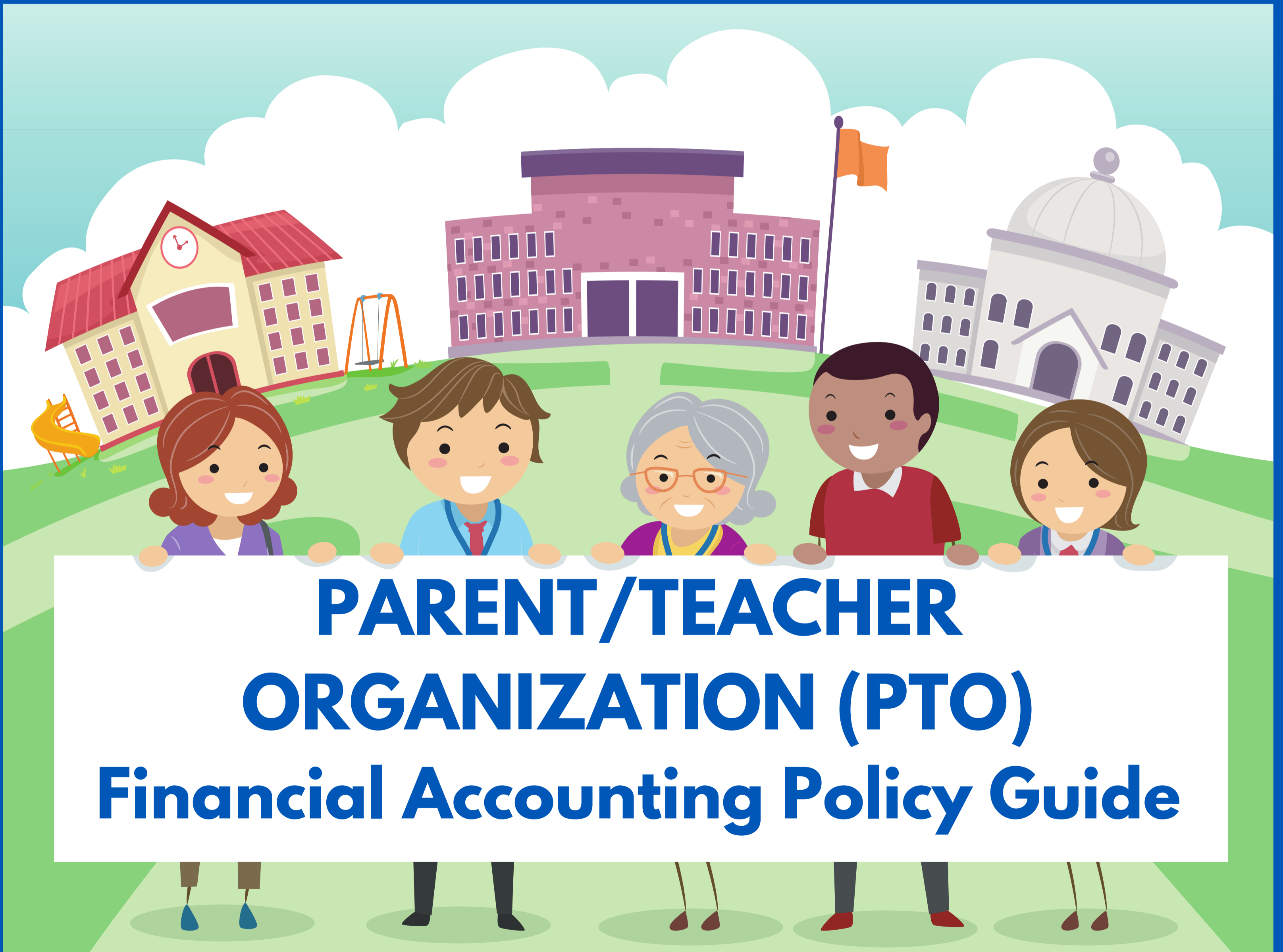


DAYTON

PUBLIC SCHOOLS



PARENT/TEACHER

ORGANIZATION (PTO)

Financial Accounting Policy Guide

PTO Accounting Procedures

These accounting procedures serve as a collection of best practices and a standard by which all Dayton Public School District PTOs should operate. They were created to ensure integrity and consistency within our organization. These procedures will be reviewed annually to make sure they reflect the current policies and standards as adopted by our district.

Internal Controls

Basics of Internal Control

Any organization which takes in money should establish processes to ensure the funds are handled correctly and used for the intended purpose. In finance parlance, these processes are known as internal controls.

The internal control system should include procedures and policies to help ensure:

1. Resources are guarded against waste, loss and misuse.
2. Reliable data is obtained, maintained, and fairly disclosed in financial reports.
3. Resource use is consistent with laws, regulations, and internal procedures and policies.

Effective internal controls assume that the PTO Board and members have reasonable assurance that:

1. They understand the extent to which the entity's operations objectives are being achieved.
2. Published financial reports are being prepared reliably.
3. Applicable laws, regulations and policies are being complied with.

The internal control system is intertwined with an organization's operating activities, and is most effective when controls are built into the organization's infrastructure, becoming part of the very essence of the organization.

Some organizations, by virtue of their size, are not able to implement basic controls such as having two parties handle certain duties. This is known as segregation of duties. In these cases, it is important that management institute compensating controls to cover for the lack of a basic control.

What Internal Controls Cannot Do

Internal control is not an absolute assurance to the board about the organization's achievement of its objectives. It can only provide reasonable assurance, due to limitations inherent in all internal control systems. For example, breakdowns in the internal control structure can occur due to simple error or mistake, as well as faulty judgments that could be made at any level of oversight. In addition, controls can be circumvented by collusion or override. Finally, the design of the internal control system is a function of the resources available, meaning that there must be a cost-benefit analysis in the design of the system.

Financial Cycles

Cash Receipts

To protect PTO officers and volunteers from accusations of fraud, accounting practices dictate that all funds received be handled in an efficient and prudent manner.

- Upon receipt of funds, verify amounts received.
 - Together two people should count cash and checks and document such in the accounting records; especially when large deposits are received at one time. This should be done by a PTO officer or event chair. No money should leave the event without being counted or put in a locked place until this procedure can be completed.
 - Please see examples of cash control forms the attached documents
- Endorse all checks “For Deposit Only.”
- Prepare and deposit cash and checks in a timely manner. Delays result in bounced checks and inaccurate accounting reports.
- A PTO treasurer should be responsible for all deposits.
- All funds, cash and checks, should be stored appropriately in a locked container and never left unattended.
- Cash in sheet should be completed for all start up cash.
- Start up cash will be provided by the PTO treasurer at the request of the event chair, and all cash at the end of any event is to be turned in to the Treasurer for counting. Treasurer will deposit start-up cash and back it out of final reporting.

Cash Disbursements

PTO treasurers should maintain complete and accurate records of all expenses to ensure spending is within budget constraints. Accounting practices recommend:

- All expenses included in the voted on annual budget shall be considered approved.
- Any spending in excess of \$200 over the approved budget requires a PTO vote or the approval of 2 officers.
- Secondary approval is an officer other than the treasurer.
- Checkbook and bank password (if applicable) are stored in a secure location.

Reimbursements

- Purchases for School District Employees use or for the use of the school shall be obtained through established District purchasing procedures. These purchases should be discussed with the school’s Principal.
- The PTO treasurer should work directly with the school’s secretary to submit purchase orders through the PTO’s respective District account.
- Monthly, the District will provide the PTO with an invoice detailing charges paid during the year. Upon payment of the invoice to the District the PTO treasurer should charge expense accounts appropriately.

- In order to be reimbursed by the PTO, individuals must submit an itemized receipt or paid invoice.
- In alignment with District policy, sales tax should not be reimbursed. All individuals purchasing items on behalf of the PTO should use the current Tax Exempt letter, available from the PTO or PTO Council treasurer.
- All payments for individual services should be processed through the District. Treasurers can work with the office secretary to submit a Purchase Order if time allows. This allows the District to track payments for individual servicers for the purpose of tax reporting.

Financial Reporting

One of the most effective compensating controls in an internal control environment is transparency in financial reporting. This includes:

- Creation of a detailed annual budget that is approved by membership. Voting must be completed by the first PTO meeting of the school year (August).
- Approval of membership of any expected significant changes (over \$400) in the budget during the course of the fiscal year. Overages of \$200 - \$400 can still be approved by two members of the Executive Board, per the accounting procedures on Page 2.
- Providing membership with monthly detailed financial reports comparing actual expenditures to budget.

The detailed annual budget should include a summary of deposits and expenditures by category. The monthly detailed financial report should include a summary of deposits by category and a complete listing of all expenditures paid during the period reported. The treasurer should openly review the report as a monthly agenda item allowing for questions from membership.

The treasurer's report must be approved by a majority vote at each PTO meeting and published in the monthly meeting minutes.

General Accounting

Detailed activity records showing both income and expenses should be kept in an organized fashion.

In order to comply with Dayton Public Schools tax-exempt status, for documentation during an IRS audit, or dealing with questions at a later date, the PTO treasurer must maintain copies of the following records for a period of seven years:

- Fundraising solicitations and advertisements.
- Receipts or other evidence of payments received in connection with fundraising activities.
- Monthly bank reconciliations.

Accounting for revenues and expenditures in the following categories is necessary to assist if requested in the preparation of the year-end tax return. The example categories are all encompassing and may not be applicable to each school's individual PTO.

PTO Accounting Policies

These policies represent the best practices used by the Superintendent/Parents Advisory Council and each individual school's PTO. We have adopted these policies district wide to provide consistency and transparency across all schools.

- NSF (insufficient funds) fees are the responsibility of the individual who wrote the check and will be passed on to them. The treasurer is responsible for following up with the individual, and copying the president on the correspondence. An example email is included in Appendix III.
- PTO will not reimburse sales tax, and all purchasers will use the District's Tax Exempt letter.
- Ticket Spicket is the preferred online ticketing outlet to be used for all ticketed events that are sold online.
- _____ will be the PTO's accepted online payment method.
- PTO will not provide building principals with lump sums of money unless the principal submits a specific proposal to the PTO and that proposal is approved by PTO voting members. Principals must then provide an itemized receipt or paid invoice.
- Decisions regarding whether or not to raise PTO funds must be made by a majority vote of a quorum of the PTO Executive Board.
- PTO will retain all funds raised from the organizing, scheduling, and execution of any event sponsored by the PTO, regardless of the day or time of said event, or the status of all participants, regardless if they are students, staff, faculty, parents, or community members.

PTO Accounting Appendix I – Accounting Categories

Revenue and Expense Categories Defined

1) Contributions/Gifts:

- a) Contributions from donors are amounts received from voluntary contributions; that is, payments for which the donor does not receive full retail value (fair market value) for the item. This would be funds received from an event such as:
 - i) Barnes & Noble Book Sale (donor in this case is Barnes & Noble)
 - ii) Target (donor in this case is Target)

2) Special Events:

- a) Special event/fundraising activities are when a buyer pays more for goods than their retail value. A special event can also produce both revenue and contributions. For example:
 - i) Scholastic Book Fair
 - ii) Visiting Author/Book Sales
 - iii) Pancake Breakfast/Meals/Food Sales
 - iv) Talent Shows
 - v) Brick Sales
 - vi) Note Pad/Card Sales These items have a retail value. Generally, the retail value is the cost the PTO pays the vendor.
- ❖ FOR EXAMPLE: As a Special Event, the PTO announces that anyone who contributes at least \$10 can choose to receive a book worth \$6 retail value.
 - ❖ The person who gives \$10, and chooses to receive the book, is really purchasing the book for \$6 and also making a contribution of \$4. The \$10 would be reported under Gross Special Events Revenue.
 - ❖ The cost, generally the same as the retail value of \$6, would be reported under Special Events Revenue and Special Events Expense. (If the retail value is known and different from the cost, put the actual retail value under Special Events Revenue and the actual cost under Special Events Expense.)
 - ❖ The \$4 would be reported under Contributions net of Special Events Revenue.

3) Program Services:

- a) Program Services are those activities that the PTO was created to conduct and which, along with any activities subsequently added, form the PTO's current purpose of furthering the educational and social development of the students and to provide assistance to the parents.
- b) Program Service Revenues are normally not significant.
- c) Program Service Expenditures are normally the bulk of the PTO's expenditures. For example:
 - i) Open House
 - ii) Curriculum Nights
 - iii) Staff Appreciation/Principal Discretionary/Wish List

- iv) Books/Music
 - v) Class Pictures
 - vi) Library/Facility/Garden Improvements
 - vii) Scholarships
 - viii) Equipment
 - ix) Cultural Experiences
 - x) Parties (Ice Cream/Pool/Pizza/Birthday/Roller Skating)
 - xi) School Picnic
 - xii) Yearbooks
 - xiii) Birthday Cards/Graduation Gifts
 - xiv) Field Trips
- 4) Interest Income (*if applicable*) – Interest income from bank or investment accounts
- 5) Other Income:
- a) Any income not specifically broken out as detailed above.
 - b) For any amount listed as “other”, please provide detail.
 - c) There will rarely be any income defined as “other”.
- 6) Fundraising Expense:
- a) Report as a fundraising expense all expenses incurred in publicizing fundraising events, soliciting donations and preparing and distributing fundraising materials. These would include:
 - i) Advertising expenses for local media or such.
 - ii) Printing of flyers to promote a fundraiser.
- 7) Other Expenses to list separately:
- a) Supplies purchased for the PTO including office supplies and software.
 - b) Postage and shipping expenses.
 - c) Printing and publication expenses not used for advertising. For example, directories and newsletters.

Appendix II – Sample NSF Email

Dear Mr. and Mrs. xxx,

A personal check in the amount of \$85.00 (written for Belle Haven Community Day, PTO Fund, Party Fees and DJ) was returned by First Bank due to insufficient funds. The bank charges \$12.50 for each returned check. Per PTO policy, you are responsible for both the original amount as well as the returned check fee. Please remit to the (School Name) office a check for \$97.50 to cover the costs. Should you have any questions, please contact me, (name) PTO Treasurer, (School name) at the e-mail address above.

Your prompt attention to this matter is appreciated.

PTO Treasurer Name

Appendix III - Event Cash Collection Worksheet

Cash Collection Worksheet

Event and Collection Date: _____

Counter Names: _____

Total Funds Counted (Cash & Checks)

List Checks/Money Orders

Den	x	Qty	= Amount	Check/MO#	Amount
\$20	x	_____	= _____	_____	_____
\$10	x	_____	= _____	_____	_____
\$ 5	x	_____	= _____	_____	_____
\$1	x	_____	= _____	_____	_____
_____		_____	= _____	_____	_____
_____		_____	= _____	_____	_____
_____		_____	= _____	_____	_____
Checks*		_____	= _____		
		_____	= _____	Total	\$ _____
		Total	\$ _____		

* list checks individually on side or back of form

Verification of Counter 1

Verification of Counter 2

Additional Notes

Appendix IV - Sample Donation Request Letter

YOUR SCHOOL NAME PTO

Supported by DPS Superintendent Parent Advisory Council

DATE

NAME

Organization

Address

City, State, ZIP

Dear NAME,

I am writing on behalf of the ABC Elementary PTO to request a donation for our silent auction scheduled for November 15. At this event, typically attended by about 300 community members, we auction off gift cards, merchandise, and services generously donated by businesses like yours. The event proceeds will help pay for much-needed upgrades to the school playground.

We would greatly appreciate any donation you can make. Should you make a donation for the silent auction, your business will be recognized on auction displays at the event as well as in the school newsletter. We will also provide a donation receipt letter for your records.

If you have any questions or need further information, please contact me at (555) 555-5555 or at EMAIL ADDRESS. On behalf of the students, parents, and faculty of ABC Elementary, thank you for your consideration.

Sincerely,

Susie Smith

Silent Auction Chairwoman

ABC Elementary PTO

Appendix V - Example Donation Tax Letter

November 19, 2021

«donor_name»

«address»

«city», «state» «zip»

Dear «donor_salutation»:

Thank you for your 2021 contribution to the (School Name) PTO. Your gift allows us to continue our mission of creating a community of learners.

Our organization's purpose is to organize and manage activities that enrich the educational experience of our children, to provide for the exchange of information and ideas between parents, teachers, and administrators, and to raise funds necessary to support these goals.

Thank you for your confidence in our organization and your willingness to give. For more information about the (School Name) PTO, including volunteer opportunities and our playground campaign, please visit (School Name) website, contact us at (PTO email) or call the school office at (937) 542-xxxx.

Sincerely,

(Name)

Treasurer

Please retain this letter as the receipt for your \$«**donation_amount**» contribution received «**donation_date**» by Dayton Public Schools. No goods or services were provided to you in connection with or in exchange for this gift.

Appendix VI - Annual Financial Review Worksheet

Guidelines for Reviewer

- Compare cash receipts and deposits to the bank statements. **RANDOM SAMPLE**
 - Check addition and subtraction on cash receipts and deposits. **RANDOM SAMPLE**
 - Confirm that all disbursements were properly approved.
 - Confirm that all disbursements have been properly documented with an invoice or receipt.
 - Confirm that all checks were signed with two signatures.
 - Confirm that all checks have been deposited or cashed by the payee indicated and that no information on the face of the check has been altered.
 - Confirm there are no missing checks.
 - Confirm that IRS Form 990-EZ was filed on time, if applicable.
 - Review the monthly treasurer reports to verify that correct ending balances were carried forward as beginning balances on subsequent reports.
 - Check the details in monthly treasurer reports for accuracy. **RANDOM SAMPLE**
 - If exceptions are noted during the audit (errors, irregularities), consult with the organization's treasurer (and president, if necessary) to resolve the exception. The treasurer is responsible for making any corrections to the ledger or checkbook.
 - If exceptions are noted, prepare a separate exceptions report to submit with your review report and worksheet. The exceptions report should detail:
 - Exceptions noted
 - Steps taken to remedy the exceptions
 - Recommendations to prevent further occurrence of these exceptions
 - (the organization's treasurer and president are responsible for acting on the recommendations)
 - When the review is complete, draw a line after the final checkbook entry; sign and date it.
 - File a copy of the review report with the president and treasurer.
-

FISCAL YEAR ENDING:	

BEGINNING CASH BALANCE	AS OF:	\$0.00	(A)
RECEIPTS DURING PERIOD		\$0.00	(B)
TOTAL CASH AVAILABLE	(A + B)	\$0.00	(C)
DISBURSEMENTS DURING PERIOD		\$0.00	(D)
ENDING CASH BALANCE	(C - D)	\$0.00	(E)
BANK STATEMENT BALANCE		\$0.00	(F)
CHECKS OUTSTANDING (list on back)		\$0.00	(G)
RECONCILED CASH BALANCE	(F - G)	\$0.00	(H)
CHECKBOOK BALANCE	AS OF FY END:	\$0.00	(I)
ANY DISCREPANCY?	(H vs. I)	\$0.00	

REVIEWER STATEMENT:

To the best of my ability, I have examined the books of the Treasurer and have found that the reconciled cash balance presented above is correct and that all receipts and disbursements during the period were in accordance with this organization's mission.

A separate exceptions report noted during the review is attached.

NAME OF REVIEWERS (Must Have 3)	
SIGNED:	DATE:
SIGNED:	
SIGNED:	

Appendix VII - Bank Reconciliation Report

School Name: _____

Date of Bank Statement: _____

Bank Account: _____

Outstanding Withdrawals		
Date	Detail	Amount
Total A		

Outstanding Deposits		
Date	Detail	Amount
Total B		

Reconciliation

Closing Cash Book Balance	_____
Add: Outstanding Withdrawals (Total A)	_____
Sub-total	_____
Less: Outstanding Deposits (Total B)	_____
Expected Bank Statement Balance	_____

Appendix VIII - Bank Signature Card

DATE: _____

(Banking Institution)
(Bank Address)
(City, State, Zip Code)

RE: PTO SIGNATURE AUTHORIZATION FOR _____
(School Name)

Dear (Banking Institution),

The individuals below are authorized to sign for all matters relating to the aforementioned school's Parent Teacher Organization's security requirements as deemed necessary for compliance with Federal, State and/or local regulations applicable to your company employees.

COMPANY OFFICERS/MANAGERS/SUPERVISORS/FACILITY SECURITY OFFICERS

Name: _____ Signature: _____ Title: _____
(Printed Name)

Name: _____ Signature: _____ Title: _____
(Printed Name)

Name: _____ Signature: _____ Title: _____
(Printed Name)

PTO President: _____
(Print Name)

*****Please note: Letter must be submitted on company letterhead and either mailed or E-mailed to the Office of Security. (Banking Institution's Email Address)**

Appendix VIII - Sample Reimbursement Request

Payment/Reimbursement Request: Please complete form, **attach receipt, invoice or bill**, and return to PTO mailbox. Please tape receipts to 8½ x 11 blank paper.

Person/Committee requesting payment: _____

Email: _____

Phone: _____

Name and Mailing Address (if check is being delivered to you):

Describe items or services and purpose:

Amount requested: _____ Date needed: _____

Staff: _____ I have not paid. I have a bill, invoice, or District Purchase Order.

_____ Please issue a check to vendor. Deliver to me so I can pay vendor in person.

_____ Please issue a check to vendor. Mail directly to vendor per attached invoice.

_____ Please have school office admin place order via PTO ASN - P.O. attached.

_____ **I have paid the following per attached receipts. Please reimburse via PTO ASN.**

\$ _____

PTO Volunteer:

_____ I have not paid. I have a bill or invoice.

_____ Please issue a check to vendor. Deliver to me so I can pay vendor in person.

_____ Please issue a check to vendor. Mail directly to vendor per attached invoice.

_____ I have paid per attached receipts or invoice and request reimbursement for:

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____ **Total**

I certify that the expenses listed are appropriate PTO expenses:

Your Signature

Date

Approval Signature (PTO co-president or treasurer)

Date