made by a student, teacher or any other school employee who has not received prior written authorization from the Principal.
 - e) Outside Organizations – PTAs, Booster Clubs and other similar organizations must maintain their funds in their own bank account, separate from school funds.
 - f) Timely Payment of Bills – Each school shall maintain a good credit rating by paying all valid obligations promptly, by the due date established by the vendor. All bills should be paid via accounts payable through the Finance Office.

2. **Bank Accounts**

- a) All School Funds shall be held only in federally insured financial institutions and all bank accounts must be recorded in the accounting program.
- b) All bank accounts must be in the name of the school, not in the name of any school employee or other individual. The Federal Tax identification number on all accounts should be 52-6000911.
- c) Each school shall have only one primary checking account. An exception can be made with the approval of the CCPS Finance Office.
- d) At the end of each month a check must be written to Carroll County Public Schools to clear the balance in the checking account (less the permitted checking available on hand at the bank).

3. **Receipt and Deposit of Funds** – Controlling receipts is the most important step in the School Fund accounting process.

- a) Money collected by CCPS from any source is a receipt. All money collected must be substantiated with a Funds Collection Record (FCR). Receipt numbers are computer generated when the financial secretary posts the receipt of funds into eFinancePLUS 5.1. The financial secretary then writes the receipt number on the FCR. All receipts should be recorded into the appropriate accounts.
- b) All money collected from students on school premises must be deposited and disbursed through the school fund.
- c) The staff member submitting the cash and checks will have completed a separate Funds Collection Record (FCR) for each collection (i.e. – field trips, yearbook, etc). This form is to be used for all money that is collected at the school, including field trips, yearbooks, fund-raising events, parking permits, obligations, etc. The FCR should be completed by the staff member that is actually collecting the cash and checks or by the administrator, advisor, teacher, etc. that is responsible for the account. The staff member turning in the money to the office must sign the form. If possible, a second employee should also count the money to verify the balance. Note: The Financial Secretary should only accept cash and checks when it is accompanied with a FCR, never be the first person to receive funds, and should never sign on the “counted by” line on the FCR.
- d) The FCR form is a four part NCR form. Procedures for the paperwork of those four parts can be seen on the following flowchart:

Directions for Completing the FUNDS COLLECTION RECORD

TO BE COMPLETED BY THE FUNDS SUBMITTER OR ACCOUNT MANAGER

TO BE COMPLETED BY THE FUNDS SUBMITTER OR ACCOUNT MANAGER

- 1 Include the name of the class, club, Organization or grade level.
- 2 The event for which the money was collected.
- 3 The date that the funds were collected.
- 4 The individual(s) who counted the money. ONLY ONE SIGNATURE is required. The financial secretary should never sign on this line.
- 5 Total amount of funds collected, written in script form.

FUNDS COLLECTION RECORD

Fundraiser

Club/Class: _____

Event/Description: _____

Date: _____

Preparer/Counted by: _____

Denominations	Number	Total
Checks		\$
Cash:		
100's	X 100	\$
50's	X 50	\$
20's	X 20	\$
10's	X 10	\$
5's	X 5	\$
1's	X 1	\$
Other		\$
Coin		\$
Total Collected		\$

TOTAL: _____ Dollars

(written out)

- 6 If this event qualifies as a fundraiser, mark this box.

- 7 Fill in the count of each denomination. Then total each denomination. Then fill in the "Total Collected".

TO BE COMPLETED BY OFFICE PERSONNEL RECEIVING THE FUNDS

TO BE COMPLETED BY THE FINANCIAL SECRETARY

- 8 Signature of the individual in the office who accepted the money from the teacher/advisor.
- 9 The date that funds arrived in the office.

FOR SCHOOL OFFICE USE

Funds received by: _____

Date funds received: _____

Verified by: _____

Amount of sales tax paid: _____

Deposit date: _____

Financial Code₁: _____

Receipt number₁: _____

Financial Code₂: _____

Receipt number₂: _____

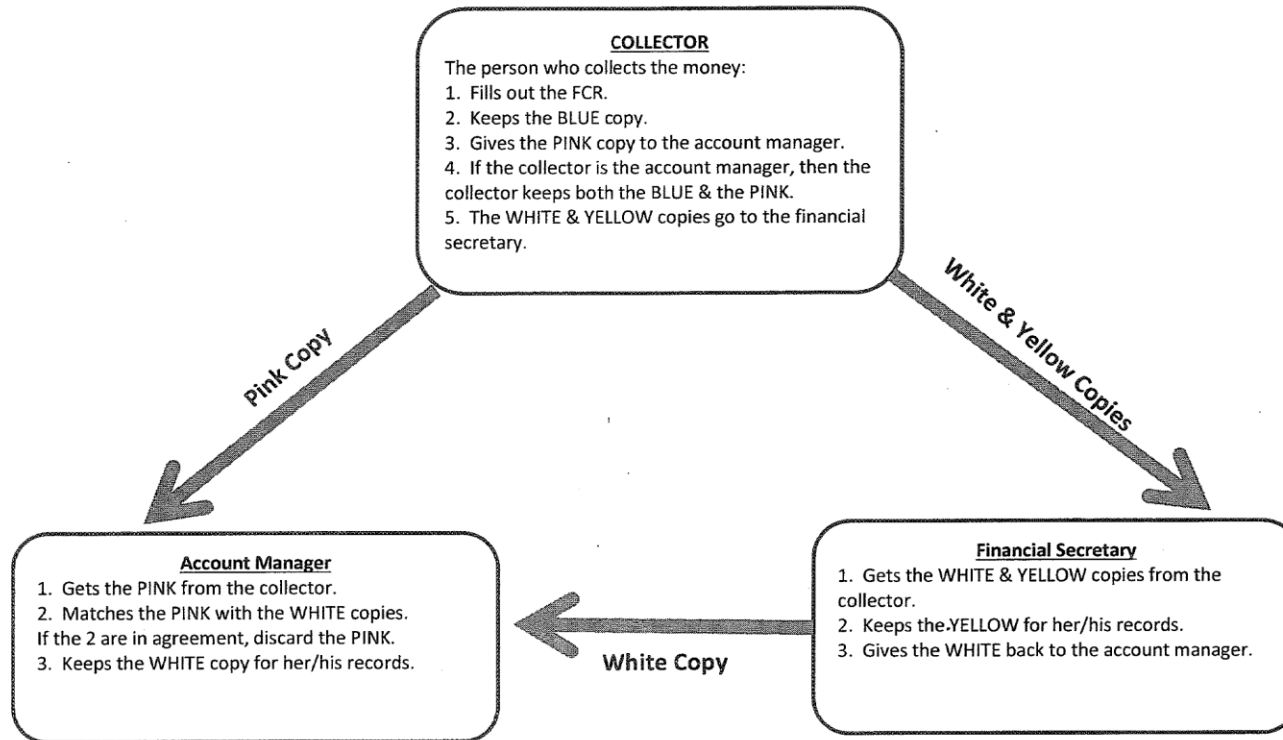
- 10 Signature of the financial secretary, or the person that verified the amount of money submitted.
- 11 Any sales tax associated with this transaction.
- 12 Date money is deposited at the bank.
- 13 Enter the financial code(s) and the receipt number.

White and Yellow - School Office
Pink - Account Manager
Blue - Preparer

FUNDS SUBMITTER – Submit white and yellow copies to the office with the money: 1 – 7 should be completed. Keep the blue copy and forward the pink copy to the account manager.

FINANCIAL SECRETARY – Return the white copy to the account manager with 8 – 13 completed. The yellow copy should remain in the school's financial records.

Funds Collection Record (FCR) Flowchart



Bank Deposit Verification Process Flowchart

Financial Secretary

1. Prepares multi-copy bank deposit slip.
2. Sign bank deposit slip.
3. Give all FCR forms and deposit slip to the principal or principal designee.



Principal or Principal Designee

1. Total the number of checks as recorded on the FCR forms and agree this total to the total number of checks recorded on the deposit slip.
2. Total the dollar amount of the checks as recorded on the FCR forms and agree this total to the total dollar amount of checks recorded on the deposit slip.
3. Total the currency (i.e. \$1's, \$5's, \$10's) that is recorded on the FCR forms and agree this total to the total currency on the deposit slip.
4. Total the coin (i.e. pennies, nickels, dimes, and quarters) as recorded on the FCR forms and agree this total to the coin total on the deposit slip.
5. If deposit ticket and FCR forms agree, sign deposit ticket and return all to the financial secretary.
6. If deposit ticket and FCR forms do not agree, return all to the financial secretary to be recounted.



Financial Secretary

1. Take deposit to bank (principal designee can also make bank deposit).
2. Maintain yellow copy of deposit ticket for school's monthly folder, along with bank issued deposit ticket.
3. Forward pink copy of deposit ticket to Finance with reconciliations and reports.

- e) Once a Fund Collections Record has been generated, it must **not** be altered.
- f) Cash and checks collected by advisors, teachers and administrators, etc. must be counted and turned in to the financial secretary as soon as possible, but no later than at the end of the school day in which it is collected. It is recommended that at the time the money is turned in, it should be counted by the financial secretary in the presence of the person submitting the funds, then immediately secured in a safe.
 - 1. All checks received should be made payable to the school (not to the Faculty Advisor or the Financial secretary) and should be restrictively endorsed immediately upon receipt (i.e. "For Deposit Only"). For this purpose, schools are encouraged to use a rubber stamp containing the school's name, account number, and "For Deposit Only".
 - 2. Staff members should make a note on the check(s) of the student's name and purpose of the check (i.e. gym uniforms) on the memo line of the check. This will assist the financial secretary if the check is returned for any reason.
 - 3. Employee's personal checks are not to be substituted for cash collected from students.
- g) To provide proper control, **all funds received must be deposited in the school's primary checking account.**
- h) Cash receipts must be deposited promptly. Bank deposits must be made once a week or whenever \$1,000 or more is collected, whichever comes first. When possible, large receipts from night or weekend activities should be deposited in an overnight depository rather than placed in the school safe. All receipts on hand should be deposited on the last working day of each month and before each weekend or holiday.
- i) Cash receipts must be deposited intact. **Disbursements must never be made from cash receipts.**
- j) Bank deposit slips should be prepared in triplicate, using a 3-part deposit slip that can be ordered from the bank. The 3-part deposit ticket is used as follows:
 - 1. The bank keeps one copy
 - 2. One copy should be retained by the school with the financial records.

3. The third copy that has been authenticated by the bank (confirmation that the deposit was made) should be verified for accuracy and submitted to Finance with the monthly bank reconciliation.

If the deposit slip only has 2-parts, then a photocopy should be made. The photocopy should be kept with the school's financial records.

- k) All deposits should be prepared and verified by two different staff. The principal should designate someone independent of the of the preparation of the deposit to verify the deposit. Bank deposit slips must be signed by the preparer and the person who verifies the deposit (administrator or administrator designee).
 1. The person who verifies the deposit should compare the FCR forms to the deposit slip.
 2. The number of checks as recorded on the FCR forms should be totaled and compared to the number of checks that are recorded on the deposit slip.
 3. The amount of the checks as recorded on the FCR form should be totaled and then compared to the total amount recorded on the deposit slip.
 4. The currency and coin as recorded on the FCR forms should be totaled and compared to the currency and coin that is recorded on the deposit slip.
 5. Total the deposit slip to be certain that it foots properly.
- l) Only the principal, assistant principal, facilities coordinator, financial secretary or other office personnel shall transport school funds for deposit. Teachers, parent volunteers, or students may not perform this function.
- m) Personal checks may not be cashed from cash receipts, change funds, petty cash funds or any other school funds.
- n) Returned Checks – those checks deposited by the school that are returned due to insufficient funds or for other reasons should be handled as follows:
 1. When a returned check is received, the financial secretary should enter a negative receipt in the account where the check was originally deposited. Any related fees should be recorded as a negative revenue adjustment on the monthly school report.
 2. Contact the check writer to arrange payment. The school has the right to request cash or money order.

4. **Verifying, Recording and Depositing Commission Checks**

On a monthly basis schools will be responsible for verifying that they have received and deposited all commission checks in a timely manner. Schools are responsible for contacting vendors to inquire about outstanding commission payments. If applicable, all commission payments should be in the form of ACH payments to the schools financial institution.

5. **Safeguarding of Funds in the Schools**

- a) CCPS students and employees should be instructed never to attempt to thwart a robbery in the school or in any other location.
- b) Funds stored overnight at the school must be kept in a combination safe. Use of a combination safe, bolted into the wall or ground, is required. Funds must not be stored in a drawer, cabinet, or lockbox, even if they do have locks on them.
- c) The combination to the safe should only be given to those persons with a continuous need for access to the safe. The number of such persons shall be kept to a minimum.
- d) The safe combination should be changed whenever a person who has the combination leaves the school or is transferred to a position where there is no longer a need for access.
- e) The safe combination shall not be left at any location on the school premises. Doing so risks the danger of the discovery of the combination by unauthorized persons. In addition, safe should NEVER be set to “pre-opened”.

6. **Purchases / Receipt of Goods and Delivery of Services**

- a) The purchase of property or services for use by school organizations in connection with their activities is tax exempt under the school’s tax exempt number **if the purchase is made with organizational funds** – school check or CCPS Purchasing Card.
- b) It is unlawful to use School Funds or Carroll County’s tax exemption ID number to make privileged or tax-free purchases for any school employee or other person.

- c) Upon satisfactory receipt of goods or delivery of services, the faculty advisor or financial secretary should initial the vendor's invoice (after verification of prices, extensions and totals) and complete a Check Request form or code the invoice directly and submit to the Principal for approval.
- d) Cancelled checks, vendor statements without detailed invoices or delivery tickets/bills of lading or a Check Request form alone are not considered adequate documentation to support payments.
- e) Any equipment purchased by a school with school funds shall become the property of the Carroll County Public Schools.
- f) Purchases of gift cards as student incentives, for the needy, and for non-employee volunteers are permissible with the understanding that there may be tax consequences to the recipient. In all instances a completed gift form must be included along with original receipt(s) and a description of the purpose of the gift. The gift form can be located on the Carroll County Public Schools Financial Services website.
- g) Direct purchase of any of the following is prohibited (It is allowable to purchase these items through the proper procedure - through Purchasing or Finance – using the appropriate school fund account).
 - 1. AV Equipment
 - 2. Carpeting
 - 3. Cell phones
 - 4. Computers and related technology (printers, scanners, etc.)
 - 5. Fax machines
 - 6. Fire extinguishers
 - 7. Heating oil
 - 8. Janitorial supplies
 - 9. Lawn and garden equipment
 - 10. Lumber
 - 11. Photocopiers
 - 12. Playground equipment
 - 13. Power tools
 - 14. Professional services
 - 15. Software
 - 16. Uniforms
- h) Gratuity or “tips” may be added to a transaction for meals. The maximum allowable gratuity/tip for a meal is 20 percent. Any tip larger than 20% will be payable by the employee. Tipping for an order that is being picked up is discouraged and tipping at the 20% level for a delivery order might be excessive.

7. **Check Disbursements**

- a) Payments for School Fund purchases should be made via a Check Request form or approved invoice and submitted to the Finance Office or paid via procurement card. In rare instances, the school may write a check from their checking account providing they have pre-approval from the Finance Office.
- b) The financial secretary shall prepare check disbursements only after receiving a properly executed Request for School Check form with the appropriate supporting documentation attached.
 - 1. The Request for School Check form shall originate with the faculty advisor who shall complete the form, attach all supporting documentation and forward it to the Principal for approval. The Principal will then forward all approved requests to the financial secretary to be forwarded to the Finance Office.
 - 2. The financial secretary shall assume that when a faculty advisor forwards a Check Request to the Principal that all goods or services have been received and that the quantities and prices on the vendor's invoice are correct.
- c) Appropriate supporting documentation includes an original vendor invoice or an original store receipt. The following will NOT constitute appropriate supporting documentation (list is not all-inclusive):
 - 1. Vendor's account statement
 - 2. Copy of a personal check
- d) All checks must be pre-printed with the school's name and must be pre-numbered.
- e) All checks must be posted (used) in numerical order.
- f) All checks must bear two authorized signatures. The Principal and at least two additional employees, one of whom should be the person who serves as the Acting Principal in the Principal's absence, should be authorized to sign checks.
- g) The authorized check signers should require the appropriate supporting documentation for each check disbursement.

- h) An authorized check signer should not sign checks payable to himself/herself – these checks should be signed by the two remaining authorized check signers. Under no circumstances should a check be made payable to a financial secretary.
- i) **The school’s bank and the Finance Office must be notified as soon as possible when a check signer’s authority has been terminated.** Revocation of signing authority may occur due a number of reasons, such as:
1. Transfer to another cost center
 2. Retirement
 3. Leave of absence
 4. Resignation
 5. Termination
- j) A current copy of the bank’s signature card must be maintained by the school for audit verification. Whenever a signer changes, a copy of the new signature card must be sent to the Finance Office.
- k) Once a check has been written, it must not be altered or erased. If an error is discovered, the word “VOID” shall be written in ink across the face of the check, and the signature section should be torn off or marked out and a new check should be written. Voided checks should be submitted to the Finance Office with the monthly school report.
- l) Use of a rubber stamp facsimile of an authorized signature (signature stamp) may not be used on any document relating to school funds (or board funds).
- m) Prohibited practices related to checks disbursements from school funds include:
1. Issuing a blank check (i.e. pre-signed with no amount and/or payee)
 2. Checks made payable to Cash
 3. Payment to an employee for services rendered (i.e. custodial coverage, after-school tutoring, etc.) Such payments must be made through the Payroll Office.
 4. Payment to an individual (non-employee) for services rendered (storytellers, piano tuners, etc.). Such payments must be made through Accounts Payable in order for CCPS to comply with the IRS requirement to issue a 1099 to individuals paid in excess of \$600 in any calendar year for services rendered.
 5. Personal loan(s) to an employee.
 6. Making a purchase for an employee using school funds in order for that employee to take advantage of the school’s special purchasing privileges for personal benefit.

7. Payment of political contributions or payment to attend a political fundraising event.
8. Purchase of gift cards or gift certificates for employees (considered compensation by the IRS).
9. Payment of cash awards or incentives to employees (considered compensation by the IRS).
10. Reimbursement of mileage to an employee (employees must submit a Mileage Reimbursement form for reimbursement of mileage from the Board).

n) If it is believed that any check has been altered by a payee, the school should contact the Finance Office immediately.

8. **Petty Cash** – A Petty Cash fund is a limited fund of bills and coins (i.e. \$100-200) used to pay for small unexpected school related purchases where it is impractical to issue frequent, individual checks. The establishment and use of a petty cash fund offers a convenient way to cover unexpected expenses related to school events. Some examples of reasons a school would need a petty cash fund are:

- the school pays for a minor reimbursement (see (b) below) to a teacher for the purchase of supplies, or
- the school custodian does not have a p-card and is given cash to buy gasoline for the tractor.

The following outlines the procedures related to petty cash:

- a) The establishment of a petty cash fund must be approved by the Principal.
- b) The amount of a petty cash fund should not exceed:
 1. \$100 for an elementary school (individual disbursements from petty cash not to exceed \$15).
 2. \$200 for a secondary school (individual disbursements from petty cash not to exceed \$25).
- c) The petty cash fund should be kept in a locked box that must be kept in the school safe.
- d) Anyone requesting petty cash must complete the Petty Cash Request Form
- e) A Petty Cash Log must be maintained to record all withdrawals from the petty cash fund.

- f) After the related purchase has been made, the requestor must submit an itemized receipt plus any change to the financial secretary who will return it to the locked cash box. The requestor should note on the itemized receipt which activity account should be charged.
 - g) At any given time, the total of the itemized receipts and remaining cash should equal the amount of the petty cash fund (i.e. \$100).
 - h) The financial secretary should periodically replenish the petty cash fund.
 - 1. First, perform a Petty Cash Reconciliation to be sure that the total of the receipts and the cash equal the amount of the petty cash fund.
 - 2. Next, review the receipts and determine which activity accounts will be charged.
 - 3. Issue a check to an administrator for the total of all the receipts and allocate the amount to the appropriate activity accounts identified in the previous step.
 - 4. Cash the check at the bank and replenish your petty cash fund.
9. **Cash Boxes** – Cash boxes are established so that operating activities will be able to make change for their customers. The cash boxes should not be confused with a petty cash fund.
- a) Purchases cannot be made from a cash box.
 - b) Create a cash box by issuing a check to a school administrator.
 - c) The cash box should be returned at the end of each day.
 - d) Make a separate deposit of the returned change fund and mark it, “Return of change fund – John Smith”
 - e) The cash box must always be kept locked in the safe or other secured, locked location until needed.
 - f) The principal may create cash boxes for athletic events and additional box(es) for other events.

10. **Bank Reconciliations / Outstanding Checks**

- a) Monthly bank statements should be delivered to and opened by the Principal. The Principal should review the statements, the cancelled checks and other included documents before providing the statement to the financial secretary to perform the reconciliation.
- b) The primary checking account must be reconciled to the cash ledger monthly, as of the last day of the month. If the bank statement shows a cutoff date other than the last day of the month, the school should request that the bank change the cutoff date to month-end.
- c) Checks that are outstanding for more than three months should be investigated in order to determine if the amount is still owed to the payee. A replacement check may be issued after the original check has been voided if it is determined that the original check has been lost.
- d) Checks that are issued and outstanding may not be voided without re-issuing a new check, unless the check is to a vendor in the normal course of business.
- e) Certain types of outstanding checks are considered unclaimed property by the State of Maryland and are escheatable. If a check remains un-cashed after three years and the check cannot be re-issued because you are unable to contact the payee, please contact the Finance Office for instructions on how to comply with State escheatment laws.

11. **Shortages and Discrepancies** – Any significant shortage or other discrepancy in School Fund assets, receipts or accounts should be immediately reported to the Internal Auditor for investigation. Prior to any investigation the Internal Auditor will inform either the Director of Elementary, Middle or High School and the Chief Financial Officer.

D. Accounting

1. **Financial Records and Reports** – the financial records must be kept up to date at all times. Delay in recording transactions significantly increases the likelihood of error and/or loss of information.
 - a) The financial records should consist of a series of reports and all supporting documents. The reports should be prepared monthly after the completion of the bank reconciliation.

The reports that should be prepared as of the last day of the month are:

 1. The Bank Reconciliation Report.
 2. The Cash Receipts Report.
 - b) The Principal must review and sign each of the above reports. In addition, the financial secretary must sign each report as well.
 - c) The financial secretary should complete the preparation of the monthly reports and submit them to the Principal by the 10th day of the subsequent month.
 - d) Monthly reports are due into the Finance Office by the 15th of each month.
2. **Supporting Documentation** – Documents supporting the school fund reports are part of the financial records and should be maintained by the Financial Secretary in a logical manner in order to be readily available for audit or review.
 - a) Supporting documents include, but are not limited to:
 1. Bank statements
 2. Cancelled checks
 3. Validated deposit slips
 4. Contracts
 5. Purchase orders
 6. Request for School Check forms
 7. Itemized invoices/store receipts
 8. Sales tax returns
 9. Photocopies of commission/donation checks or check stub or other independent record showing the vendor name and the amount of the commission/donation.
 - b) The recommended filing system is monthly (i.e. keep all financial reports and supporting documents filed by month). An alternate system is to keep the reports and supporting documents filed by activity account.

- c) Appropriate supporting documentation for check disbursements will include an itemized vendor invoice or store receipt and an approved request from the Finance Office.

3. **Transfers Between Accounts**

- a) Transferring an expenditure between activity accounts must be initiated in writing by the account manager and approved by the Principal of the school that will ultimately bear the cost. Transferring a revenue between activity accounts must be initiated in writing by the account manager and approved by the Principal of the school that will give up the revenue.
- b) Transfers, via a journal entry submitted to the Finance Dept., may be made at any time during the year, but all accounts should be reviewed at year-end and any approved transfers should be dated by June 30th.
- c) Transfers between accounts shall be in accordance with Section B.3.a).

4. **Deficit (Negative) Balances**

- a) The Principal should be aware of any accounts with a deficit balance and should investigate and take timely corrective action to eliminate the cause of such negative balances.
- b) Any activity accounts with a deficit balance as of June 30th, must have a valid explanation (i.e. awaiting reimbursement) and/or a corrective action plan to bring the account out of a deficit.
- c) Any deficit balances in restricted funds shall be corrected in accordance with Section B.3.a).

5. **Annual Audits and Reviews** – All school funds are subject to audit or review at any time.

- a) The objectives of an audit are:
 - 1. to determine that all transactions were recorded properly,
 - 2. to determine that all transactions were appropriate in fulfilling the objective of the school funds to benefit the general welfare of the students, and
 - 3. to determine that there are proper controls in place to ensure
 - a. compliance with applicable laws, regulations, Board Policies, Procedures and Practices;
 - b. maintenance of reliable records for financial and managerial reporting;

- c. safeguarding of assets; and
 - d. promotion of effective and efficient operations.
- b) The objectives of a review are:
- 1. to determine that all the transactions were recorded properly, and
 - 2. to determine that the transactions were appropriate in fulfilling the objective of the school funds to benefit the general welfare of the students.
- c) Audit and Review Reports - Audit and review reports will be referred to the Principal, the Director of Elementary/Middle and High Schools, the Finance Office, Superintendent, Assistant Superintendents, and the Audit Committee.
- d) Report Responses – Upon receipt of the Audit Report, the Principal must prepare a written response to all recommendations listed in the report. This response must be submitted to the Internal Audit Office within 30 days of receipt of the report.
- e) It is the responsibility of the Directors of Elementary, Middle, and High Schools to ensure that Principals complete and comply with all recommendations that result from audits and reviews.

E. Business Type Activities

1. **Vending** - The recommended practice is for schools to operate their vending machines under full-service contracts that provide for periodic commissions based on sales.
- a) School-operated machines require the following procedures:
 - 1. All vending inventory not stocked in the machine must be secured to prevent theft.
 - 2. Operations must be self-sufficient. The sale price must be adequate to cover the cost of inventory.
 - b) Vending machines that are not accessible to students (i.e. in the faculty lounge) must be self sufficient, that is, expenditures must always be less than revenues. Profits from these machines may be distributed to a faculty account. However that account (or any other faculty account such as “Faculty Social” or “Sunshine Club”) must be separate, distinct, and maintained outside of any school-based or CCPS account.

F. New School Administrator/Financial Secretary

When a new school administrator is hired or transferred (principal, assistant principal or financial secretary) sound accounting practice requires that the following updates occur to reflect appropriate authorizations:

1. Banking Signature Authorization Cards - must be updated to reflect the appropriate personnel to sign checks. This should be done immediately after any personnel changes at your school. The financial secretary must obtain a new signature authorization card from the school's financial institution, complete (with signatures) and return to the bank in a timely manner.
 - a. The Finance Office must maintain up-to-date signature cards for all school based checking accounts. As such, please forward all updates to the Banking Signature Authorization Card to the Finance Office.
2. It is required that a combination safe be updated with a new combination and/or safe keys.
3. Prior to exiting a school, the Principal should verify that all school accounts have been reviewed within the past 30 days by the appropriate club account managers in the Finance Information Center (FIC).
4. Upon arriving at a new school, the Principal should verify that all school accounts have been reviewed within the past 30 days by the appropriate club account managers. The new administrator should become very familiar with the school accounts and those responsible for overseeing the accounts as soon as possible. Any problems or questions with the accounts should be directed to the appropriate club account managers. Unresolved questions should be directed to the Finance Office.

G. Chart of Accounts

1. **Financial Coding System** - The chart of accounts for School Funds uses a sixteen digit financial code (X-X-XX-XX-XX-XX-XXX-XXX) to identify the student account. In addition, a three digit account number (X-XX) is used to identify the expenditure or 5 digit number to identify the revenue (R1000).
 - a) (X-X-XX-XX-XX-XX-XXX-XXX) – **Fund** - one digit & determines source of funds, i.e. – general fund is 1, school funds is 2, food service is 3, CIP is 4, Debt Service is 5).
 - b) (X-X-XX-XX-XX-XX-XXX-XXX) – **Classification** - one digit and determines if funds are restricted (2) or unrestricted (1).
 - c) (X-X-XX-XX-XX-XX-XXX-XXX) – **Category** - (two digits and determines what type of expense, i.e. 13 is special education, 04 is health, 05 is transportation). These are defined by state law and our budgets have to be balanced in total by category.
 - d) (X-X-XX-XX-XX-XX-XXX-XXX) – **Program** - (two digits and is more specific than the category). Following are examples of school fund programs:

Program

Program No.

- | | |
|---|------|
| 1. Collection & Clearing, i.e. – field trips | (01) |
| 2. Class Activity Funds, i.e. – Class of 2010 | (02) |
| 3. Club Activity Funds, i.e. – Spanish Club | (03) |
| 4. Athletic Funds, i.e. – Baseball | (04) |
| 5. Publication Funds, i.e. – Newspaper | (05) |
| 6. Other Special Funds, i.e. – Character Education | (06) |
| 7. House/CCCTC, i.e. – Plumbing & Heating | (07) |
| 8. Other Special Funds Continued, i.e. – AP English | (08) |
| 9. Income Accounts, i.e. – Principal Accounts | (10) |
| 10. Expenditure Accounts, i.e. – Principal Accounts | (11) |
| 11. Postings for Non-school Funds, i.e. – Pay to Play | (12) |
- e) (X-X-XX-XX-XX-XX-XXX-XXX) – **Service Area** - two digits and is more specific than the program. (see examples above, i.e. field trips, baseball, etc.)
 - f) (X-X-XX-XX-XX-XX-XXX-XXX) – **Activity** - (two digits and is more specific than the service area).

- g) (X-X-XX-XX-XX-XX-~~XXX~~-XXX) – **Project** – typically 000 with school accounts, however, general fund accounts may use a project to track and identify expenditures for a particular grant. This number would come from the Grants Department.
- h) (X-X-XX-XX-XX-XX-XXX-~~XXX~~) **Cost Center** – identifies which cost center is paying for the expenditure. Note: all expense codes have a cost center. In contrast, revenue codes rarely use a cost center.

2. **Account (Object/Sub-object)** - This is a three digit number that designates “what type of expenditure”. Objects are as follows:

<u>Object</u>	<u>Description</u>
Object 1	Salaries - paid to employees only (never contractors!)
Object 2	Contracted Services - paid to an entity or non-employee individual for providing service
Object 3	Supplies and materials – purchase of something tangible (you can touch).
Object 4	Other charges – non-classroom supplies.
Object 5/6	Equipment – single item purchases over \$5,000 that will be placed on fixed asset inventory.
Object 9	Transfers - payments to other county public school systems, or private schools

3. **Chart of Account Listing** – A detailed and up-to-date listing of all chart of account codes can be found at the CCPS Financial Services website.

H. School Receipts and School-Based Checks

Schools directly receive revenues throughout the year. When they do they must post them into the CCPS financial accounting system (eFinancePLUS). During the year they will also occasionally write checks from their school-based checking account. These too must be posted to eFinancePLUS (eFP).

This section of the manual will show you how to post receipts and expenditures into eFP.

Sign on to eFP do the following:

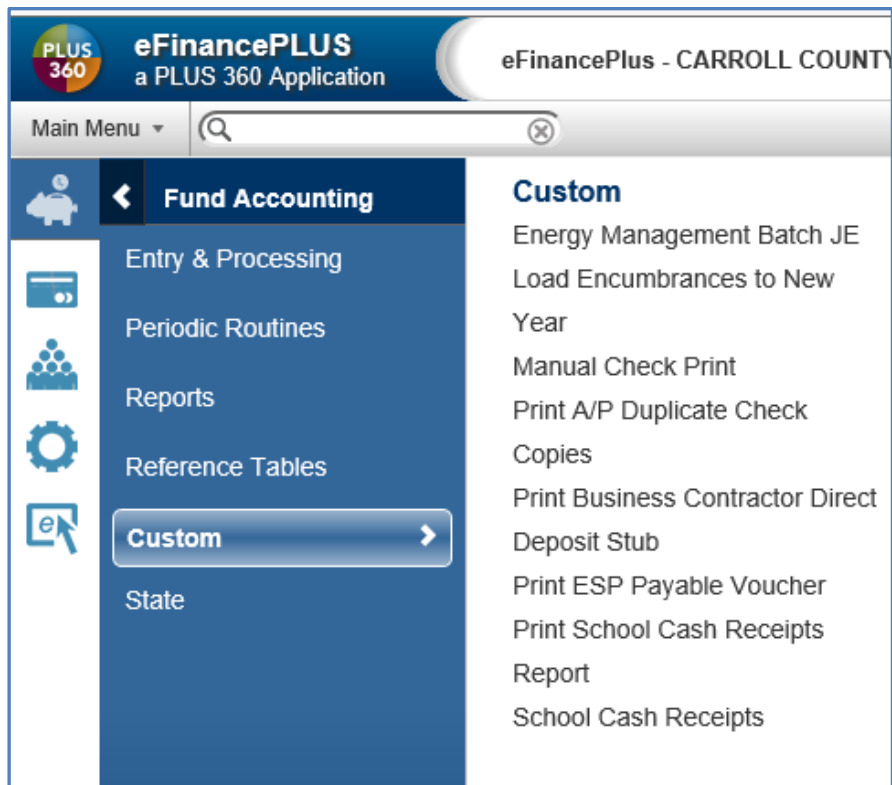
Main Menu

Fund Accounting

Custom

School Cash receipts

You get a screen that looks like this:



Click **School Cash Receipts** and you get a screen that looks like this:

Date: 07/12/2018 Period 1/19

Receipt Data

Receivable Number	<input type="text"/>	Total Entry	<input type="text"/>
GL Asset Account	<input type="text"/>	Receivable	<input type="text"/>
Deposit Number	<input type="text"/>	Payments	<input type="text"/>
Deposit Date	<input type="text"/>	Balance	<input type="text"/>
FINANCIAL CODE *	<input type="text"/>		
Account *	<input type="text"/>		
PROJECT	<input type="text"/>		
Account	<input type="text"/>		
Payer Number *	<input type="text"/>		
Cash Account *	0001167		
Receipt Number	7090		
Description	<input type="text"/>		
Control Number *	JRVARRO		
Receipt Amount *	<input type="text"/>	0.00	
Received From *	<input type="text"/>		
Received By *	<input type="text"/>		

This screen provides a variety of options for entering data. This will alleviate the need to keep additional spreadsheets. Since this data is entered on-line in real time, current balances are available to reflect deposits. Additionally, since some space is available for entering a description, text that might help an advisor or administrator can be input.

The only boxes you need to populate are:

- Financial Code
- Account
- Description
- Receipt Amount
- Received From
- Received By

All the other boxes will populate automatically.

Viewing/Printing School Cash Receipts

You can view and/or print the receipts **that you have entered** into eFP.

To do that, follow these steps:

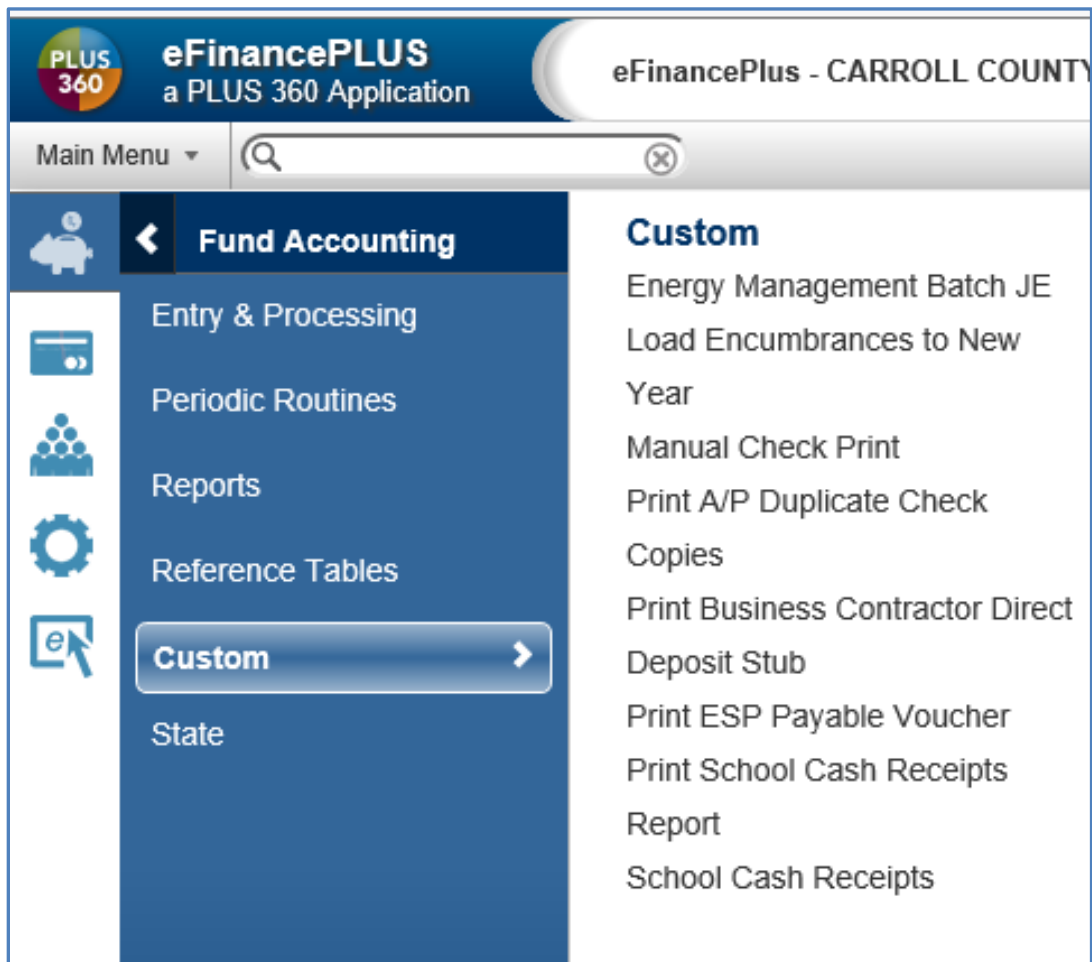
Main Menu

Fund Accounting

Custom

School Cash receipts

You get a screen that looks like this:



Click **Print School Cash Receipts** and you get a screen that looks like this:

Date: 07/12/2018 Period: 1/19

Report Information

 This is a custom report showing receipt information - transactions with a status code of 24.

Report Criteria

Year	<input type="text"/>	Payer No	<input type="text"/>
Period	<input type="text"/>	Receipt Number	<input type="text"/>
Transaction Code	<input type="text"/>		
Transaction Date	<input type="text"/>		
FUND	<input type="text"/>		
FINANCIAL CODE	<input type="text"/>		
Account	<input type="text"/>		
PROJECT	<input type="text"/>		
Account	<input type="text"/>		
Cash Account	<input type="text"/>		
Control Number	<input type="text"/>		



Now you type in the information you want to find. For example if you are Century High School and you want to see a list of all of the receipts you had for fiscal year 18 period 13, you would simply select:

Year: 18

Period: 13

Financial Code: 2*510

Then click the want to see a copy of all of the receipts for that time period.

Your results would look like this:

eFinancePlus		CARROLL COUNTY PUBLIC SCHOOLS				PAGE NUMBER: 1
DATE: 07/12/2018		CCPS CASH RECEIPTS REPORT				STATMNLICRL
TIME: 10:01:40						
SELECTION CRITERIA: transact.yr='18' and transact.period='13' and transact.key_orgn like '2%510'						
Receipt #	Date	Cost Received Ctr From	Received By	Account Name	Account Number	Amount Received Notes
6781	07/02/18	510 PENAPER	MKLAULI	CLASS OF 2020	2303022000000510	25.00 CUP SALES
6783	07/02/18	510 WASITAR	MKLAULI	JR ROTC	2303069400000510	195.00 JCLC REGISTRATION
6785	07/02/18	510 GMBENSO	MKLAULI	NATIONAL SCIENCE HONOR SO	2303081300000510	-0.20 CORDS
6787	07/02/18	510 PSFOSTE	MKLAULI	LIBRARY FUNDS	2303060800000510	25.00 MEDIA FINES
6791	06/22/18	510 RSPENTZ	MKLAULI	LACROSSE-BOYS:FUNDRAISING	2303048200000510	912.00 BANQUET FEES
6792	06/22/18	510 RSPENTZ	MKLAULI	TRACK: FUNDRAISING	2303048600000510	25.00 TRACK SHIRT
6793	06/22/18	510 SEWARD	MKLAULI	CLASS OF 2018	2303021800000510	100.00 DONATION
6794	06/22/18	510 LRKNUTS	MKLAULI	FUTURE BUSINESS LEADERS	2303032400000510	128.50 NATIONALS FEES
6795	06/22/18	510 HMKCKEI	MKLAULI	OTHER SPECIAL FUNDS	2303061500000510	275.00 TRANSCRIPTS
6796	06/22/18	510 MKLAULI	MKLAULI	MATH HONOR SOCIETY	2303035200000510	180.00 MU ALPHA DUES
6797	06/22/18	510 WASITAR	MKLAULI	JR ROTC	2303069400000510	480.00 STREAMER PURCHASE
6798	06/22/18	510 PSFOSTE	MKLAULI	LIBRARY FUNDS	2303060800000510	53.00 MEDIA FINES
6799	06/22/18	510 AMDORWA	MKLAULI	NATL SOC. STUD. HONOR SOC	2303080400000510	10.00 DUES
6801	06/22/18	510 RSPENTZ	MKLAULI	BASEBALL: FUNDRAISING	2303048100000510	2,550.00 JACKETS
6806	07/02/18	510 PSFOSTE	MKLAULI	LIBRARY FUNDS	2303060800000510	299.75 MEDIA FINES
TOTAL REPORT						5,258.05

Please keep in mind that this report only shows entries made via the cash receipts selection. Procurement card entries, bills paid in Finance, payroll items, etc. appear on an expenditure audit trail, **not the Cash Receipts Report**. Therefore, this report is most useful to reconcile bank activity or to give to advisors in relation to deposits.

Prior Month Corrections and Entries

In the event that an entry needs to be made in a prior month to account for a missed entry, correction, etc. on the right hand side of the screen a Set Period button exists.

This can be reset to a prior month in the fiscal year. It is imperative that any correcting entries for June be made as soon as possible in July, using period 13.

Returned Checks from Parents

This screen can also be used to account for returned checks and fees. In the event that a deposited check is returned for Non-Sufficient Funds, etc. an entry can be done to reduce the revenue in the account. This entry should be done in the same month as the bank statement. Therefore, if a check bounces on the 29th of the month, and you are notified the following month, reset the period to the prior month to post the entry. This way your reports will match to your bank statement, making it easier to reconcile.

Checks Written at the School

On a limited basis, checks can be written from the school. These should also be entered into this receipt program within a day of writing the check. Even though these are not receipts, these transactions do impact the balance in a schools checking account. Additionally, since this is on-line in real time, and this information is critical for schools to have more current information and balances, deductions from accounts need to be entered as well.

The Financial code used would be the expense account associated with the school funds and the account would be the object/sub-object for this particular check. The description should be the name on the check, i.e. Toby's Dinner Theatre, etc. The receipt amount should be a NEGATIVE number and reflect the amount of the check. In the event that you are coding a check with more than one expenditure account, you would need to do two entries, with each portion of the check coded as a negative to its unique expenditure code.

Monthly Check Payable to the Board of Education

Each month that a check is written to the Board to sweep the month's activity, an entry is still needed to reflect this decrease in the school checking account. The Financial Code used is 2 (only 2, meaning the school fund balance sheet). The Account used is 0004 meaning Cash Held by Board on your behalf. The payer number changes to just your three digit cost center number. Type in the check # on the Receipt # line and the amount of the check as a NEGATIVE receipt amount on the last line. This check should be input in the month you write it, even though it is for the prior month's deposits.

In the event that CCPS has to issue a check to the school to get the schools' bank account up to the required minimum, the school should:

1. Deposit the check at their bank as a single deposit item.
2. Do not enter the CCPS check into FinancePlus as a receipt. The Finance Office will do that.

The example above shows the prior school report method of having a summarized entry for each monthly school report and also shows examples of entries made on the receipt method. The above report example is the audit trail that has always been available.

Envision Payment Solutions and NSF Checks

Carroll County Public Schools has an agreement with a company called Envision Payment Solutions. Envision guarantees that the checks that participating schools receive will not be NSF

(non-sufficient funds). For example, if Ms. Doe writes an NSF check to School X for say \$50, Envision will pay the school the \$50. There is no fee to the school for participating. However, the school will have to absorb the bank fee associated with that bad check, which is usually between \$15 and \$25. Envision then contacts Ms. Doe to recover the \$50 and the associated bank fee, which Envision keeps. The benefit to the school is that they know that the checks they receive are as good as cash and they no longer have to contact parents about NSF checks. Please note that Envision only guarantees checks up to \$350. Participation in this program is optional, so each school makes its own decision as to whether or not they want to participate. If a school wishes to participate in this program, they can contact the Finance Office. There is a short and simple form to complete.

Fund 1 Checks and Deposits – Temporary (Dummy) Accounts

The school checking account will only let you write checks against Fund 2 for goods and services. However there will be instances where you may want to use a school check to pay for Fund 1 items. For example, a Financial Secretary may have to pay for something immediately and cannot wait for the Finance Office to issue and mail a check. To accomplish this, a school check may be written against a temporary school account code (also known as dummy accounts). But these are temporary accounts, so before the fiscal year ends all these temporary accounts must be zeroed out. This is accomplished by doing journal entries. It is good practice to do these journal entries at least quarterly. The expenditure temporary accounts and where they are to be zeroed out to are listed below.

<u>Non-School Fund</u>	<u>From</u>	<u>To</u>
Postage	2-1-15-12-01-00-000-cost ctr.	1-1-12-01-01-00-000-cost ctr.
Outdoor School	2-1-15-12-02-00-000-cost ctr.	1-1-xx-xx-xx-xx-016-185
Pay to Play	2-1-15-12-03-00-000-cost ctr.	1-1-xx-xx-xx-xx-xxx-cost ctr.
Summer School	2-1-15-12-04-00-000-cost ctr.	1-1-Contact Budget Supervisor
Misc. Expend.	2-1-15-12-05-00-000-cost ctr.	x-x-xx-xx-xx-xx-xxx-cost ctr.

The revenue temporary accounts and where they are to be zeroed out to are listed below.

<u>Non-School Fund</u>	<u>From</u>	<u>To</u>
Postage	2-3-01-12-01-00-000-cost ctr.	1-3-xx-xx-xx-xx-xxx-cost center
Outdoor School	2-3-01-12-02-00-000-cost ctr.	1-3-10-09-03-00-016-185
Pay-to-Play	2-3-01-12-03-00-000-cost ctr.	1-3-10-11-05-00-000-cost center
Summer School	2-3-01-12-04-00-000-cost ctr.	1-3-10-05-Contact Budget Supervsr
Misc. Revenue	2-3-01-12-05-00-000-cost ctr.	1-x-xx-xx-xx-xx-xxx-cost center

The Miscellaneous code can be used for items that are unusual in nature and the Finance Office will contact you for the specifics. Consequently, this code may vary slightly, (i.e. – 02 or 03 instead of 01).

I. SCHOOL FUNDS FISCAL YEAR ROLLOVER

Background:

School Funds consist of funds derived from extracurricular student activities, such as entertainment, athletic contests, club dues, school stores, etc. and from any and all activities of the schools involving school personnel, students or property. There are two types of school funds:

1. Restricted School Funds – used to finance a program of co-curricular school activities supplementing, but not replacing the activities financed by the Board of Education. As a general rule, these funds shall be expended for the purpose in which they were raised, thereby benefiting those students currently involved with that activity account in accordance with Section B.3.a.
 - a. At the completion of the fiscal year-end audit the balance in each account is rolled forward into the next fiscal year, via journal entry, into the same account by the Finance Dept.
2. Unrestricted School Funds – used to finance programs or to make purchases of materials, equipment or services for the benefit of the entire school. These funds should be expended to supplement the funds allocated to the school by the Board of Education of Carroll County.
 - a. In contrast to restricted school funds, the net balance in each Unrestricted School Fund is rolled into each school's Fund Balance Account. (Please note that the current fund balance represents the total amount of unrestricted funds available from 6/30/xx and the current year's net unrestricted school funds).
 - b. These unrestricted school funds do not disappear at year-end, rather they are added to (if revenue greater than expenditures) or subtracted from (visa versa) the previous year's fund balance.

Totals - Restricted:

- The restricted accounts are all accounts EXCEPT the ones which begin with a program number of 10 or 11.
- For example the code 2-3-03-**03**-05-00-000-510 is the Band Club. Notice how the 5th and 6th digits are 03. Since it is not a 10 or an 11 it is considered a restricted account. Therefore, the when the funds rollover into the next fiscal year, the funds will remain with that club (Drama Club in this example).

Totals - Unrestricted:

- The unrestricted accounts are all accounts which begin with a program number of 10 or 11.
- For example the code 2-3-03-**11**-26-00-000-510 is the Principals' Account. Notice how the 5th and 6th digits are 11. Since it is a 10 or an 11 it is considered an unrestricted account. Therefore the when the funds rollover into the next fiscal year, the funds will NOT remain with this account. The funds fall to a balance sheet account called Fund Balance.
- The funds are still available for the school to spend from the Fund Balance account.
- To see the unrestricted balance available to spend simply run a Report 27 and look at the very bottom of the report for the "Current Unrestricted Fund Balance".