



AASBO ACCOUNTS PAYABLE TRAINING LAWS AND REGULATIONS MAY 21, 2024

PRESENTATION BY
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TOPICS

- Alabama Competitive Bid Law – 16-13B
- Ethics Law – 36-25
- ALSDE Accounting Manual
- SDE Financial Reporting
- ALSDE Website
- Sales Tax Exemption – 40-23-4(a)5

STATE BID LAW

- For the procurement (purchase, lease, or lease-purchase) of goods and services of \$40,000 or more, state law requires school boards to select a vendor by a sealed bid process.
- The \$40,000 threshold is not limited to a single purchase but applies to the aggregate purchase of \$40,000 or more of like items over a time period (generally one year).

PURCHASING FROM ANOTHER ENTITY'S BID

The Alabama Competitive Bid Law allows:

- Joint purchasing agreements with school boards or local governments before the bid process begins.
- GSA contract vendor.
- National or regional purchasing cooperatives approved by the State Examiners of Public Accounts.

STATE BID LIST

- Purchases can be made from the Alabama Department of Finance state bid list without bidding by the school board.

NOTE: A law passed in 2004 that allows the purchase from a local vendor without bidding if the price is less than the state bid price does not apply to school boards.

PURCHASING COOPERATIVES

- Purchases, leases, and lease-purchases can be made using specified national purchasing cooperatives without the school board requesting sealed bids if less than the state bid.
- The national purchasing cooperatives that are allowable for school boards to use are specifically approved by the State Examiners of Public Accounts.

STATE BID LAW – SOLE SOURCE

Purchasing from a vendor without competitive bidding is allowable if a school board specifies that the vendor is a sole source of the goods or services and the documentation required by the competitive bid law is maintained. (A sole source letter from a vendor is not sufficient documentation.)

STATE BID LAW

SOLE SOURCE REQUIREMENTS

Required sole source documentation:

- Goods or services are of an indispensable nature.
- All other viable alternatives have been explored.
- Only these will fulfill the purpose. (Not frivolous.)
- No other vendor can provide substantially equivalent goods or services that will accomplish the purpose for which the goods or services are required.
- All sole source documentation of sole source determination is maintained.

EXCEPTIONS TO STATE BID LAWS

- Purchases from other government agencies.
- Purchases that are impossible to bid.
- The purchase of insurance.
- Contracts for professional services with attorneys, physicians, architects, teachers, superintendents of construction, artists, appraisers, engineers, consultants, certified public accountants, public accountants, or other individuals possessing a high degree of professional skill where the personality of the individual plays a decisive part.

EXCEPTIONS TO BID LAWS (CONT.)

- Contracts for fiscal or financial advice or services.
- Paying agents and trustees for any security issued by a public body.
- Purchases of manuscripts, books, maps, pamphlets, or periodicals.
- Existing contracts up for renewal for sanitation or solid waste collection, recycling, or disposal and those providing the service.
- Utility services-rates fixed by government agency.

OTHER EXCEPTIONS

- Contractual services and purchases of products related to, or having an impact upon, security plans, procedures, assessments, measures, or systems, or the security or safety of persons, structures, facilities, or infrastructures. This exception does not apply to public works projects.
- Purchases made by individual schools from moneys other than those raised by taxation or received through appropriations from state or county sources.

STATE COMPETITIVE BID LAW

- Advertising for bids is not required.
- Two requirements for bid solicitation:
 - Post notice on bulletin board outside purchasing office.
 - Send notice by mail to all vendors who have filed a written request for that they be notified when specified items are being bid. However, the vendor can be removed for failing to respond to the previous three notifications.

STATE BID LAW – SOLICITATIONS

- The school board may provide notice of the bid solicitation for any length of time* and by other additional manners including:
 - School board web site.
 - Other web sites.
 - E-mail notifications to potential bidders.
 - Notification by telephone or mail.
- *The response time for bid responses cannot be shortened to inhibit fair competition.

SEALED BIDS AND DOCUMENTATION

- Must be sealed when received.
- Opened in public at the hour stated in the notice.
- All original bids and documents pertaining to the award of the contract shall be retained for a period of seven years from the date the bids are opened and shall be open to public inspection.

BID AWARDED FOR LOCAL PREFERENCE

- A responsible bid for personal property (not services) may be awarded to a local business located in the school boundaries if it is no more than three percent above the lowest responsible bidder.
- Before the bid process for the product begins, the school board can expand the local preference zone to include bids by vendors located in:
 - The boundaries of the county in which the school board is located or
 - The boundaries of the core based statistical area (CBSA) in which the school board is located.

STATE BID LAW – EMERGENCIES

- For emergencies, a school board must still follow state bid law requirements except for the public advertisement requirement. (No bulletin board posting is required.)
- The school board must make a written public declaration that provides the reasons for determining that an emergency exists that affects the public health, safety, or convenience to not advertise for bids.

FEDERAL PROCUREMENT REGULATIONS

- **Micro-purchases** – less than \$10,000. No quotes or competitive bids unless required by state bid laws
- **Small purchase procedures** – \$10,000 to \$250,000. Price quotes are required, and the state bid law (\$40,000) requirements may apply.
- **Sealed bids** – over \$250,000.
- **Competitive proposals** – over \$250,000. Alabama school boards would use their own written competitive proposal procedures for those professional service contracts that are exempt from the State Competitive Bid Law requirements.
- **Sole source procedures** – over \$250,000. Additional regulations.

PUBLIC WORKS PROJECTS

- Public works projects of \$100,000 or more (using contract labor) would usually involve an architect.
- The Public Works Law includes provisions not found in the Competitive Bid Law including performance bonds, resident bidders, and advertising in newspapers.

PUBLIC WORKS DEFINITION

- “The construction, installation, repair, renovation, or maintenance of public buildings, structures, sewers, waterworks, roads, curbs, gutters, side walls, bridges, docks, underpasses, and viaducts as well as any other improvement to be constructed, installed, repaired, renovated, or maintained on public property and to be paid, in whole or in part, with public funds or with financing to be retired with public funds in the form of lease payments or otherwise.”

ETHICS LAW

- First Ethics Law adopted in 1973
- Significant Revision in 1995 and 2010

- Legislative Acts
 - 2010-764
 - 2012-433
 - 2012-509
 - 2014-440
 - 2018-515

ETHICS LAW PURPOSE

- Operation of democratic government that public officials be independent and impartial.
- Governmental decisions and policy should be made in the proper channels of the governmental structure.
- No public office should be used for private gain.
- Public confidence in the integrity of government is important.
- These ends are impaired when a conflict of interest exists
- The public interest requires that the law protect against such conflicts of interest and establish appropriate ethical standards with respect to the conduct of public officials and public employees in situations where conflicts exist.

ETHICS COMMISSION DUTIES

- Create forms for statements required to be filed.
- Prepare guidelines for uniform methods of reporting.
- Accept and file any written information voluntarily supplied.
- Make reports & statements available in person & online
- **Investigate statements filed and alleged failures to file.**
- Report suspected violations of law to the appropriate law-enforcement authorities.
- **Issue and publish advisory opinions.**
- Educate candidates, officials, employees, and citizens of Alabama on ethics in government service.
- Implement the requirements of the Alabama Fair Campaign Practices Act.

- **The commission will not investigate telephone or anonymous complaints**
- The commission has 180 days to determine whether probable cause exists.

ETHICS DEFINITIONS

PUBLIC EMPLOYEE

- Any person employed at the state, county, or municipal level of government or their instrumentalities, including governmental corporations and authorities, but excluding employees of hospitals or other health care corporations including contract employees of those hospitals or other health care corporations, who is paid in whole or in part from state, county, or municipal funds. For purposes of this chapter, a public employee does not include a person employed on a part-time basis whose employment is limited to providing professional services other than lobbying, the compensation for which constitutes less than 50 percent of the part-time employee's income.

ETHICS DEFINITIONS

PUBLIC OFFICIAL

- Any person elected to public office, whether or not that person has taken office, by the vote of the people at state, county, or municipal level of government or their instrumentalities, including governmental corporations, and any person appointed to a position at the state, county, or municipal level of government or their instrumentalities, including governmental corporations. For purposes of this chapter, a public official includes the chairs and vice-chairs or the equivalent offices of each state political party as defined in Section 17-13-40.

FAMILY MEMBERS

- Family Member of the Public Employee

- The spouse or a dependent.

- Family Member of the Public Official

- The spouse, a dependent, an adult child and his or her spouse, a parent, a spouse's parents, a sibling and his or her spouse.

- Business with Which the Person is Associated

- Any business of which the person or a member of his or her family is an officer, owner, partner, board of director member, employee, or holder of more than 5% of the business.

ETHICS ISSUES IN LOCAL SCHOOLS

- Thing of value.
- Gifts to teachers and school employees.
- Ethics prohibitions.
- High school coaches.
- Personal use.
- Supervisor – subordinates.
- Conflict of interest.

ETHICS PERSONAL GAIN

- Personal gain is when the public official, public employee, or a family member receives, obtains, exerts control over, or otherwise converts to personal use the object constituting such personal gain.
- No public official or public employee shall use equipment, facilities, time, materials, human labor, or other public property under his or her discretion or control for private benefit or business benefit.
- No public official or public employee shall solicit a thing of value from a subordinate or person or business they directly inspect, regulate, or supervise in an official capacity.

ETHICS PROHIBITIONS

- Use official position for personal gain.
 - Solicit gifts from students in their class or their parents or initiate the gift giving.
 - Solicit or receive anything at all for the purpose of corruptly influencing official action or inaction, such as test grades, recommendations, etc.

THING OF VALUE

■ 36-25-12

- No person shall offer or give to a member or employee of a governmental agency, board, or commission that regulates a business with which the person is associated, and no member or employee of a regulatory body, shall solicit or accept a thing of value while the member or employee is associated with the regulatory body other than in the ordinary course of business.

THING OF VALUE

- Any gift, benefit, favor, service, gratuity, tickets or passes to an entertainment, social or sporting event, unsecured loan, other than those loans and forbearances made in the ordinary course of business, reward, promise of future employment, or honoraria or other item of monetary value.
- The term, thing of value does not include:
 - 18 items listed

DE MINIMIS VALUE

- Determining “De Minimis” value involves considering the intrinsic value of the item, i.e., whether the item can be sold for profit.
- A value twenty-five dollars (\$25) or less per occasion and an aggregate of fifty dollars (\$50) or less in a calendar year from any single provider...
- “SAFE HARBOR” for holiday gifts.
- [Ethics Commission Advisory Opinion 2016-34]

GIFTS TO TEACHERS AND SCHOOL EMPLOYEES

■ Gifts Allowed

- Gifts based on a friendship that transcends the school job, such as a pre-existing friendship.
- Gift baskets, cheese trays, and other consumable items to the school office for enjoyment by the staff.
- Fruit baskets, homemade cookies, etc.
- Christmas ornaments of little intrinsic value.
- Coffee mugs filled with candy or of a holiday nature.
- CDs, books, or scarves of a nominal value.

OTHER GIFTS ALLOWED

- Items for the teacher or employee to use in performing their duties, such as notebooks, school supplies, etc.
- Gift cards to teachers or school employees to allow the teacher or school to purchase items for the benefit of the students in the classrooms.

GIFTS NOT ALLOWED

- Hams, turkeys, liquors, etc.
- Clothing items, electric heaters, coffee pots, or items for the personal use of the employee, even if used in the classroom or office.
- Gift cards for personal use. (See Pooling Contributions.)

POOLING CONTRIBUTIONS

- Advisory Opinion No. 2011-12 – “Apparently in many school systems, it is common practice for the PTA or classroom mother to collect a small amount of money from each student and pool toward the purchase of one gift card....Allowing this would allow the class to give a little more substantial gift to the teacher, while maintaining the de minimis value of each specific contribution from the students...To allow this, however, the school board must have a policy setting this out.”

FREE TICKETS

- The new Ethics Law defines tickets to sporting events as things of value. Therefore, free tickets to sporting events can no longer be accepted by public officials or public employees...State Superintendents, State Legislators and State Senators are public officials, as previously defined. The only time public officials and public employees may receive free tickets to sporting events is if they are attending in their official capacity.... (Ethics Commission Director to Mr. Steven P. Savarese on June 15, 2011)

FREE ADMISSION FOR EMPLOYEES

- Tickets to athletic events may only be given to faculty, staff and administration of a particular school. Under this new section, the Board of Education, therefore, may not provide City employees, the Mayor or the City Council members with passes to school events...tickets may only be given to faculty, staff and administration.... (Ethics Commission General Counsel to Mr. Jim Kirkland on July 13, 2011)
- [The school board may approve the issuance of free tickets for employees who work at a different school in the system.]

ETHICS – SPONSORED EVENTS

- Public officials/public employees may not participate (unless they pay for their participation just as the general public would) in strictly social events such as golf tournaments, unless the event is part of an educational function, widely attended event or economic development function, etc., and is not, and cannot reasonably be perceived as a subterfuge for a purely social, recreational or entertainment function.

ADDITIONAL PAY FROM BOOSTERS

- A High School Coach may not receive a salary supplement in the form of cash or anything else of value from a Booster Club or other group, in addition to salary and supplements paid by the Board of Education, except as otherwise provided by law or as provided pursuant to a lawful employment agreement regulated by agency policy. [Ethics Commission Advisory Opinion 96-121]

CLOTHING FOR COACHES

- Coaches may accept clothing items purchased by the Athletic Booster Club for use in their capacity as a coach; provided, the school system has a policy which regulates this. In other words, the school system must know of the activity, must approve the activity and must be able to oversee what it is the coaches are getting...

FREE TRIP FOR TEACHER

- Teachers may accept an expense paid trip to Washington, D.C. while serving as chaperones for students on a Board-sanctioned event; provided, the School System determines which employees will attend the event as chaperones, and that the School Board employees did not solicit students to participate in the event, as the number of students participating dictates the number of free trips offered to chaperones.

PERSONAL USE

- No public official or public employee shall use or cause to be used equipment, facilities, time, materials, human labor, or other public property under his or her discretion or control for the private benefit or business benefit of the public official, public employee, any other person, ... which would materially affect his or her financial interest, except as otherwise provided by law or as provided pursuant to a lawful employment agreement regulated by agency policy.

SUPERVISOR - SUBORDINATES

- No public official or public employee shall, other than in the ordinary course of business, solicit a thing of value from a subordinate or person or business with whom he or she directly inspects, regulates, or supervises in his or her official capacity.
- “In the case presented to the Ethics Commission, it would clearly violate the Ethics Law for an assistant principal to sell Tupperware products to the school or through the school where she will be making a profit from the sales.”
Ethics Commission Advisory Opinion 95-91

CONFLICT OF INTEREST

- A conflict of interest involves any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family members or any business with which the person is associated in a manner different from the manner it affects the other members or the class to which he or she belongs.

REPORTS OF VIOLATIONS

- Every governmental agency head shall within **10 days** file reports with the commission on any matters that come to his or her attention in his or her official capacity which constitute a violation of this chapter.
- Governmental agency heads shall cooperate in every possible manner in connection with any investigation or hearing, public or private, which may be conducted by the commission.

CHART OF ACCOUNTS

- A complete listing of coding components can be found in the Accounting Manual at www.alabamaachieves.org under Teachers & Administrators / LEA Accounting / Accounting Manual
 - Also available in Microsoft TEAMS.
- The accounting manual is continually updated.
- A new accounting manual should be printed annually to coincide with the preparation of the original budget.
- A list of changes (Accounting Manual Changes) is provided on the website.

THE COMPONENTS OF THE SYSTEM

- XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
- 27 digits
- 9 components

1.Fund Type/
Account Group
2.Account Type
3.Account Code
4.Object Code

5.Cost Center
6.Fund Source
7.Appropriation Year
8.Program Code
9.Special Use

I. FUND TYPES/ACCOUNT GROUPS

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

■ A. Fund Types

■ Governmental fund types

- 11 – General Fund
- 12 – Special Revenue Fund
- 13 – Debt Service Fund
- 14 – Capital Projects Fund

■ Proprietary fund types

- 21 – Enterprise Fund
- 22 – Internal Service Fund

■ Fiduciary fund types

- 31 – Non-expendable Trust
- 32 – Expendable Trust
- 38 – Payroll Clearing
- 39 – A/P Clearing
- 40 – Other Agency

■ B. Account Groups

- 88 – General fixed assets
- 89 – General long term debt

GOVERNMENTAL FUND TYPES

- These fund types are the segment of the system through which most school system expenditures are typically financed.
- The main focus is to record changes caused by receipt of revenue and expenditure of resources, not to determine net income or loss.

GOVERNMENTAL FUND TYPES

- Fund Type 11 - General Fund - Most State funds (Foundation program) and General Local funds are accounted for in Fund Type 11.
- Fund Type 12 - Special Revenue Fund - Most Federal funds and Local School Public funds are accounted for in Fund Type 12.

GOVERNMENTAL FUND TYPES

- Fund Type 13 - Debt Service Fund - Accounts for the accumulation of resources for the payment of general long-term debt, both principal and interest.
- Fund Type 14 - Capital Projects Fund - accounts for the financial resources used to acquire or construct major capital facilities other than those of proprietary and trust funds.
- Fleet Renewal (1320) and Capital Outlay (2120) must be included in either Fund Type 13 or 14.

PROPRIETARY FUND TYPES

- Proprietary funds are used to account for school system activities that are similar to business operations in the private sector.
 - The reporting focus is on determining net income, financial position and cash flows.
 - The activity is intended to be self supporting.
- Fund Type 21 - Enterprise Fund - Accounts for operations that are meant to be financed and operated similar to business operations.
- Fund Type 22 - Internal Service Fund - Accounts for operations that provide goods and services to other school system functions through user charges.

FIDUCIARY FUND TYPES

- Accounts for assets held by the school system in a trustee capacity for individuals, private organizations, other governmental units and/or other fund types.
- Includes non-expendable trust (31) and expendable trust (32) as well as agency funds such as clearing accounts.
- Non-public Local School funds are accounted for in Fund Type 32.

ACCOUNT GROUPS

- Are not funds and do not report operations since they do not contain revenue and expenditure accounts.
- Simply lists the accumulated cost/values of fixed assets and obligations of long-term debt of the school system.
- Changes to these account groups are disclosed in the notes to the financial statements.
- 88 – General Fixed Assets
- 89 - General Long-term Debt

ACCOUNT TYPE COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- Used along with the account code to identify the five major account types
 1. Assets
 2. Liabilities
 3. Fund Equity
 4. Revenues
 5. Expenditures

ACCOUNT CODE COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- Provides the ability to specify the specific balance sheet account, revenue source or function of expenditure.
- Balance sheet account ranges:
 - Assets 0100 - 0199
 - Liabilities 0200 - 0299
 - Fund equity 0300 - 0399

ACCOUNT CODE COMPONENT

- Revenue account code ranges:
 - State funds 1000 - 2999
 - Federal funds 3000 - 5999
 - Local sources 6000 - 7999
 - Other sources 8000 - 8999
 - Other financing sources 9000 - 9999

ACCOUNT CODE COMPONENT

- Function of expenditure code is used when coding expenditures of funds to identify the activity being performed for which a service or material object is acquired.
- Think of the function code as telling you what you are doing.
- The emphasis should be on the activity being performed, not the program receiving the benefit.

ACCOUNT CODE COMPONENT

- Function of expenditure ranges
 - Instructional Services (1100)
 - Instructional Support Services (2110 – 2390)
 - Operation & Maintenance Services (3100 – 3900)
 - Auxiliary Services (4110 – 4290)
 - General Administrative Services (6110 – 6910)
 - Capital Outlay – Real Property (7100 – 7900)
 - Debt Service – Long Term (8100 – 8900)
 - Other Expenditures (9110 – 9800)
 - Other Fund Uses (9910 – 9990)

ACCOUNT CODE COMPONENT

- If the expenditure is providing instructional services, use 1100.
 - Athletic expenses (i.e. coaching supplements, football helmets, etc.) are considered to be allowable instructional costs.
- Instructional support (2xxx) are services such as guidance, testing, professional development, and school administration.
- Auxiliary Services include transportation (41xx) & food service (42xx).
- Other Expenditures include adult/continuing education (91xx), non-public school (9200), and other non-regular day school expenditures.
 - Specific codes are available for detailed types of services.

OBJECT CODE COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- Object of expenditure code is used to identify the service or commodity obtained as the result of the expenditure.
- Think of the object code as telling you what you are receiving.
- Object codes are grouped by major object groups to facilitate finding the proper code.
- Items with “*” are provided for systems who wish to use a greater level of detail than what is required by the state.
- Unless a code has an “*” next to it, you **MUST** use the lowest level of detail available.

OBJECT CODE COMPONENT

- Object Code ranges
 - Salaries (010 – 199)
 - Certificated (010 – 099)
 - Support (101 – 199)
 - Benefits (210 – 290)
 - Purchased Services (310 – 399)
 - Materials and Supplies (410 – 499)
 - Capital Outlay (511 – 590)
 - Other Objects (611 – 704)
 - Other Fund Uses (910 – 969)

5. COST CENTER COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- The cost center code is used to identify specific units for budgeting revenues and expenditures, accumulating transactions, and identifying financial resources designated for a particular unit.
- Most revenues do not have to be identified to a particular cost center. There are exceptions, such as local school revenues and CNP revenues.
- All school sites in the state have a state assigned cost center number.
- When possible, expenditures are to be charged directly to the appropriate cost center. If this is not feasible, cost center pools are available.
- Non-regular instructional costs should be charged to the cost center codes provided for these activities.

6. FUND SOURCE COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- This is the component of the system that is used to maintain fund accounting.
- The fund source tells you where you are getting the funds to finance the expenditure.
- Financial statements must be produced by fund source for accountability purposes, as well as to produce statements in accordance with GAAP.
- Most fund sources have a corresponding revenue source, however, in some cases, such as local revenues and some state revenues, several revenue sources may be accounted for in one fund source.
- The accounting manual lists the appropriate fund type to be used with each fund source.

FUND SOURCE COMPONENT

- Fund Source ranges
 - State Sources (1110 – 2901)
 - Federal Sources (3210 – 5991)
 - Local Sources (6001 – 7910)
 - Other Sources (8001 – 8998)
 - Other Financing Sources (9010 – 9910)

- The fund source is also used to provide information regarding allowability of costs for various state and federal funds.

7. APPROPRIATION YEAR COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- Used to identify the grant/appropriation year that applies to the transaction.
 - 0 - Current year funds
 - 1 - Carryover funds
 - 2 – July to September Federal Appropriations
 - 9 – Prior Year State Appropriation Encumbrances

8. PROGRAM CODE COMPONENT

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXXX-XXXX

- This is one of the most important components of the system.
- Allows the charging of expenditures directly to the benefiting program, such as elementary, secondary, vocational, or special education.
- If you consider the function as telling you what service you provided, then the program code tells you who or what you provided it to.
- Grade-level and subject program codes are available if an LEA wishes to use that much detail.
- When it is impractical or impossible to identify the specific program(s) benefiting from a particular expenditure, program pools may be used.
- The use of pools should be limited because when the cost of programs is calculated, pooled costs cannot be easily included.

PROGRAM CODE COMPONENT

■ Program Code Ranges

- Instructional Programs (1100 – 5900)

 - Regular Education (1100 – 1900)

 - Special Education (2200 – 2900)

 - Vocational/Technical Education (3500 – 3800)

 - Non-Regular Day School Instructional Programs (4110 – 5900)

- Program Pools (8100 – 8699)

- Non-Instructional Programs (9100 – 9992)

8. PROGRAM CODE COMPONENT

■ Examples:

- In a school which includes grades 6, 7, & 8, costs should be split, with the 6th grade charged to 1200 and 2300, and the 7th & 8th charged to 1500 and 2400.
 - This is important in the preparation of excess cost reports because you must meet the requirements based on these grade levels.
- The salaries for janitorial workers at a K-12 school. Since it would be impractical to charge the salaries to all the programs in this school, (kindergarten, elementary, secondary, special education, vocational education, and food services), use the operations and maintenance program pool.

9. SPECIAL USE CODE

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- Provides specific identification not provided within other components and allows for further subdivision of costs.
- State Dept. of Education 0001 – 0099
 - Classroom Instructional Support 0001- 0019
 - Matching 0020 – 0049
 - State Special Use 0050 – 0099
- LEA School System 0100-9999
 - LEA's Use 0100-6999
 - Local School Accounting Activity Codes 7000-7999
 - Interfund Receivable/Payable 8000-8999
 - Payroll Deduction Designator 9000-9999
- The default for this component is 0000, because it is the only component that is not required for all expenditures.

FUNCTION / OBJECT / PROGRAM

XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

- **Function Codes** – Describe the activities being performed.
What is being done?
- **Object Codes** – Identify the service or commodity obtained. What are you paying for?
- **Program Codes** – A plan of activities or procedures designed to accomplish a predetermined objectives. Who or what you are providing it to?

CODING EXPENDITURE TRANSACTIONS

- All components are REQUIRED except special use.
- All expenditures are account type 5.
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
- Determine the fund source to use to pay the expense.
 - XX-X-XXXX-XXX-XXXX-XXXXX-X-XXXX-XXXX
- This will determine the fund type.
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

CODING EXPENDITURE TRANSACTIONS

- The function code will be selected by asking “what service is being performed?”
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
 - EX: instruction, administration, transportation, food service, etc.
- Choose the object code by asking “what is being received by this transaction?”
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
 - EX: personnel costs, benefits, materials and supplies, equipment, etc.

CODING EXPENDITURE TRANSACTIONS

- Select the cost center receiving the benefit of this expenditure.
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
 - If it is system-wide or non-instructional in nature, a cost center pool may be appropriate.
- Choose the appropriation year based on which year's appropriation is being used.
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX

CODING EXPENDITURE TRANSACTIONS

- Determine the program code by asking “who is receiving the service or materials being provided?”
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
 - EX: grade level, special education, program pool, non-instructional
- Use a special use code if necessary.
 - XX-X-XXXX-XXX-XXXX-XXXX-X-XXXX-XXXX
 - Use special use codes to identify classroom instructional support items, matching expenditures, and other detail not provided earlier.

WHY DOES THE CODING MATTER?

- Automation of reports such as excess cost & special education maintenance of effort
 - Software has been developed to pull excess cost data directly from the GPFS file.
 - Will be looking at other reports and uses that can be automated as data becomes more consistent.
- Verification of indirect cost plans
- Answers to requests from legislators regarding how appropriated funds were used.
- Submission of statewide reports to federal agencies
 - EX: National Public Education Finance Survey - used to compare and rank states on several education spending scales.
 - Current Expenditures per Student - determines the amount of federal funds awarded to the state and is used as the standard scale for comparing systems and states.

WHY DOES THE CODING MATTER?

- Calculation of Mills Equivalent for the Report Card and the value of 10 mills for the Foundation Program.
- Report Card also includes information regarding percentages expended for major function groups.
- Determining the cost of the foundation program.
- Research on funding and adequacy and equity issues:
 - How do different systems achieve varying results with similar amounts of funds?
 - Do differences in spending patterns affect student achievement?
- COMPLIANCE!!!!!!
 - Foundation Law
 - Program Compliance (Federal + State)
- Quicker Financial Statement approval

SDE UPLOADS



MONTH-END FILE SUBMISSION

- Financial File must be uploaded to the ALSDE through the AIM Portal within 45 days of month end.
- During the extract process, the bank reconciliation verification box should be checked if the bank statements for that period have been reconciled.
- Posting of Financial Information to Local Internet Site
 - Required monthly reports must be posted to the local internet site no later than 45 days after the end of the reporting period.
- Helpful tip – An edit report for coding is generated with the monthly submission. Correction of these edits during the year means fewer coding edits at year-end.

FISCAL ACCOUNTABILITY ACT

■ Additional Posting Requirements

- In FY2010, the requirement to post a monthly check register was added to the Apportionment of Funds rule.
- For Harris software users, the specific check register report is located in the Application Center of your accounting software.

CHECK REGISTER ACCOUNTABILITY REPORT

07/01/2017 - 07/31/2017

Check Number	Vendor Name	State Fund Amount	Federal Fund Amount	Local Fund Amount	Description
14002	CENTRAL PAPER COMPANY	\$0.00	\$1,094.44	\$0.00	FOOD SERV SUPPLIES;EQUIP REPAIR & MAINT
14003	Wayne Terrell	\$0.00	\$150.00	\$0.00	OTHER PURCHASED SERV
14004	Acclaim Industries, LLC	\$0.00	\$3,528.32	\$0.00	OTHER PURCHASED SERV
14005	Norris Building Company, INC.	\$0.00	\$97,043.45	\$0.00	BUILDING IMPROVEMENT
14006	ROYAL OFFICE EQUIPMENT CO.,INC	\$0.00	\$492.39	\$0.00	EQUIP MAINT AGREEMTS
14007	U. S. POSTMASTER	\$0.00	\$2,450.00	\$0.00	POSTAGE
14008	HumiTEC Corporation	\$0.00	\$1,188.00	\$0.00	OTHER PROPERTY SERV
14009	VERIZON WIRELESS	\$0.00	\$98.77	\$0.00	TELEPHONE
14011	Monica Bass Lunchroom MGR	\$0.00	\$50.00	\$0.00	CHANGE CASH
14012	MERITA PEEK	\$0.00	\$25.00	\$0.00	CHANGE CASH
14013	ACBOE TRANSPORTATION DEPARTMEN	\$0.00	\$361.01	\$0.00	FUEL-GASOLINE
14014	Teri Pearson	\$0.00	\$80.00	\$0.00	CHANGE CASH
14015	CHICK-FIL-A	\$0.00	\$335.00	\$0.00	OTH TRAVEL AND TRNG
14016	Sherry Griffith	\$0.00	\$50.00	\$0.00	CHANGE CASH
14017	Wayne Terrell	\$0.00	\$437.50	\$0.00	OTHER PURCHASED SERV
14018	Tracy White	\$0.00	\$25.00	\$0.00	CHANGE CASH
14019	Gina Moore	\$0.00	\$75.00	\$0.00	CHANGE CASH
14020	Artennia Williams	\$0.00	\$50.00	\$0.00	CHANGE CASH
14021	Cindy Terrell	\$0.00	\$725.00	\$0.00	CHANGE CASH
14022	Ingrid Emerson	\$0.00	\$50.00	\$0.00	CHANGE CASH
14023	Mary Oates	\$0.00	\$100.00	\$0.00	CHANGE CASH
14024	June Worley	\$0.00	\$25.00	\$0.00	CHANGE CASH
14025	Theresa Gentry	\$0.00	\$25.00	\$0.00	CHANGE CASH
14026	Gornie Regan Associates, Inc.	\$0.00	\$336.00	\$0.00	SOFTWARE MAINT AGREE
14027	Breakout Montgomery	\$0.00	\$350.00	\$0.00	OTHER PURCHASED SERV
14028	Cline Tours, Inc.	\$0.00	\$1,450.00	\$0.00	OTH TRAVEL AND TRNG
14029	Jenny Nolen, LLC	\$0.00	\$2,925.00	\$0.00	OTHER PURCHASED SERV
14030	Delilah Simpson	\$0.00	\$18.97	\$0.00	DEFERRED REVENUE
14031	Hollie Davis	\$0.00	\$11.70	\$0.00	DEFERRED REVENUE
14032	UNITED REFRIGERATION, INC.	\$0.00	\$958.77	\$0.00	MAINTENANCE SUPPLIES
14033	AUTAUGA HOME SUPPLY, INC.	\$0.00	\$453.80	\$0.00	MAINTENANCE SUPPLIES
14034	ROYAL OFFICE EQUIPMENT CO.,INC	\$0.00	\$692.10	\$0.00	EQUIP MAINT AGREEMTS
14035	WITTICHEN SUPPLY CO	\$0.00	\$930.63	\$0.00	MAINTENANCE SUPPLIES

CHECK REGISTER ACCOUNTABILITY REPORT

05/01/2023 - 05/31/2023

Description	State Fund Amount	Federal Fund Amount	Local Fund Amount
ACCOUNTING	\$0.00	\$0.00	\$3,508.00
ADVERTISING	\$0.00	\$0.00	\$362.50
BANK SERVICE CHARGES	\$0.00	\$0.00	\$1,650.00
BLDGS-CONSTRUCTED	\$0.00	\$0.00	\$17,864.71
BUILDING IMPROVEMENT	\$0.00	\$0.00	\$4,186.55
COMPUTERS	\$0.00	\$2,481.83	\$0.00
Contracted Substitute	\$150,238.93	\$71,514.79	\$22,168.74
CUSTODIAL SUPPLIES	\$0.00	\$0.00	\$563.73
Default Object Value	\$0.00	\$1,393.74	\$94,061.32
ELECTRICITY	\$0.00	\$0.00	\$179,978.51
EQUIP MAINT AGREEMTS	\$0.00	\$1,837.14	\$1,553.94
EQUIP REPAIR & MAINT	\$858.13	\$4,981.39	\$710.00
FOOD PROCESSING SUPP	\$0.00	\$18,597.35	\$0.00
FOOD SERV SUPPLIES	\$0.00	\$7,537.53	\$0.00
FREIGHT AND SHIPPING	\$0.00	\$201.94	\$0.00
FUEL-DIESEL	\$45,050.87	\$0.00	\$0.00
FUEL-GASOLINE	\$15,114.25	\$0.00	\$0.00
GARBAGE AND WASTE	\$0.00	\$1,027.97	\$0.00
INSTRUCTIONAL EQUIP	\$2,307.34	\$156,319.14	\$1,300.00
INSTRUCTIONAL SOFTWA	\$0.00	\$4,545.00	\$0.00
INSURANCE SERVICES	\$1,000.00	\$0.00	\$350.00
LAND & BLDG REPAIR/M	\$0.00	\$0.00	\$18,646.80
LEGAL FEES	\$0.00	\$0.00	\$5,140.00
LICENSE FEES	\$38,119.20	\$0.00	\$51,118.34
LOCAL DISTRICT	\$0.00	\$1,328.61	\$2,604.22
MAINTENANCE SUPPLIES	\$0.00	\$0.00	\$18,554.84
MEDICAL/HEALTH SERVI	\$0.00	\$0.00	\$1,729.60
NON-CAPITALIZED AUDI	\$983.52	\$0.00	\$0.00
NON-CAPITALIZED FURN	\$1,142.53	\$72.59	\$2,188.40
NON-INST EQUIPMENT	\$0.00	\$1,359.90	\$0.00
NON-INSTRUCTIONAL	\$1,140.00	\$8,561.06	\$0.00
OFFICE SUPPLIES	\$280.60	\$597.01	\$1,436.51
OIL AND LUBRICANTS	\$5,038.08	\$0.00	\$0.00

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LEA FISCAL ACCOUNTABILITY

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LEA FISCAL ACCOUNTABILITY

EMPLOYEE LEAVE LAWS

- Employee Leave Laws – This document contains a summary of employee leave laws for Alabama public school employees. Included with applicable legal opinions, the summary includes sick leave, personal leave, sick leave banks, catastrophic sick leave, on-the-job injury, leave of absence, vacations, military leave, and military leave differential pay for employees activated for the war on terrorism
- Implementing the Military Leave Bill – This document explains the requirements for the employee and LEA when an employee is activated for the War on Terrorism.
- Implementing the Military Leave Form 2 – This form is to be used by a local board of education to obtain certification by the Alabama Adjutant General that an employee's active military service qualifies for military leave differential pay.

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LEA FISCAL ACCOUNTABILITY

STATE BOARD LAWS

- Apportionment of Funds FY2024 – The Alabama Board of Education approved the revised rules for the allocation of Foundation Program, Transportation, Public School Fund (Capital Purchases), and At-Risk state funds appropriated by the Alabama Legislature for the 2023-2024 fiscal year. The rules include guidance related to salary payments to teachers.
- Apportionment of Funds FY2023 – This document includes the Alabama Board of Education rules for the allocation of the Foundation Program, Current Units, Transportation, Public School Fund (Capital Purchases), and At-Risk funds appropriated by the Alabama Legislature for the 2022-2023 fiscal year. The rules include guidance related to salary payments to teachers. The Alabama Board of Education approved the revision to the Foundations Program funds rule.
- Education Accountability – The State Board of Education adopted rules for meeting the requirements in the Education Accountability Law and the School Fiscal Accountability Law. The Education Accountability Law includes the authority for state intervention and control of school board operations for academic, financial, and safety reasons.

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LEA FISCAL ACCOUNTABILITY

STATE ALLOCATIONS

- **State Guide to Allocations 2023-2024** – This document explains the calculations of state funds for Alabama school boards for the 2023-2024 fiscal year allotment of funds provided by the Education Trust Fund Appropriations Act No. 2023-379
- **State Guide to Allocations 2022-2023** – This document explains the calculations of state funds for Alabama school boards for the 2022-2023 fiscal year allotment of funds provided by the Education Trust Fund Appropriations Act No. 2022-393

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LEA FISCAL ACCOUNTABILITY

WARRANT INFORMATION

- WARRANT INFORMATION – SHORT-TERM LOANS
- Resolution – This document may be used as a template for a local board of education to approve a current loan or line of credit to obtain the funds needed to pay current operating expenses.
- Short Term Loans – A local board of education may borrow funds to pay current expenditures with a current loan or line of credit in accordance with the requirements of state laws found in Section 16-13-145 of the Code of Alabama.
- WARRANT INFORMATION – WARRANTS
- ALSDE Application – Application for Issuance of Warrants

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LEA FISCAL ACCOUNTABILITY

CSFO & FISCAL ACCOUNTABILITY

CSFO AND FISCAL ACCOUNTABILITY – BONDS

- Bond Requirements for School Systems – This document provides information for the bonding of school board employees.
- Public Official Bonding Instructions – This document contains the instructions for meeting the filing requirements for the bonds of superintendents and chief school financial officers.

CSFO AND FISCAL ACCOUNTABILITY – CSFO

- Certified Chief School Finance Officers – This document lists the chief school financial officer for each Alabama school board
- Chief School Finance Officers – The State Board of Education adopted rules requiring each local board of education to have a chief school finance officer. These rules establish professional and educational requirements for new chief school finance officers and require all chief school finance officers to complete a certification program.
- CSFO – Summary – This form is required for the State Superintendent’s approval of employee dishonesty bonds for superintendents and chief school financial officers.

ALSDE WEBSITE LEA FISCAL ACCOUNTABILITY LOCAL SCHOOLS

LOCAL SCHOOLS – AUDITS

- Audit Findings – This document contains findings and recommendations for corrective actions from the audit reports of Alabama school boards.

LOCAL SCHOOLS – PROCEDURES

- Local School Financial Procedures – The Financial Procedures for Local Schools was approved by the State Board of Education on June 10, 2010.

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LEA FISCAL ACCOUNTABILITY

BID LAW & PURCHASING

■ BID LAW AND PURCHASING – BID LAW

- Procurement for Federal Program Directors – The issues involving expenditures of federal funds for goods and services are addressed in this presentation. Complying with federal procurement requirements while also following purchasing requirements in state laws are explained with example transactions
- Act No. 2016-298 Bid Law Changes – This document contains the changes to the Alabama Competitive Bid Law for School Boards.
- Competitive Bid Laws for School Boards – This document contains a summary of bid laws related to competitive bidding by local boards of education.
- Links to Approved Purchasing Cooperatives – This document contains the listing of national purchasing cooperatives approved for Alabama schools with imbedded links to the cooperative websites.
- New Bid Law – The competitive bid laws for Alabama city and county boards of education are re-located to Title 16 effective August 1, 2009.

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LEA FISCAL ACCOUNTABILITY

BID LAW & PURCHASING

■ BID LAW AND PURCHASING – PUBLIC WORKS

- Public Works Definitions – This section of the Public Works Law provides a definition of “public works”.

■ BID LAW AND PURCHASING – PURCHASING CARDS

- Purchasing Card Guidelines – The Purchasing Card Program for Alabama Teachers provides a diminishing limit purchasing card for teachers to use for student classroom materials, supplies, and equipment. A local board of education can choose to use purchasing cards with the internal controls discussed in these guidelines.
- Purchasing Card Guidelines for LEA Employees – Purchasing cards can be a cost-effective method of purchasing that tracks expenditures to individuals who purchase items for school board operations and capital uses. A local board of education that chooses to use purchasing cards should establish internal controls that are discussed in these guidelines.

ALSDE WEBSITE LEA FISCAL ACCOUNTABILITY TAX STATUS & ACA

STATE AND LOCAL FUNDING – TAX STATUS

- Affirmation of Tax-Exempt Status – The IRS will provide a “government affirmation letter” free of charge. This letter may be of assistance when you are asked to provide a tax-exempt number.

AFFORDABLE CARE ACT

- Affordable Care Act (ACA) Reporting Presentation – The handout from the AASBO presentation on 9/18/2017. Includes information related to the NextGen input needed to prepare the reports and reporting information required by the healthcare law.
- Affordable Care Act Presentation – The handout from the AASBO presentation on 9/16/2015. Includes background information on the healthcare law and updated information on the software information requirements and reports.

ALSDE WEBSITE LEA ACCOUNTING

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- Indirect Cost

■ 2023

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■ Accounting Manual

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Superintendent's Corner

Superintendent's Corner

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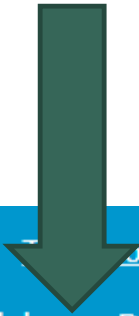
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SALES TAX EXEMPTION

■ Code of Alabama 40-23-4 EXEMPTIONS

■ (a) There are exempted from the provisions of this division and from the computation of the tax levied, assessed, or payable under the division the following:

■ (15) The gross proceeds of **the sale or sales of tangible personal property to county and city school boards within the State of Alabama**, independent school boards within the State of Alabama, all educational institutions and agencies of the State of Alabama, the counties within the state, or any incorporated municipalities of the State of Alabama, and private educational institutions operating within the State of Alabama offering conventional and traditional courses of study, such as those offered by public schools, colleges, or universities within the State of Alabama; but not including nurseries, day care centers, and home schools.



VERNON BARNETT
Commissioner

State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

JOE W. GARRETT, JR.
Deputy Commissioner
CURTIS E. STEWART
Deputy Commissioner
BRENDA R. COONE
Deputy Commissioner
MICHAEL D. GAMBLE
Deputy Commissioner

October 22, 2018

Boaz City Board of Education
Attn: Becky Smith
126 Newt Parker Drive
Boaz, AL 35957

To Whom It May Concern:

Subject: **Alabama Sales Tax Exemption**

In response to your request for an Alabama Sales Tax Certificate of Exemption, please be advised that Alabama public schools are specifically exempt from the payment of Alabama sales tax. This exemption is found in **Section 40-23-4(a)(15), Code of Alabama 1975** as amended, and is further explained in Sales & Use Tax Rule 810-6-3-.47.04, a copy of which is enclosed for your convenience.

Since a specific exemption is provided by law, a certificate of exemption is not needed. When making purchases of tangible personal property for Boaz City Board of Education you may furnish your supplier with a copy of this letter.

Although this letter provides the current opinion of the Sales and Use Tax Division regarding this matter, it is not an official revenue ruling in accordance with Section 40-2A-5, Code of Alabama 1975. Consequently, it is not legally binding on the Department of Revenue and the State.

If you should have any questions, please do not hesitate to contact me at (334) 353-9680.

Sincerely,

Vince P. Arnold
Revenue Manager

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-3-.47.06. Public Schools, Public School Principals or Teachers, Etc., Sales to.

(1) Sales of tangible personal property to public schools or for use therein shall not be subject to tax under the following circumstances:

(a) Where the property is sold pursuant to the purchase order issued by the State of Alabama or a county or city of the state or any instrumentality thereof.

(b) Where the property is sold pursuant to a certificate as provided for by Sales and Use Tax rule 810-6-3-.47.04 entitled Sales to Public Schools.

(c) Where the property is sold for use in school lunchrooms in preparing meals to be sold to school children in school buildings, not for profit.

(d) Where the property sold is for resale in the school to students for consumption on the school premises or for use in the preparation of lessons and where the sales are made under the supervision and control of the school principal and with no profit to any individual.

(e) Where purchases of items for resale through fund raising projects are made by organizations such as Beta Clubs, Hi-Y Clubs, band clubs, athletic clubs, civic clubs, and class organizations under the control and supervision of the administrative head of the school. (State of Alabama v. Monk and Associates, Inc.)

(2) Vendors making sales to public school principals or teachers must treat as subject to sales tax any sales of property for the private and personal use of any individual except as noted above.

(3) Vendors making sales to students for their personal use cannot claim exemption even though such sales may be made through the school principal or a teacher or an organized group affiliated with the institution.

(4) The records to be maintained by vendors making sales to public school principals in order to establish an exemption under this rule shall include a copy of the vendor's invoice giving the name of the school, the name of the principal, and a description of the goods; provided, it will not be necessary to have the principal sign the purchase order where delivery is made to a school lunchroom or to a school supply store regularly making purchases of property exempted under this rule. It is further provided that a signed purchase order alone will not guarantee exemption to a vendor where the goods sold would not customarily be used for educational purposes. In instances of such sales, the vendor must be prepared to prove that the goods were used in connection with a recognized and approved public school program under the supervision and control of the school officials.

(5) Examples of vendors' sales which would not be subject to sales tax:

(a) Sales of food or supplies to school lunchrooms.

(5) Examples of vendors' sales which would not be subject to sales tax:

(a) Sales of food or supplies to school lunchrooms.

(Continued)

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-3-.47.06. (Continued)

(b) Sales of cold drinks, milk, ice cream, and school supplies to an established school supply store operated under the supervision and control of the school principal.

(c) Sales of classroom supplies to a principal or teacher pursuant to properly executed purchase orders signed by the administrative head of the school.

(d) Sales of fuel delivered to a public school for school use.

(6) Examples of vendors' sales which would be subject to sales tax:

(a) Sale of desk set to a principal for his personal use.

(b) Sales of class rings to students, either directly to the students or through a teacher or school organization.

(c) Sales of school photographs either directly to students or to students through a teacher or a school organization.

(d) Sales of sweaters and jackets to students either directly to students or to students through a teacher or a school organization.

(7) Such property listed in paragraph 6(b) through 6(d) is not school property and is not used for school purposes, but becomes solely the property of the student who ultimately pays for the item. (Hibbett Sporting Goods, Inc. v. State of Alabama.) (Section 40-23-4(a)(11)) (Amended October 29, 1976, readopted through APA effective October 1, 1982)

QUESTIONS?

■ Sonja Peaspanen

■ speaspanen@alsde.edu