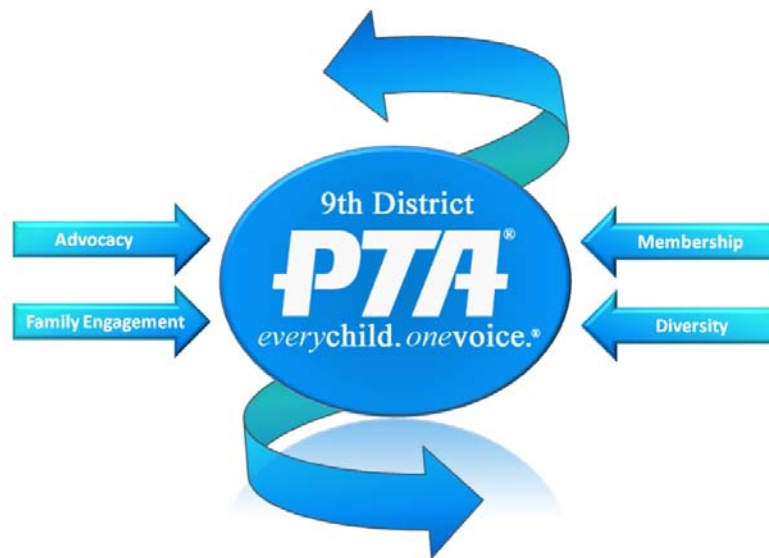


# The 9<sup>th</sup> District PTA presents:

## *“Money Matters”*



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**PTA**  
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## **Financial Time Frames**

- **SCHOOL YEAR**
  - The school year runs from the first day of school through the last day of school.
  
- **OFFICERS' YEAR**
  - According to our bylaws, Article VI: Officers and Their Election, Section 5, officers assume their official duties following the close of the school year and serve for a specified term, generally 12 months. This period is most often from the close of the school year to the close of the next school year (End of May to End of May).
  
- **FISCAL YEAR**
  - A fiscal year is any 12-month period that begins on the first day of a given month and ends the last day of a given month. Most likely June 1st-May 31st, July 1st-June 30th, or August 1st - July 31st.
  - Stated in the bylaws, Article XVI: Fiscal Year & IRS Form 990, Section 1.
  - The fiscal year is registered with the Internal Revenue Service (IRS) and is used for the purpose of filing IRS Forms 990N, 990EZ, 990 and appropriate schedules.
  
- **BUDGET YEAR**
  - A budget year is any 12-month period that runs from budget adoption to budget adoption.
  - The budget year begins with the adoption of the new budget by the general membership (usually at the first meeting of the school year) and concludes at the end of the 12-month period, the last day of the twelfth month.
  - Does not end with the last day of school or election of new officers. The budget is for the association – it does not matter whose names are on the checks. The budget year is used to determine if the funds are spent as approved by the membership for a specific 12-month period.

## **Incoming Treasurer**

The incoming treasurer should discuss with the former treasurer the status of current activities, progress made on preparing information for audit, money available for start-up costs, when to change signers at the bank, and the bylaws as they relate to the treasurer's responsibilities.

## **Treasurer Responsibilities**

While not a comprehensive list of duties, the treasurer shall:

- Have custody of the funds of this local PTA/PTSA
- Maintain a full account of the funds of this local PTA/PTSA
- Make disbursements as authorized by the president, or Board of Directors of this local PTA/PTSA in accordance with the budget adopted
- Have checks signed by two people: the treasurer and the president with the secretary acting as an alternate. Individuals authorized to sign checks shall not be related to each other by marriage or any other relationship
- Never sign a blank check
- Pay all bills by check – never by cash
- Determine the gross receipts for the previous fiscal year and file the appropriate federal tax form(s) with the IRS
- Have records available at all meetings
- Provide a written financial statement (Treasurer's Report) at each meeting of the general membership, Board of Directors and Executive Committee
- Present an annual report of the financial condition of the organization
- Have the accounts examined annually at the end of the school year or upon the change of treasurer by an auditor or committee
- Reconcile the bank statements monthly and have the statements reviewed, signed and dated by a PTA member and the President. This PTA member shall not be related to the President or Treasurer by marriage or any other relationship. The PTA member shall also not be a signer on the bank account

## **Treasurer's File**

There are many different ways to maintain financial records, but all must contain the following:

- Treasurer's Checklist (Financial Documents pg. 1)
- Bylaws & Standing Rules
- EIN/Tax ID information
- Budget(s)
- Last Audit Report & Copy of last tax return filed
- Ledger
- Checkbook Register
- Completed payment authorizations
- Completed receipt of funds forms
- Funds Verification Forms - blank
- Check Request Forms - blank
- Bank statements - including final one from previous year
- Executive committee minutes, Board of Directors minutes, and Association minutes
- Monthly Treasurer's Reports

## **Budget**

The budget is an outline of estimated income and expenses. It is a financial plan for receiving and dispersing funds to meet the goals and needs of the year's activities as planned by the PTA.

- **Development** - (template on pg. 2)
  - Decide on your programs and service projects
  - Identify operational expenses (including)
    - Supplies
    - Annual Incorporation fees
    - Insurance (Bonding, Liability, Property, Officer's Insurance)
    - Council Dues
    - Banking Fees
    - Attendance at State Trainings (Leadership Training and State Convention, PTA Day at the Capitol, PTA Universities, etc.)
  - Make realistic estimates of the costs of programs, projects and operations (look to prior years)
  - Choose how you will fund your expenses.
    - Keep in mind that fundraising is not a primary function of the PTA. The primary emphasis in PTA is the promotion of the Purposes and Mission.
    - Funds raised should be for a definite, pre-determined and budgeted purpose.
    - Children should not be used or exploited as fundraisers.
    - If a fundraising activity is conducted on school property, a PTA must comply with all laws regulating the use of school property and should receive prior approval from school authorities to ensure that the activity does not violate any school policies.
    - When planning the year's activities, PTAs should use the 3-to-1 rule. For every fund-raising activity, there should be at least three non-fundraising projects aimed at helping parents or children, or advocating for school improvements.
  - Carry Over Funds
    - There is no specific rule on how much money should be carried over. This will vary depending on the different needs of each PTA
    - The amount of carry over depends on the funds needed to continue PTA business until the next income opportunity.
  - Obligations of Future Boards
    - Outgoing boards may not obligate future boards to a contract or particular expense. Only the current membership may decide how its funds are spent.
  - When completed, the budget is presented to the Board of Directors for adoption, then to the PTA membership for approval. A majority vote of the members at the general meeting is required for adoption, a quorum having been determined present. (Sample pg. 3)
- **Amendment**
  - When there are additional expenses, differences in revenues, or a change in an approved expense, the budget must be amended by a vote of the general membership at any regular meeting or at a special meeting called for that purpose. To amend something previously adopted, it is necessary to have a two-thirds majority (or a simple majority if prior notice of amendment has been given).

## Spending PTA Funds

- PTA funds should be used to promote programs and further education that benefits the health, safety, education and welfare of children per the PTA Purposes.
- PTA funds must be kept and accounted for separately from school funds. PTA funds are private monies; school funds are public monies.
- All monies deposited in the PTA account belong to the general membership. All funds should be spent as allocated in the budget as passed by the general membership of the PTA.
- Before approving proposals or requests for material aid to the school or the community, a PTA must determine if the expenditure is a public responsibility. PTAs should not provide funding for anything that is the responsibility of the education system (such as salary for school employees, gym floors, school tracks, air conditioners, lawnmowers, golf carts)
- Before any PTA purchases school equipment, a thorough investigation of all of the ramifications of such a decision should be undertaken. Generally, the donated equipment will become the property of the school and, under certain circumstances, a gift or donation form may need to be completed. The PTA should not have any ongoing maintenance, repair, liability, or insurance obligations with respect to the donated equipment.
- When purchasing items for the school, the school must provide you with a purchase order, invoice, or receipt.

## Banking Procedures

- **Ledger/Cash Book**
  - Different than checkbook register, not just a list of transactions, but organized by budget line item.
  - After the budget is approved, a ledger is set up to record all PTA deposits and expenditures.
  - The ledger can be kept either manually in a ledger book available from any office supply store, on a computer spreadsheet program or bookkeeping program, or online program. The computer helps because it does the math and can develop some reports automatically.
  - From the ledger Treasurer's Reports and Annual Reported are created (Sample pg. 4).
- **Computer Generated Records** (Excel/ Quicken/Quickbooks)
  - Computer files must be stored to a backup disk or USB drive at least monthly.
  - Each report generated must show the title and time period covered.
  - A hard copy of the computer register must be printed on a monthly basis and maintained in a bound book.
- **Online Services** (PTAez, Membership Tool Kit, PTAvenue)
  - Login information known to bank account signers
  - A hard copy of the computer register must be printed on a monthly basis and maintained in a bound book.

- **Check Request Procedures** (Sample pg. 5)
  - The check request form must include: date of request, brief description of PTA approved activity, amount to be paid, receipts/invoices for activity, budget line items associated with request, and signature of the president authorizing payment before being given to the treasurer.
  - The treasurer must fill out the form completely when the check is written.
  - This procedure is to be followed for each check written.
  
- **Electronic Banking** - Credit card transactions, not online bill pay
  - Only an authorized account signer may have access to the merchant services account.
  - Funds must be transferred at least weekly (unless limited by merchant services company) into the unit's checking account by the Treasurer.
  - Merchant accounts and/or merchant terminals cannot be shared with other groups or the school.
  - Reversals and refunds cannot be processed through the merchant services account.
    - In order to process a reversal or refund, a Check Request Form must be completed with documentation as to why the credit is requested. The credit must be paid via check with two signers.
  - Fees for merchant services accounts including monthly maintenance and transaction fees must be disclosed to the membership and included in the local unit budget.
  
- **Cash Box/Petty Cash**
  - Prior to the event the requester fills out a Check Request Form indicating who the check should be payable to, the amount requested and the denominations needed to the President.
  - The purpose line on the Check Request Form must specifically reference the event and why the cash is needed, e.g. Petty cash for Sock Hop event change box.
  - Process checks no earlier than the day of the event, or one day prior if the event is held on the weekend.
  
- **Funds Verification Procedures**
  - Cash Box/Petty Cash (sample pg. 7)
    - As soon as the event concludes, the original amount is separated from the income. It is then counted and registered on the Funds Verification Form.
    - Two counters, that are not the treasurer, sign off on the form.
    - Treasurer counts a third time and completes the form.
    - All receipts are deposited as soon as possible after the event.
  - Cash & Checks (sample pg. 8)
    - Count all monies and register them on the Funds Verification Form. Checks should be listed on the back and totaled on the front.
    - If the deposit applies to multiple budget categories, each must be listed with a total for each category.
    - Two counters, that are not the treasurer, sign off on the form.
    - Treasurer counts a third time and completes the form.
    - All receipts are deposited as soon as possible after the event.

- Credit Card Deposit (sample pg. 9)
  - For every bank transfer an itemized list of transactions must be generated and attached to a Funds Verification Form.
  - If transfer applies to multiple budget categories, each must be listed with a total for each category.
  - Two people, that are not the treasurer, verify the information and sign off on the form.
  - Treasurer completes the form.
- Membership Category
  - If the deposit includes membership income, process as any other deposit.
  - Fill in the membership portion of the form fully.
  - This information is used to verify the total number of memberships sold.
- **Voided Checks**
  - All voided checks must be retained to provide a continuity of records.
- **Reconciliation**
  - Reconcile, or balance, the monthly bank statement and compare with the ledger balance promptly to ensure that bank and financial records are correct.
  - Identify differences, note outstanding checks and determine the adjusted bank balance at the end of the month.
  - On a monthly basis, the bank statements are to be reviewed, signed and dated by the president and a PTA member who is not a signer on the accounts and is not related to the treasurer or president by marriage or any other relationship.

## Taxes

- **IRS/Georgia Dept of Revenue**
  - Must be filed every year
  - If income is less than \$50,000, local units may file 990-N online ([www.irs.gov](http://www.irs.gov)).
  - If income over \$50,000 the 990-EZ must be filled out and mailed to the IRS.
  - Filing is done at the end of the fiscal year as indicated in your bylaws. 990 returns must be mailed or e-filed no later than the 15th day of the fifth month after the end of the fiscal year. Example: If your Fiscal Year is July 1 to June 30, the 990 is due November 15.
  - A copy of the 990-N or 990-EZ must be mailed to the Georgia Department of Revenue and Georgia PTA along with an IRS 990 Verification Form by September 30th.
- **Sales Tax Exemption** (sample pg. 10)
  - If a local unit purchases items for its own use - it is taxable. If it buys something for resale, it is tax exempt. Exemption documentation required is Form ST-5 to be used as your Sales and Use Tax Certificate of Exemption. The properly completed form should be given to the vendor/supplier who is providing the resaleable fundraising items to your PTA/PTSA.

## Audit

- **Needs to be done:**
  - At the end of the school year
  - Upon resignation of the treasurer
  - Change in signers on account
  - Missing funds are suspected
  - Any time deemed necessary
  - When requested by Council or District
- **Audit Preparation**
  - The following should be delivered to the auditor:
    - Checkbook register and cancelled checks or bank images from statements
    - All bank statements including last statement from previous year
    - All Check Request and Funds Verification forms with attached documentation
    - All treasurer's reports
    - Adopted budget and any approved amendments
    - Copies of board, executive committee, and association minutes
    - Current bylaws
    - General ledger
    - The annual financial report
    - Copy of insurance
    - 3 page annual audit form
    - All itemized statements and receipts of bills paid
    - A copy of the last audit report and 990

## Missing Funds

- Occasionally, a PTA discovers (or suspects) that some funds are missing. When that occurs:
- Immediately conduct a complete and thorough audit.
- The audit committee is a committee that "investigates and reports." It should consist of individuals with an independent, unbiased perspective who have no potential conflict of interest. During its investigation, it can interview people as well as examine the books and records.
- The audit committee must report its findings to the PTA board of directors, not just to the executive committee. The report should be factual – stating what was found and what remains unresolved.
- The board must act on the report.
- If funds are missing, the board has the legal obligation to take every reasonable action to recover those funds.
- The board of directors, not just the executive committee, must meet and agree on the action to take. Decisions must be based on sound business practices.
- All action taken by the board must be "on the record" (recorded in the board's minutes).
- Notify the insurance and/or bonding agent, as well as appropriate law enforcement agency.
- The board must report the incident and the actions it took to the membership.
- You may advise the principal/school district, however this is PTA business and must be dealt with by the association.
- Public or private statements should not be made, regardless of the severity of the situation or its public knowledge.