

Iowa State University Extension and Outreach, Polk County 4-H Club Accounts Transition to County Operating Fund

Frequently Asked Questions

A. Purpose and Benefits

- 1. With 4-H club accounts managed within the extension operating fund, how does that generate a positive public perception?**

All funds managed within the extension operating fund have the same expectation for record retention, separation of duties, reporting, signature, publication, auditing, bonding, fiscal oversight and code compliance. With this level of checks and balances, revenues and expenditures have an increased level of meeting the definition of “public good” and proper fiduciary responsibility.

- 2. How does this change reduce risk for clubs?**

Extension maintains fiscal policy guidelines that require documentation and all funds are audited by the state annually. Club leaders who receive reimbursements will have segregated duties to assist them in oversight. Staff and council are bonded through our insurance provider. The extension council reviews all reports and approves all expenditures. The level of oversight is the important action.

- 3. I am concerned about the changes to the role of the treasurer. Can you provide some insight into their role under this new system?**

Though 4-H club treasurers will no longer physically write checks, they still play a very important role in their club. They will communicate to the county extension office when checks are needed, deposit funds with the extension office, manage the club budget, maintain records, hold fundraisers, review monthly statements and present those statements to their club. Extension, its volunteers and families will develop a stronger relationship with increased and improved communication.

We are TRAINING them for future employment; employees very seldom have access to money transfer operations; employees have processes to follow for invoicing, collections and recordkeeping. Extension staff will work quickly to present checks to clubs in a timely manner.

- 4. Are donations to 4-H clubs and money earned through club fundraising public or private dollars?**

The funds raised by or donated to a 4-H club are restricted in use; they must be used by the club. Extension councils and staff will hold the funds raised or donated to a club for the club’s exclusive use. Public Funds, as defined in Chapter 12C.1 of Iowa Code, are those funds owned by a public entity such as a county extension district. This includes both tax and non-tax monies. All monies generated by users of the district entity are owned by the district, not the user, and are under the control of the county extension council.

All public funds are the legal responsibility of the extension council. Legal responsibility assigned by law cannot be transferred by extension council action. All public funds have the same legal requirements for accounting, reporting, auditing, proper signatures, segregation of duties, publishing, bonding, investing and uniform financial accounting procedures.

B. Procedure/Process

1. Will extension provide training to volunteers, 4-H members and families about fiscal policy and how to interpret reports?

Yes, extension staff will provide training to all 4-H club leaders, club officers, 4-H members and families who wish to learn more about the financial management of club funds. The training will be an opportunity to increase the knowledge and skills of youth in the areas of budgeting, interpretation of reports and fiduciary responsibilities, which will benefit them throughout life.

2. How does a club close its checking account and turn in its funds to the extension office?

Funds may be turned in at any time. The deposit will be receipted at the office and please keep that receipt for your records. The account for your club will be credited the funds when they are deposited.

Once all deposits and checks have cleared the club bank account, then bring 100 percent of the remaining funds to the county extension office to be deposited in the club's county account and close your old account at the bank. A copy of the final bank statement indicating the closing of the account should be submitted with the deposit.

3. Will our club or a new club need an EIN (Employer Identification Number)?

No, when funds are managed by an extension council, clubs will no longer need an EIN number and they will not maintain a signature card at the bank.

4. Do I need to cancel or close the club's current EIN account?

The IRS cannot cancel your Employer Identification Number (EIN). Once an EIN has been assigned to a business entity, it becomes the permanent Federal Taxpayer Identification number for that entity

5. Can extension issue the club its own credit or debit card?

Use of a debit card for paying expenditures is **not allowed** under Iowa Code Section 176A.8.11, which requires district funds to be disbursed by the treasurer on vouchers signed by its chairperson, secretary or other council members and approved by the extension council and recorded in its minutes. Credit card use is allowed by the extension council only for paid employees. The extension council sets limits and conditions on its use and required documentation.

6. What forms of documentation are necessary for extension to write a check and/or receive a deposit?

There may be several steps to document a transaction. When dropping off funds for deposit, use the deposit form provided. This form insures we have the club name, the name of the person dropping off the funds, an itemized list of how you collected the funds if you want that information reflected on your financial report and will need to be signed by 2 unrelated individuals. We will count the funds in your presence and then write a receipt that you will sign. A copy is given to the person bringing in the funds and extension retains a copy.

To ask for payment or request a payment on behalf of a club, use the voucher request form and attach the receipt. A copy of the receipt is acceptable. You may send the voucher request/receipt to the extension office electronically by email, fax, in person or by postal mail. The expense

receipt is maintained as permanent record with extension. Please include the name and contact information of the person making the request. Extension may contact the club leader by telephone to verify the communication.

All forms can be found on the ISU Extension and Outreach, Polk County website or by contacting the office, 957.5760 or polk4hclubs@iastate.edu .

7. How can the county extension office assist with buying supplies/food for the club?

In the event a club wants the Polk County Extension office to purchase items on their behalf advanced notice, 2 weeks, will be necessary to make the arrangements. The Finance Claim form has options of Check Request and Other. Pre-purchases would require the Other category on the form. These situations will be dealt with on a case-by-case basis. The Polk County Extension office is dedicated to assisting clubs as we transition to this new system.

8. When will I be reimbursed?

The Polk County Extension office completes a billing cycle every 2 weeks. Clubs will need to provide the necessary documentation required by 5 p.m. the Thursday before the billing cycle to generate a payment.

9. How will 4-H/FFA members receive premiums at the fair?

The Polk County Extension office is currently working with the Polk County Fairboard to find an efficient way for premiums to be paid.

10. Who do I contact if I have questions about this process?

This process is being handled by the office staff, so please call the office at 515.957.5760 or email polk4hclubs@iastate.edu with your questions. Paul Gibbins, Executive Director, will be leading this transition process so that the CYCs can concentrate on 4-H program, youth, leader and volunteer support. Other office support staff will play a role to support this transition, so you may work with other staff members. The Polk County Extension office is determined to make this transition as smooth and easy as possible. This is new territory for all of us, but together we can make the best better!

11. What is the process to determine that funds turned in by clubs are accounted for appropriately?

Each time money changes hands the funds should be counted by two parties. Each deposit is independently recorded on consecutively numbered receipts. Those receipt numbers will appear on the club financial report. Funds turned in should be counted before the receipt is written. Receipts will have the name of the club on it for tracking purposes. Club treasurers should always review their financial report and compare it to the receipt numbers and their own copies of documentation.

12. By what date should this process be completed?

Ideally June 30, 2019, but the Polk County Extension Council recognizes that in a county our size with over 70 clubs this may take a little bit longer.

C. Funds

1. Are there limits to how much money a club has on deposit or in its account line?

No, there is no limit to the amount on deposit or in an account line. The funds in an account line are restricted to use by the club on that line and are to be used to support their 4-H club activities and events.

2. Where will my club's funds reside in the extension operating fund?

Each club will have its own fee program budget line in the operating fund account for tracking revenue and expenses. Unspent funds will carry over from year to year for the club's future use. Extension maintains its accounts with a local bank.

3. How will extension guarantee the security of 4-H club funds?

Funds raised by or donated to 4-H clubs are restricted for use to support their club program efforts. The club membership will direct the use of those funds for 4-H activities. The funds are on deposit locally and each club has its "own" account line to track the revenue and uses of the funds.

4. How is cash secured?

Receipts are provided when cash is turned in, deposited weekly or more often as needed, and credited to the 4-H clubs account line. Funds are secured in a locked office and/or cabinet/safe.

5. Are funds from 4-H clubs pooled so clubs may spend more than what they fundraise or spend funds from other clubs?

No, each club's revenue and donations are restricted to their own use. A club may ask the extension council, county council and/or Polk 4-H Advisory Board for monetary support for a project, having funds with the operating account makes additional support very easy.

6. What happens to funds if a club disbands?

The club members working cooperatively with the extension council will determine how to disperse the funds. Funds will be used for 4-H program support. The club will also turn in to extension all equipment/supplies identified on the inventory form which indicates the location and/or who has possession of the equipment/supplies.

7. Can I just go to the bank and deposit the funds myself?

No, all funds must be receipted in at the extension office so the deposits can be credited to the appropriate club account line when the deposit is made by staff. We also need **the detail of the funds, such as which members to credit it to, what activity it came from, or how to group the funds on the transaction report.** The extension staff makes deposits with the bank account number on pre-printed deposit slips.

8. If a club disbands, what should they do with any equipment purchased over time?

All equipment should be identified on the inventory form, which is provided to the extension office and available online. This form includes the location of the equipment and who has possession of it.

The equipment and/or supplies will be turned over the extension council. The club members and extension council will collectively determine the best way to disperse the equipment for future use. (i.e. shooting sports equipment, food preparation/cooking equipment, livestock equipment, STEM supplies, etc.)

D. Club Reports and Record Keeping

1. Will extension help clubs track and keep better records?

Definitely YES, extension must maintain records on all checks and receipts for annual audit purposes. Transaction reports provided by extension will detail club revenue sources and expenditures. Extension retention rules require us to maintain records for many years (monthly reports - 5 years, reconciliation/bank report - permanent, annual reports - 10 years).

2. What reports do I need for the club meeting and how soon do I have to request them?

Clubs will not have to request reports; the reports will be mailed or emailed each month to the club leader, treasurer and/or additional leaders or members. The reports will be “transaction report” showing all activity including check numbers, receipts, dates, balances, memos and names of club members if provided.

3. Will the club be required to approve financial reports?

Yes, each club will need to approve the monthly financial reports and submit a copy of the minutes indicating the vote to approve. The minutes can be typed or handwritten, as long as it is legible. These minutes can be emailed (polk4hclubs@iastate.edu), faxed (515.967.6164), mailed, or hand delivered to the Polk County Extension office.

4. Recordkeeping, budgeting and fiscal management require knowledge of money management and fiscal processes, how will extension provide support for our club?

Extension will provide training opportunities for club leaders, families and youth in your club. We can specialize training for your club officers and/or craft the training for the audience. This is an educational opportunity for extension, volunteers and 4-H club members. We will help walk you through the process and understand the concepts. Club treasurers can use this knowledge to give their reports at club meetings.

5. What kind of information will be on the financial reports?

The information will include check and receipt numbers, transaction dates, memos to reference the reason for the transaction, date of action, account number, beginning and current Club balances. The reports can reflect any time frame within the fiscal year. The most common is a “year to date” format.

6. What is a fiscal year for an ISU Extension and Outreach county extension district?

The fiscal year is July 1 through June 30.

7. What is a W-9?

A W-9 is a form provided to other businesses with which extension does business (most often for the purchase of retail goods/services). The form provides the business with our Tax Identification

Number (also called EIN) and documents our sales tax exempt status. Extension has a governmental classification. The W-9 does not expire.

8. Will clubs need to submit a budget to the extension office each fall for the program year?

No, the history of spending and revenue will drive the budget process at the county level.

9. If a club has a budget, can they spend or go over budget?

Yes of course. Budgets are tools, not restrictions. The purpose of a budget to have people think ahead or plan but spending over budget on an account line in acceptable. However, spending an account into a negative is not permitted. Remember there is a difference between over spending a budget versus over spending funds on deposit.

E. Scenarios

1. Scenario 1 - \$100 startup cash is needed for bake sale on Saturday. What are the options?

- Have an adult from the club who may or may not attend the bake sale use personal cash for startup and then reimburse the adult prior to depositing proceeds at extension office after the event. Adult may be paid back the sameday.
- Contact the Extension office, at least two week before the event, to make arrangements to get cash from the extension office prior to event. An adult from the club will need to sign a form to receive the cash. When cash is returned to the office the form will confirm the amount returned. Adult would still need to go to a bank to get the appropriate denominations needed for the bake sale.

2. Scenario 2 – 4-H club is having pizza party on Saturday night at a club event/meeting. How do they pay for the food from the club treasury? What are the options?

- Volunteer or parent pays using their personal monies, receipt is turned in with a completed finance form and processed for reimbursement.
- Contact the Extension office, at least two weeks before the event, to make arrangements to get pizza ordered by the extension office prior to event and provide a completed finance form. Office staff will attach the receipt to the finance form for processing.