

Chapter Seven

School Internal Funds

SECTION I - PRINCIPLES

1. The school board shall be responsible for administration and control of internal funds of the district school system, and in connection therewith shall:
 - a. adopt written rules governing the receipt and disbursement of all internal funds and for the accounting for property pursuant to Florida Statutes.
 - b. provide for an annual audit of internal funds in accordance with Rule 6A-1.087, FAC.
2. The financial transactions of school organizations shall be accounted for in the school internal funds. All funds handled by school board employees during normal working hours shall be included in and become part of the internal funds of the school unless accounted for in the district level accounting system. All organizations of the school, or operating in the name of the school, which obtain moneys from the public shall be accountable to the board for receipt and expenditure of those funds in the manner prescribed by the board. If authorized by school board rule, a school based direct support organization as authorized by Section 237.40, F.S., may have all financial transactions accounted for in school internal funds.
3. Funds collected by and used for the benefit of faculty and staff may be exempt from the preceding requirements at the option of the school board.
4. School internal account funds shall be used to benefit activities authorized by the district school board.
5. Student participation in fundraising activities shall not be in conflict with the program as administered by the school board.
6. The objective of fundraising activities by the school, by any group within, or in the name of the school shall not conflict with programs as administered by the school board.
7. Funds collected shall be expended to benefit those students in school unless those funds are being collected for a specific documented purpose or are generated by vocational production shops. Vocational production revenue shall benefit the students or program that generated the funds or the student body. Those internal account funds designated for general purposes shall be used to benefit the student body.
8. Collecting and expending of school internal account funds shall be in accordance with the Florida Constitution, Florida Statutes, State Board of Education rules, and school board rules. Sound business practices should be observed in all transactions.
9. Each school organization should operate within a budget formulated by the organization members. The format of the budget shall be prescribed by the principal if not prescribed by school board rule.

10. Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by school board rule. Purchases to support instructional programs may be made from revenue derived from production work of vocational programs.
11. An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.

SECTION II - GENERAL PRACTICES

1. All employees having responsibility for handling and recording internal funds financial transactions shall be bonded through the district.
2. Purchases from internal funds must be authorized in writing by the principal or designee. Neither the school nor the school board shall be liable for any purchase made in the name of the school without express written approval.
3. District approved pre-numbered receipt forms shall be used as the means of recording cash received, and as the basis for entries to the accounting records.
4. Approved pre-numbered checks shall be used as the means for disbursing funds, and as the basis for accounting entries, with the exception of disbursements from properly established petty cash funds.
5. Promissory notes, installment contracts or lease purchase agreements shall not be executed in the name of a school or any school organization except as authorized by the school board.
6. Internal funds shall not be used to cash checks to accommodate individuals, make any kind of loans, pay any form of compensation directly to employees, or extend credit. Employees of the district who are compensated for additional services, such as game personnel to work at athletic events, shall be paid through the district payroll department or when appropriate as prescribed by school board rule. Designated area vocational technical centers may cash checks and make loans as necessary to administer student grant and loan programs funded by federal, state, or private sources.
7. Internal funds shall be accounted for 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 year end.
8. Bank statements shall be reconciled as soon as received, preferably by a person other than the person who receipts and disburses funds.
9. Monthly financial reports shall be made in approved written form to provide the school's administration with financial information necessary for decision making. An annual report will provide data for inclusion of internal funds in the district's annual financial statement.
10. Account balances shall be subject to limits which the school board may prescribe.

SECTION III - STANDARDS, PRACTICES AND PROCEDURES

1.0 CONTROL OF CASH RESOURCES

1.1 DEPOSITORIES FOR INTERNAL FUNDS

Depositories in which internal funds are kept must be qualified public depositories, approved by the school board, and required to furnish the same type of security for deposits as is required for other district school board funds.

1.2 BANK ACCOUNTS

Each school shall have only one checking account which shall be entitled "(SCHOOL NAME) Internal Fund, The School District of _____ County Florida," or alternative which clearly identifies the school and school district. This account title must be imprinted on all internal fund checks and deposit slips. All monies received by the school will be deposited intact as collected into this account and all disbursements will be made by checks drawn on this account. Savings or investment accounts shall be titled in the same manner. Additional checking accounts may be utilized by designated area vocational technical centers if required in the administration of student grant or loan programs. The name of such program shall be incorporated in the account title.

1.3 CHECK SIGNATURES

- (a) 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 must be signed with two signatures as prescribed by the principal if not prescribed by school board rule.
- (b) The principal is responsible for all financial transactions and proper check signatures.
- (c) Under no circumstances shall checks be presigned.

1.4 CASH COLLECTIONS AND DEPOSITS

- (a) All money collected by the school must be substantiated by pre-numbered receipts, consecutively numbered class receipt records, reports of monies collected, pre-numbered tickets, reports of tickets issued and sold or other auditable records.
- (b) Insofar as is practicable, all money should be collected in the school office. Collections made outside of the school office must be turned in to the school office no later than the next business day.
- (c) All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. **IN ANY EVENT, FUNDS COLLECTED MUST BE DEPOSITED WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT.**
- (d) All deposits must equal the total amount of money taken in 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 received shall be deposited with a restrictive endorsement of for deposit only and specifying the account title and number.
- (e) The principal or designee shall be notified immediately of any errors in deposits or disbursements and shall take appropriate action to effect correction.

- (f) All checks, receipt forms and tickets shall be pre-numbered and perpetual inventories of each shall be maintained. Inventories shall show the beginning and ending numbers of all documents acquired and issued. In all cases where tickets are used, ticket reports and unsold tickets must be available for audit. Any pre-numbered documents shall be accompanied by a certified statement of the numbers received.

1.5 INVESTMENTS

- (a) The school board shall adopt policies pertaining to the investment of school funds not needed for immediate expenditures. The adopted policies shall make provisions for investing or placing on deposit all such funds in order to earn the maximum possible yield under the circumstances. (Section 230.23(10)(k), F. S.)
- (b) Internal funds which are temporarily idle shall, as required by law, be invested pursuant to policies of the school board using any medium of investment legal for public funds, and may not exceed insurance protection or other legal collateral limits. (Rule 6A-1.085, FAC)

1.6 COLLECTION OF WORTHLESS CHECKS

- (a) The principal is responsible for seeking reimbursement for any unpaid check returned by the bank.
- (b) A check can be declared uncollectable and written off the books only by action of the school board or designated officer. This action will be taken only after every legal and reasonable effort at collection by the principal has been exhausted.
- (c) The school principal may require payment for school obligations in cash, money order, or other form of guaranteed payment if it is deemed necessary.

2.0 STUDENT ACTIVITY/PROJECTS

2.1 ATHLETICS

All revenue and expenditures involving athletic business transacted at the school level shall be recorded in accounts in this classification.

2.2 MUSIC

- (a) Proceeds from activities of musical organizations; donations to these groups; and their expenses for supplies and trips shall be recorded in this classification.
- (b) 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.

2.3 CLASSES, CLUBS AND DEPARTMENTS

- (a) Class and club accounts are those which support a group of students within a community of interest with a roster of members, officers, and a sponsor. Approval for the existence of all club and class activities is the responsibility of the principal.
- (b) The sponsor of each school club or organization is responsible for providing adequate financial documents and records to the principal and is responsible for retaining duplicates of said 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.

- (c) All collections received by any club or school organization must be deposited in the school internal fund.
- (d) All disbursements by any club or school organization must be made by an internal fund check, or from an approved petty cash fund. Disbursements shall be approved by the appropriate organization officer, when the organization has officers, the sponsor and the principal.
- (e) 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 participate, along with the finance clerk, in the designation of transactions to be recorded in each of the organization's accounts.
- (f) Class and club monies shall be expended for the benefit of the class or club or for purposes designated by the class or club that participated in generation of the revenue.
 - (1) Any remaining balance in the account of a class that has graduated shall be transferred to the general miscellaneous account at the discretion of the principal.
 - (2) 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.
- (g) Departments may be structured similar to classes and shall conduct financial activities subject to the above.

2.4 TRUST

- (a) Funds collected for a specific, restricted purpose shall be accounted for in a trust account.
- (b) Trust funds shall be expended only for the purpose for which collected. 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 can not be returned shall be handled in accordance with school board policy.
- (c) At no time shall a trust account have a deficit.
- (d) 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 in accordance with school board rules, and the funds held in a trust account.
- (e) Collections for the school board, such as out-of-state tuition, adult matriculation and tuition fees, course fees, reimbursement for damages, or telephone charges are trust funds. Sales tax collected for the State is also a trust account.

- (f) Collections for parking decals issued by secondary schools and vocational schools may be restricted by the school board as to use, and if so, should be accounted for separately in a trust account.
- (g) Funds collected from students as deposits for use of locks, and restricted by the school board as to use, shall be accounted for separately in a trust account.

2.5 GENERAL

- (a) This category encompasses all other accounts for funds which are to be utilized for the general welfare of the student body.
- (b) 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.

3.0 PURCHASING

3.1 REQUIREMENTS

- (a) The requirements pertaining to purchases and securing bids on purchases made from public tax funds shall be observed when purchases are made from internal funds except that:
 - (1) School board approval of internal account vouchers is not required unless specifically provided for by school board rule.
 - (2) School board requirements for internal funds may be more strict than those required for tax funds. (Rule 6A-1.091, FAC)
- (b) Insofar as is possible, purchases of the same or a similar nature to be used in more than one school should be combined and purchased only after approval of the school board. (Rule 6A-1.091, FAC).

3.2 RESPONSIBILITY

- (a) The school principal is fully responsible for all purchases and purchase commitments requiring present or future disbursements of internal fund monies. A signed commitment from the principal or designee(s) must be on file before any purchase is made. Vendors shall be notified of this policy. No purchase shall be made unless sufficient resources are available, except items for resale.
- (b) The school board may delegate by rule to such individuals as it may deem appropriate, the making of purchases from internal funds and the securing of quotations and awarding of contracts. (Rule 6A-1.091, FAC)
- (c) No person, unless authorized to do so under regulations of the school board, may make any purchase involving the use of school funds. (Rule 6A-1.012, FAC)

3.3 BIDS

- (a) Bids shall be requested from three or more sources for any authorized purchase exceeding amounts set forth in a scale of district sizes and purchase amounts. (Rule 6A-1.012, FAC)

- (b) The school board shall have authority to reject any or all bids and request new bids. In acceptance of bids, the school board shall accept the lowest and best bid. (Rule 6A-1.012, FAC)
- (c) School boards may establish more strict requirements for bids.
- (d) School boards may establish procedures requiring competitive quotations for all or selected types of purchases in amounts under the board adopted bid requirement. Such quotations shall be documented.
- (e) Proposed purchases in excess of the district bid limit must comply with bid requirements of Florida Statutes, State Board of Education Rules, and school board rules. These will be referred to the district purchasing department for development of specifications, bids, advertising and processing.
- (f) When the district has a bid in effect, purchases of items covered must be made from the approved vendor unless the same item may be purchased elsewhere at a lower cost.

3.4 PETTY CASH

If authorized by school board rule, petty cash funds may be established for internal funds.

3.5 RESTRICTED EXPENDITURES

- (a) The following expenditures from internal funds are deemed inappropriate and shall not be made except from trust funds collected for a specifically identified purpose.
 - (1) Equipment, supplies, forms, and postage for curricular or classroom use for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.
 - (2) Curricular-related travel; professional, technical, or consultant services; or other items for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.
 - (3) Articles for the personal use of any student, 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 Rule 6A-1.043, FAC, Promotion and Public Relations Expenditures.
 - (4) Personal memberships or subscriptions.
 - (5) Salaries or other compensation for duties or assignments which are the responsibility of the school district.
 - (6) Loans, credit, or accommodation purchases for anyone.
 - (7) Repairs and maintenance of school board equipment for which school board funds are available. However, revenue derived from vocational education production shops may be used for these purposes.

3.6 PROPERTY ACQUISITION AND CONTROL

- (a) Tangible personal property as defined in Chapter 274.01, F.S., purchased or acquired by donation becomes the property of the school board and is subject to the board's procedures for property control.
- (b) Notification to the appropriate district office is required when items that meet the criteria for fixed assets are purchased or received as a donation. A full description of any equipment or property acquired by a school must be given, including make, model, serial number, date acquired and total cost, or fair market value for donated property.
- (c) Expenditures for buildings, remodeling, renovation, repairs, or alteration to the facilities, or any property involving risk must have prior written approval of the superintendent or designee.
- (d) Approval must be obtained from the superintendent or designee to change, alter, or attach permanent fixtures to school property; or to utilize more than the ordinary amount of utilities.

4.0 GENERAL STANDARDS, PRACTICES AND PROCEDURES

4.1 REPORTS

- (a) The principal's financial report and any other interim reports shall be prepared and submitted according to the schedule and format prescribed in district adopted procedures.
- (b) At the close of the school year the annual report shall be prepared as district procedures provide, and shall be attested to by the principal and the preparer by their signatures as to its accuracy in reflecting the year's activity and year-end balances to be included in the District Annual Financial Report.

4.2 AUDITS

- (a) The school board shall provide for an annual audit of internal funds.
- (b) In accordance with Rule 6A-1.087(2), FAC, the signed, written report of the audit shall include notations of any failure to comply with Florida Statutes, State Board of Education Rules and rules of the school board. The report, which must also provide commentary as to financial management and irregularities, shall be presented to the school board while in session and filed as a part of the public record.

4.3 COOPERATIVE ACTIVITIES

- (a) A cooperative activity is one in which the school participates with outside groups such as the P.T.A. or booster clubs through planning, staging, or conducting 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.
- (b) Such activities must be approved by the principal and be beneficial to students. District procedures shall be followed to provide appropriate accounting for funds and to ensure compliance with policies contained herein. If a share of the proceeds is to be disbursed to the cooperating group, a prior written agreement should be executed.

4.4 FUNDRAISING

- (a) Each fundraising activity shall be planned to finance a specified objective.

- (b) Each fundraising activity shall have the approval of the organization sponsor and the principal.
- (c) The principal shall control the fundraising activities conducted in the name of the school, and assure that the purposes are worthwhile.
 - (1) Raffles and other activities of chance shall not be conducted for school connected activities.
 - (2) Fundraising activities for which students are charged an admission shall not be presented during school hours.
- (d) When any school organization or group is involved in a fundraising activity or any function exposing the school board to extraordinary liability, approval must be obtained in advance from the superintendent or designee.
- (e) Collections for all school sponsored fundraising activities must be deposited in the internal fund, and all transactions in connection with the activity conducted in accordance with school board rules.

4.5 RETENTION OF RECORDS

- (a) Chapters 119 and 267, F.S., provide that no public official may mutilate, destroy, sell, loan or otherwise dispose of any public record without the consent of the Bureau of Records and Information Management of the Department of State. Provided applicable audits have been released, records may be disposed of in accordance with procedures established by Department of Records and Forms Management. Examples of such records for internal funds could include check requisitions and documentation, canceled checks, recap of collections, journals, ledgers, financial reports, purchase orders, payroll records, and serialized forms.
- (b) Procedures for destruction of records shall be in accordance with Chapters 119 and 267, F.S.

4.6 SALES OF FOOD AND BEVERAGES

The sale of food or beverages to students by direct sale or through vending machines shall be in accordance with Rule 6A-7.042, FAC.

5.0 MODIFICATION OF CHAPTER PROVISIONS

5.1 CENTRALIZED ACCOUNTING SYSTEMS

Districts which utilize centralized accounting systems for internal funds may apply to the Commissioner of Education for modification of the policies and procedures in this chapter.

5.2 EMERGENCY MODIFICATIONS

Districts may apply to the Commissioner of Education for modification of the policies and procedures in this chapter. Such application shall state the specific provision herein and the emergency or reason for which relief is sought. Approval of any modification shall be valid up to one year.

5.3 VOCATIONAL CENTERS

The director of a designated area vocational technical center shall assume the duties and responsibilities assigned to the position of principal by this chapter.

5.4 ECONOMIC EDUCATION PROJECTS

Economic Education Projects may be exempted from Sections IV at the discretion of school boards with the following stipulations:

1. That administrative oversight continue to assure that activities are in the best interest of the students and the school.
2. That involved employees are bonded.
3. That checks drawn on bank accounts be controlled so that a teacher or sponsor's authorization is required, and
4. That bank statements are currently reconciled and reviewed by the principal.

Economic Education projects include Junior Achievement programs and similar programs which link the curriculum with appropriate economic education activities.

SECTION IV

CHART OF ACCOUNTS SCHOOL INTERNAL FUNDS

Fund Group (Trust and Agency Funds)	800	
Balance Sheet Accounts	As provided in Chapter 2	
Revenue Accounts	3900	
Student Activity/Project	10000	Athletics
	20000	Music
	30000	Classes
	40000	Clubs
	50000	Departments
	60000	Trust
	70000	General
Expenditure Accounts		
Function	9800	
Object	As provided in Chapter 4	
Student Activity/Project	10000	Athletics
	20000	Music
	30000	Classes
	40000	Clubs
	50000	Departments
	60000	Trust
	70000	General

SECTION V - SCHOOL INTERNAL FUND DEFINITIONS

This section contains definitions of terms used in this guide and such additional terms as seem necessary to achieve common understandings concerning financial accounting procedures for internal funds. Internal funds are defined as all local school funds derived by any public school from all activities or sources. The glossary is arranged alphabetically with appropriate cross-referencing where necessary.

Some of the definitions shown are taken or adapted from the recommendations of the National Committee on Governmental Accounting. Others have been taken or adapted from Handbook I and Handbook II in the State Education Records and Reports Series.

Account - A record of financial transactions that are similar in terms of a given frame of reference, such as purpose, objective, or source.

Accounting Period - A period of time for which financial statements are prepared. (i.e., July 1 through June 30).

Accounts Payable - Unpaid balances or invoices against an internal fund which are owed.

Accounts Receivable - Amounts owed to the internal funds.

Accrual Basis - Recording of revenues and expenditures at the time revenue is earned or at the time an expenditure results in a liability regardless of when the actual cash receipt or disbursement occurs.

Asset - Something of value that is owned by an entity.

Assets, Current - Cash and other assets readily converted into cash, such as accounts receivable, inventory, and some prepaid expenses.

Assets, Fixed - Land, buildings, machinery, furniture, and other equipment which the school system intends to hold or continue in use over a long period of time. "Fixed" denotes probability of intent to continue use or possession, and does not indicate immobility of an asset.

Audit - An examination of records and documents by an auditor in the process of securing evidence for one or more of the following purposes: (a) determining the propriety of completed transactions, (b) ascertaining whether all transactions have been recorded, (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from the accounts.

Balance - The difference between the total debits and the total credits of an account; the total of an account containing only debits or only credits.

Bank Deposit - The total amount of money taken in and recorded on receipts for a specified time period and deposited intact with a depository.

Capital Outlay - Expenditures for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Cash - Currency, checks, postal and express money orders, and bank deposits including certificates of deposit.

Cash Basis - The basis of accounting under which revenues are recorded only when actually received and only cash disbursements are recorded as expenditures.

Cash Discount - An allowance received or given if payment is completed within a stated period. The term is not to be confused with "trade discount".

Change Fund - An amount of money obtained by issuing a check to a designated individual for the purpose of making change for a specific event. No expenditures are to be made from these monies.

Check - A written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer from money on deposit to the credit of the maker. It is canceled when it has been paid by the bank and thus "cleared" and returned to the writer.

Closing the Books - The process of putting the account books in order at the end of a month, or a fiscal period, so that a trial balance and financial reports may be prepared.

Commemorative Item - Personalized articles such as class jewelry, announcements, caps and gowns, yearbooks, cards and invitations, insignia, and school pictures.

Commission - A share of sale proceeds from any company or individual given the school in return for the sale, rental, or promotion of any items within the school.

Concession - The act of granting to an individual or group a right that resides with the school.

Deficit - The excess of the obligations of an account over its resources.

Deposit in Transit - A deposit which has been transmitted to the bank and recorded in the school ledgers but was not reflected on the monthly bank statement because it was not received before the bank's preparation of the statement.

Deposit, Property - Money collected from students and held in a school account for return at a designated time for the purpose of covering losses or damages to school-owned supply and equipment items while being used by the students.

Depositories - Banks or savings and loan institutions where schools conduct the business of depositing and withdrawing money.

Disbursements - Money paid out.

Double Entry - A system of bookkeeping which requires for every entry made to the debit side of an account or accounts, an entry for the corresponding amount or amounts must be made to the credit side of another account or accounts.

Dues - A regular charge made to students for the privilege of being a member of a particular club or student body organization.

Encumbrance - A restriction of available money by issuance of a purchase order.

Equipment - A material item of a non-expendable nature, such as a built-in facility, a movable or fixed unit of furniture or furnishings, an instrument or apparatus, a machine (including attachments), instructional skill-training device, or a set of small articles whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic for items of its class.

Expenditures - Decreases in net financial resources. If accounts are kept on the accrual basis, this includes total charges incurred, whether paid or unpaid. On the cash bases, payments are termed disbursements.

Expense, Travel - Expenses incurred by students and sponsors of a school activity in connection with travel related to the activity other than those expenses directly chargeable to student transportation.

Fidelity Bond - A bond guaranteeing the school board against losses resulting from the dishonest actions of employees.

Finance Clerk - Person assigned responsibilities for internal accounts bookkeeping.

Financial Statement - A formal written presentation which sets forth information concerning the financial condition of the school internal funds.

Fiscal Period - Any period at the end of which a school determines its financial condition and the results of its operations, and closes its books.

Fiscal Year - As it pertains to internal funds, July 1 through June 30.

General Ledger - A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial transactions of the school. General ledger accounts may be kept for any group of receipts or expenditures on which an administrative officer wishes to maintain fiscal control.

Gift - Something of value received for which no repayment or special service to the contributor is expected.

Grant - Money received by a school activity for which no repayment is expected but for which certain conditions exist relative to the disbursement of funds.

Inactive Account - An account is considered inactive upon declaration of the principal when; (1) no financial transactions have occurred within one year and the need for the organization has passed; or (2) a class has graduated.

Intact, or Deposit Intact - The practice in which money is presented to a bank or bookkeeper for the credit of the school's internal fund in the same form as received. This means that any receipt of funds in the form of cash shall be deposited as cash. The cashing of a check from funds on hand would be a violation of this concept as would be the substitution of a check for cash.

Internal Control - A plan of organization under which employees' duties are so arranged, and records and procedures so designed, as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. For example, under such a system, work is subdivided so that no one employee performs a complete cycle of operations. The procedures to be followed are definitely laid down and such procedures call for proper authorizations by designated officials for all actions to be taken.

Inventory - The cost of supplies and equipment on hand not yet distributed to requisitioning units.

Inventory Record - A detailed list or record showing quantities, descriptions, values, units of measure, and unit prices.

Investments - Temporarily idle funds placed in interest earning accounts.

Invoice - A vendor's notification of merchandise provided or services rendered to a purchaser with the quantity, prices, and charges stated. Other information customarily shown on the invoice are the customer's order number, order date, date of delivery or shipping, and terms of payment.

Journal - The accounting record in which financial transactions of the school are formally recorded for the first time.

Liabilities - Debt or other legal obligations arising out of transactions which are payable but not necessarily due. (Encumbrances are not liabilities, they become liabilities when the services or materials for which the encumbrance was established have been rendered or received.)

Memoranda (Memo) Account - An informal record of an internal fund transaction that cannot be recorded under the regular financial accounts but for which a record is desired. (i.e. ENCUMBRANCES)

Outstanding Check - A check issued and recorded by the school which has not been presented to the bank for payment prior to issuance of the monthly bank statement.

Outstanding Deposit - (See Deposit in Transit)

Overdrawn - A situation in which a check has been written for an amount in excess of that on deposit. An overdraft is the amount by which withdrawals exceed the depositor's available balance.

Perpetual Inventory - An inventory system which is initiated by a physical inventory and perpetuated by entry of receipts and withdrawals, thereby reflecting current balances on hand for each item.

Petty Cash - Cash paid out in small amounts for authorized expenditures. Petty cash may be used to reimburse persons or to make a direct purchase. (Petty cash funds must be authorized.) Payments must be evidenced by petty cash vouchers which are signed receipts that show the purpose, date, and amount.

Posting - The act of recording to an account in a ledger the detailed or summarized data contained in the documents of original entry.

Pre-Numbered Documents - Checks, receipt forms, tickets, and similar items which have been consecutively numbered and controlled before use.

Prior Authorization - A written approval granting authority to enter into a contract, to obligate funds for a purchase, or to receive a benefit, before such an action occurs.

Purchase Order - A document issued to a vendor authorizing the delivery of goods or services which implies the obligation of funds.

Reconciliation of Bank Statement - A statement of the details of the differences between the bank statement and the cash account record to show agreement of the adjusted balances.

Refund - An amount paid back or credit allowed.

Reimbursement - Repayment of authorized expenditures made on behalf of the school's internal fund.

Repairs, Minor - The restoration to a usable condition of a given piece of equipment, building, or grounds. Cost of new construction, renovating, and remodeling are not included here but are considered capital outlay.

Reports - Written statements of information which are made by a person, unit, or organization for the use of some other person, unit, or organization.

Requisition - A written request, usually from one department to the purchasing officer or to another department, for specified articles or services.

Student Activities - Direct and personal services for public school students, such as interscholastic athletics, entertainments, publications, clubs, band, or orchestra, that are managed or operated by students under the guidance and direction of authorized adults, and are not part of the regular instructional program.

Student Organization - Any group of students organized on campus into a single body for the purpose of pursuing common goals and objectives. This includes the various types of student clubs and class organizations which, with proper approval by school authorities, are managed and operated by students under the direction or supervision of authorized adults.

Subsidiary Ledger - A record of the financial transactions of a given activity showing the receipts, expenditures, transfers, adjustments, and balances for the activity's account.

Supply - An item of expendable nature that is consumed, worn out, or deteriorated in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance.

Supporting Documentation - Evidence attesting to the authenticity, accuracy and authority of a financial transaction.

Surety Bond - A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through non-performance or through defalcation. For example, a surety bond may be required of a contractor or an official handling cash or securities.

Trade Discount - An allowance made to those engaged in certain businesses and allowable irrespective of the time when the account is paid. The term should not be confused with "Cash Discount".

Transfer - Money which is taken from one account and added to another account. Transfers are not receipts or expenditures.

Trust and Agency Funds - Funds used to account for money and property held by a governmental unit in the capacity of trustee, custodian, or agent.

Voided Check - A check which has been declared void. A check on which an error has been made in writing, such as an incorrect amount, signature, or a discrepancy in the information included. The check is made void by mutilating the signature space and the check is retained.

