

Notes to the Budget

1. Grants / allotments paid out include allotments made to teachers for their use during the school year and funds transferred to the school or school district for equipment purchase or maintenance. For example, if each teacher is allotted \$100 for school supplies at the beginning of the year and is reimbursed as expenses are accrued, this activity comes under the heading of grant expenses even though no outside grants were received for this purpose. This is an internal “grant expense.” Scholarships also appear under grants received (outside donations) and grants paid (internal grants or awarding of grants.) Receipts are still required for teacher allotments. **E-Scrip** is considered a contribution.

2. Raffle income can appear in two different places – Donations and Special Events (fundraisers.) The distinction in placement depends upon the type of raffle you are conducting. If you are having a “basket sale,” for example, and your school’s clubs go out and solicit donations from the community to fill baskets for a raffle, this income would come under Donations. There is little or no direct cost of this raffle. If, however, the PTA bought five cases of wine at \$5 a bottle and raffled them off for \$25 a bottle along with other goodies in a basket, this would come under both Donations and Special Events. The \$20 per bottle income is a Contribution/Donation. The \$5 a bottle -- both income and expense -- would appear under Special Events. Bingo and other gaming activities also appear under Special Events. A Charitable Trust number and a Raffle permit are needed for a raffle.

3. You will notice that there is no such line item called “Officer’s Expenses.” If you have planned your budget carefully, you will not need one. A PTA officer/chairman has no expense account or salary. Any reimbursement he or she receives can be placed in its proper category. If a financial secretary or treasurer needs stamps, the proper line item is Postage. Stamps can be bought by the roll for extended use. If a PTA chairman needs easels for Reflections, the purchase can go either under Reflections or Supplies. The president’s mileage will go under Travel. There is a catch-all category called “Organizational” if you have banking or other organizational expenses.

4. You will also notice there is no such line item as “Petty Cash.” The PTA treasurer should pay ALL BILLS BY CHECK. Officers / chairmen may use their own credit cards for purchases and turn the receipt in to the treasurer for reimbursement by PTA check. Using a petty cash fund is against PTA regulations. Petty cash is often needed for fundraisers where inventory is sold. In that case, the amount in the cash box should be an advance to the fundraiser and should be returned to the general fund when the fundraiser is finished. The cash box should be empty after each fundraiser.

5. A rebate is not income; it is an adjustment to expenses (a minus expense.) It should not appear as a separate line item on your budget. For example, if you purchase a computer for \$1,000 and receive a \$200 rebate, you did not make \$200 by using this computer. In reality, the true cost of the computer was \$800. This distinction may not be important to you, but your accountant will have to deal with it.

6. PTAs generally do not have sale of assets other than inventory. Most PTAs are not employers. **Payments to independent contractors**, including tax professionals, babysitters, and assembly providers paid directly are a separate line item. Independent contractors need to appear on your Workers Comp form due every January. If your PTA is going to pay for assemblies, it is recommended that you pay the school or the school district so that it may assume liability and take care of employment issues.

7. The difference between a Program and a Special Event (fundraiser) can be determined by examining the purpose of the event and the profit made. A **Book Fair is a Special Event** if books are bought at a discount and sold at list price. It raises money. A **Book Fair is a Program** if books are bought at a discount and sold either close to that price or at a loss in order to get books into the hands of students who might not otherwise be able to afford them. A Book Fair is also a program if the PTA takes the option of receiving profits in books rather than a check.

8. Accounts receivable refers to money still owed you from the previous year. **Accounts payable** refers to bills remaining from the previous year that you still need to pay. Keep your credit rating good!