

Nonappropriated Funds and Related Activities

SPECIAL FUNDS

Summary. This regulation establishes the Adjutant General's Department policy and administrative procedures associated with the management and accounting procedures of the Special Fund.

Applicability. This regulation applies to all units and detachments of the Texas Army National Guard, the Texas Air National Guard, and the Texas State Guard.

Internal control systems. This regulation is subject to the requirements of AR 11-2 and contains internal control provisions including an audit checklist.

Supplementation. Supplementation of this regulation and establishment of command and local forms are prohibited, except upon approval of AGTX-DIA, P.O. Box 5218, Austin, Texas 78763-5218.

Suggested improvements. The proponent of this regulation is the State Internal Audit Office. Users are invited to send comments and suggested improvement to The Adjutant General of Texas, ATTN: AGTX-DIA, P.O. Box 5218, Austin, TX 78763-5218.

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*This regulation supersedes AGTX Reg 230-2, 1 Mar 92

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Chapter 1

GENERAL

1-1. Purpose. This regulation sets policy and procedures for the establishment and administration of state special funds to include uniform accounting and reporting within the Texas Army National Guard, Texas Air National Guard, the Texas State Guard, and the Headquarters, Adjutant General's Department.

1-2. References.

- a. Texas Government Code, sections 431.014; 431.035, and 431.056.
- b. The Texas Military Facilities Commission (Facility Management Procedures).
- c. TXARNG Regulation 420-70, Armory and Facility Rental.
- d. AR 215-1 Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities.

1-3. Responsibilities.

- a. The Adjutant General has supervisory responsibility for the control, accumulation, distribution, use and accounting of the special funds assets derived from all sources, except Federal, for units/activities and organizations of the Texas Army National Guard (TXARNG), Texas Air National Guard (TXANG), and the Texas State Guard (TXSG).
- b. Commanders of units, organizations, and installations are responsible for the implementing provisions of this regulation and the initiation of the command supervision to ensure proper use and accurate accounting for all funds maintained by units within their respective commands. Commanders will ensure that fund managers and recorders are properly trained in special fund management.
- c. Fund auditors are responsible for special fund audits according to this regulation and will ensure correct accounting procedures are adhered to and that fund receipts and expenditures benefit, either directly or indirectly, all military members of the unit or facility.

1-4. Policies.

- a. No state nonappropriated funds will be maintained by any unit or organization of the TXANG, TXANG, or the TXSG except as authorized by this regulation.
- b. Special funds will be used to account for all state nonappropriated funds and will be separately managed from federal appropriated and nonappropriated funds, and state appropriated funds. In addition, state and federal funds will not be deposited in the same banking account.
- c. Each TXARNG unit having a separate unit identification code (UIC), (e.g. battalion headquarters, company, separate detachment), is authorized one special fund. Multi-unit armories and installations are also authorized to establish a special fund. TXANG units are authorized only one special fund per location.

d. Each TXSG unit, from group headquarters down to company level, is authorized one special fund.

e. The special fund will benefit, either directly or indirectly, all military members of the establishing organization. In addition, civilian employees working directly in that organization will be considered in local special fund events.

f. All required correspondence between Texas Military Forces having special funds and the Adjutant General's Department's State Internal Audit Office (AGTX-DIA) will be coordinated through command channels.

g. Special fund records will be included in the unit's functional files and will be maintained at the respective armory/unit location. Full-time personnel must have access to these records to provide information in a timely manner, when requested, to higher headquarters.

1-5. Excluded Funds and Activities.

a. The provisions of this regulation do not apply to private organizations, federal appropriated and nonappropriated funds, and state appropriated funds to include the Texas Military Facilities Commission armory maintenance fund. The unit's armory maintenance fund may, however, use the special fund checking account as a matter of cost savings/convenience. The armory maintenance fund is governed by procedures in the Texas Military Facilities Commission Armory Management Procedures Manual.

b. Unofficial but authorized activities with limited assets in units, armories, staff sections (e.g. coffee fund, retirement gifts, flower funds) are NOT state special funds but MAY be recorded separately as a matter of convenience in a unit/armory or headquarters special fund by using AGTX Form 63. Small, unofficial but authorized office activities having funds which do not exceed \$1,000.00 such as coffee funds, collections for retirement parties, collections for individual gifts, etc., and events which do not benefit, either directly or indirectly unit members. See para 2-8, this regulation for procedures.

c. Coffee and flower funds set up in support maintenance and training facilities such as Combined Support Maintenance Shops and Organizational Maintenance Shops, Mobilization and Training Equipment Sites, Weekend Training Sites and Army Aviation Support Facilities are also not state special funds. These funds will be managed by those facility managers and monitored by the appropriate Adjutant General's Department level staff office.

Chapter 2

FUND MANAGER

2-1. Establishment. Commanders of units, detachments, installations and armory managers of the Texas Army National Guard, Texas Air National Guard, and the Texas State Guard will establish special funds authorized by this regulation for the purpose of supporting authorized activities of the unit and to account for nonappropriated monies/property received from all authorized sources other than federal.

a. Special funds will be established by memorandum (TXARNG and/or TXSG) or by order (TXANG). (Distribution of memorandum/order will include AGTX-DIA.)

b. The official name of each special fund is "Special Fund, (unit), (station)". For Example, "Special Fund, Headquarters, Texas Air National Guard, Austin, TX 78763-5218."

2-2. Fund Council.

a. Appointment. The commander or fund manager authorized to establish and maintain a state special fund will appoint a fund council using the appropriate memorandum or order for the proper administration and supervision of the fund, including designation of a fund manager, recorder, and council members as necessary. (Distribution of memorandum/order will include AGTX-DIA.)

b. Composition.

(1) Unit. The council will, as a minimum, be composed of one commissioned officer and two enlisted personnel, E-4 and above. The commander or officer-in-charge will be the fund manager. If the commander is field grade or higher, a fund manager may be designated.

(2) In the event a multi-unit armory or installation has a special fund in addition to the resident unit(s) special fund(s), the armory manager or installation commander may either serve as that special fund manager or appoint a fund manager.

c. Council Procedures.

(1) The fund council will meet at least once annually or more frequently when necessary, at the call of the fund manager. When no financial transactions occur during the calendar year, the council is exempt from this procedure, except in the case of relief of the fund manager for any reason, in which case the council will meet.

(2) Proceedings of the council meeting will be recorded on AGTX Form 57, and will include the following:

(a) Reflect all actions taken. All expenditures must have prior approval by the council (expenditure amount limits should be specified). The council will decide and place in writing what is authorized as "Usual expenditures" thus allowing payment by the fund manager without further council approval. Emergency expenditures will be few in number and an all-out effort will be made by the fund manager to check with council members by telephone for approval. The fund manager is personally responsible for any receipts and expenditures not authorized by the council. When the space allotted for "action" on AGTX Form 57 has been completely filled, a separate sheet of paper will be used for continuation of minutes, signed by the fund manager and the recorder, and attached to AGTX Form 57.

(b) Be filed in the Council Recording front of the last AGTX Form 56 for the period covered by the council meeting.

(3) Duties of the council include the following:

(a) Ascertain that the fund is being properly administered and safeguarded.

(b) Ensure the fund is accounted for in compliance with this regulation.

(c) Ensure sources of all income are authorized. Ensure all income is received in full, recorded in accounting records and reflected in the financial statements.

(d) Review and approve all fund receipts from preceding period (amounts and purposes) and ensure designated receipts were used as intended.

(e) Review the fund financial statements and other fund records as required to ensure that all expenditure are made in accordance with approved council action (amounts and purpose) and within the purpose for which the fund was established.

(f) Ensure that special funds are not expended for administrative and armory maintenance supplies which can be obtained through appropriate supply channels.

(g) Budget for future requirements.

(h) Ensure the accountability of all fund-owned property, the conduct of physical inventories of such property at least annually, that property is recorded on the fund property record at the time of purchase, and recommend disposition of obsolete surplus property.

(I) Ensure special fund reports are scheduled and conducted as required; review reports of audits and take appropriate action.

d. Recorder. Any officer, warrant officer or noncommissioned officer may serve as recorder of the fund. The recorder will be appointed on a memorandum or order as required in paragraph 2-2-a. The recorder is responsible for the following.:

- (1) Securing agenda items from unit members and the fund council.
- (2) Preparation and distribution of the agenda prior to scheduled meetings.
- (3) Distribution of the approved minutes to unit members and the fund council.
- (4) Maintaining all fund administrative records, to include obtaining required signatures.
- (5) Preparation of the annual special fund report.

2-3. Fund manager.

a. Appointment. Commanders of units or armories having an established special fund will appoint a commissioned officer or warrant officer as fund manager on appropriate memorandum or order. A temporary or new fund manager will be appointed when the fund manager is absent from duty longer than 60 days, see designate on unit orders/memo another fund council member (officer or E7 and above) to sign checks for fund council approved expenditures when the fund manager is temporarily not available.

b. Duties. The fund manager is responsible to the council for fund administration and will:

- (1) Receive, safeguard, disburse and account for funds and property in accordance with this regulation and the policies and procedures prescribed by the council.
- (2) Ensure that the fund accounting system is in conformity with this regulation.
- (3) Ensure financial statements and operating reports of the preceding accounting period are prepared and attest to their accuracy.
- (4) Inventory and account for fund-owned property.
- (5) Be responsible for all fund records.

c. Relief of fund manager. When a fund manager is relieved and successor appointed, transfer of accountability of funds will be accomplished as follows:

- (1) A special fund report will be prepared and forwarded through command channels in accordance with paragraph 3-9a.

(a) AGTX Form 56 and AGTX Form 57 will be completed to reflect the annual period covered.

(b) Fund council will meet and approve all transactions completed as of transfer date. Minutes of this meeting will be prepared on AGTX Form 57, completed as of the date of transfer.

(c) Bank statements will be obtained and reconciled as of the date of transfer.

(d) The "financial statement of the fund manager" portion of AGTX Form 57 will also be completed as of the date of the transfer and signed by the outgoing and successor fund managers.

(2) A letter designating the new fund manager will be forwarded to the banking facility. A copy of orders/memo appointed new fund council would be sent with the special fund report to AGTX-DIA.

d. Acting fund manager. In the event the outgoing fund manager cannot fulfill the requirements for transferring the fund, the next higher headquarters will appoint on a memorandum or order a disinterested officer as acting fund manager to represent the outgoing fund manager during the transfer. The acting fund manager will perform the duties of the outgoing fund manager as outlined in paragraph 2-3c.

e. Successor fund manager will:

(1) Sign, as successor fund manager, the Financial Statement, AGTX Form 57.

(2) Sign letter to the bank as successor fund manager.

(3) Conduct a joint inventory of fund-owned property and acknowledge accountability on the next unused line of AGTX Form 58, by entering date of transfer, "PER JOINT INVENTORY". If there is no fund property, entry will be made on AGTX Form 58, indicating "NO FUND PROPERTY" followed by acknowledgment by successor fund manager's signature.

f. A memorandum or order will be published to reflect the change of fund managers and council membership.

2-4. Memorandums and orders. (Distribution of all memorandums/orders will include AGTX-DIA. Air Guard units will include AGTX-ANG-CCE on distribution.)

a. Establishing the fund. TXARNG/TXSG memorandums or TXANG orders are published as outlined in paragraph 2-1 (See for the regulation).

b. Fund Council. Reference paragraph 2-2a, an appropriate memorandum or order will be published designating fund council. The memorandum or order will appoint a fund manager, a fund recorder, and council members.

c. When changes are made to the special fund council, the previous memorandum or order will be rescinded and a new memorandum or order appointing the entire council will be issued.

2-5. Sources of income.

a. Profits from food and beverage operations. If specifically approved by The Adjutant General and after coordination with the Texas Commission for the Blind, units may allow the establishment of in-house concessionaire-run food and nonalcoholic beverage operations ("snackbars") at unit locations, the profits from which are special fund income. Armory/Installation commanders may allow each unit at their location to arrange for food and beverage operations or may combine such operations for all units, in which case all units must be represented on the special fund council. These armories/installations will operate in strict compliance with all federal, state and local requirements (tax bonds, reports, income tax and FICA withholding, etc.), and will use commercial bookkeeping services, rather than internal or AGTX services. In addition, the concessionaire must carry liability insurance, protection the federal and state governments from loss arising from the operation of the snackbar, in the amount and on terms acceptable to the Adjutant General.

b. Funds from vending machines. Special fund councils may either purchase, or contract with a commercial vendor or non-profit organization to place, vending machines at unit locations.

(1) No individual will profit by concessions operated on Adjutant General's Department facilities.

(2) Vending machines must be owned by the state special fund, by authorized commercial distributors or non-profit organizations.

(3) Whether vending machines are owned by the special fund, a commercial distributor or a non-profit organization, the commissions will be considered special fund income and will be placed in the special fund account.

(4) A written agreement will be acquired from the vendor, with a format agreeable to both parties, as to percent of commission prior to placement of machines on a facility.

c. Texas Army National Guard armory rental fees. Reference TXARNG Reg 420-70, Armory and Facility Rental.

(1) Rental fees can be received by the special fund in accordance with the Texas Military Facilities Commission Facility Management Procedures Manual and TXARNG Reg 420-70.

(2) Clean up, security or custodial (support personnel) costs will be paid for by the renter. The special fund will not be used in any way to support armory rentals.

d. Proceeds from authorized profit-making activities conducted by the fund.

e. Proceeds from the sale of fund property.

f. Interest on authorized investments. Note: Only interest earned on the checking account need to have fund vouchers prepared and entries entered in the checkbook and recorded on AGTX Form 56. All interest earned on the special fund checking account (which may also have non-special funds sharing this checking account) becomes income to the unit's special fund. Interest paid to the savings accounts shown on the bank statement and will be included in the total recorded in item 2 on AGTX Form 57.

g. Voluntary fees collected from unit members for social and recreation activities.

h. Contributions from municipalities and counties. State law authorizes municipalities and counties to appropriate monies to state military units, including units of the Texas State Guard (subchapter C, section 431.045 and subchapter D, section 431.056, of government code, Title 4).

i. Unconditional contributions may be accepted from individuals and agencies, except that contributions for more than \$5,000 must be approved by the Adjutant General prior to acceptance.

j. Fines imposed by company nonjudicial punishment. Fine amount must comply with Vernon's Texas Government Code, Title 4. The rank of the officer imposing the fine will also be indicated in the "DESCRIPTION" column of AGTX Form 56.

2-6. Special fund property.

a. Property acquisition.

(1) Upon approval of the fund council, property may either be purchased or received through donation and will be used in support of the fund purpose (see paragraph 1-4, policies).

(2) Donations of property from individuals or agencies with an appraised value of more than \$5,000 must be approved by The Adjutant General.

(3) Nonexpendable property or end items purchased with special fund money or donated to the special fund that are of a pilferable nature will be listed on the Fund Property Record, AGTX Form 58, regardless of cost. Expendable items or property items purchased or donated valued at less than \$2,000 which are not easily pilfered, need not be placed on the fund property record.

(4) All items placed on the property record will be given a value. Purchased items will reflect the actual item cost. Donated items will be given an estimated or appraised value and that value recorded in the cost column of AGTX Form 58.

(5) Repair of both purchased and donated fund property is the responsibility of the unit's special fund. State appropriated monies will not be used to repair fund property.

(6) Donors of property to a special fund should be given a letter signed by the fund manager/unit commander acknowledging receipt for tax purposes. Fund managers/commanders should check the latest IRS publication on charitable contributions before issuing such a letter indicating property value. Written appraisals may be necessary.

b. Property disposal.

(1) When special fund property is no longer needed, the item(s) should be sold and monies received placed into the special fund account. Such property may be donated only to another special fund.

(2) When the special fund council determines property to be worn out and of no salvage value, the item(s) may be discarded and dropped from the property record.

c. Property accounting procedures are covered in paragraph 3-2d of this regulation.

2-7. Fund expenditures.

a. Authorized expenditures:

(1) Financing revenue producing activities of the fund, such as the operation of dispensing machines and concessions, athletic contests, concerts and entertainment, when not in conflict with the law or established Adjutant General's Department policy.

(2) Expenses incurred in the operation of the fund and expenses to safeguard assets of the fund.

(3) Expenditures for entertainment, recreation, comfort or welfare of all personnel assigned to the unit or facility. This includes rentals of outside facilities such as community buildings, lodge halls, country clubs, commercial facilities (to include utilities), supplies, the purchase or rental of equipment, flowers, service and articles of consumption.

(4) Expenditures, which support mission related training such as rentals, equipment and materials not available through normal supply channels, service, and printing.

(5) When integrity of the structure is not altered, improvements to facilities such as section storage boxes (armories), kitchen shelves, etc., facility grounds and expenses necessary to the security of federal, state and fund-owned property. Note: permission must be obtained (from the Facility Commission) prior to painting/alterations being made to facilities owned by the Facility Commission.

(6) Food, beverages and momentous for:

(a) Distinguished visitors and invited family members accompanying them at luncheons, dinners and special occasions (when approved by the special fund council).

(b) Military personnel being honored for their accomplishments and invited family members and guests (when approved by the special fund council). Outstanding service awards, retirement awards/plaques and trophies and plaques such as "Soldier/Airman of the Quarter", Best Section Awards", etc., where all personnel are eligible is authorized.

(c) When an event is authorized by the special fund council and is open to the entire unit/detachment, special fund monies may be used to provide food and beverages to all guests.

(7) Personalized printed material. Printed material such as calling cards for recruiters and key unit individuals may be authorized (by the special fund council) for purchase only when these items are not available through authorized supply or recruiting channels. Greeting, get well cards and postage may be authorized for military members and civilian employees working directly in that special fund organization. Other personalized printed items (e.g., memo pads) are not authorized expenditures.

(8) When authorized by the special fund council, a single command membership in one or more local civic organizations, such as the chamber of commerce, Rotary, Lions, or similar organization, may be purchased when membership is deemed beneficial to military community interests. The commander will register membership in civic organizations in the name of the military installation, facility, or unit. Costs will be limited to the membership; special funds will not be used to pay costs of meals or other expenses associated with meetings.

(9) Expenditures, which aid in promoting the unit's image/reputation or aid in recruiting, are allowed when authorized by the fund council and not otherwise available through recruiting funds.

(10) Unit/Detachment membership fees for discount stores such as Sam's Warehouse.

(11) Athletic/Physical fitness equipment when available for use by all members. The special fund will not be used to sponsor athletic teams (such as bowling teams). When a unit team competes in an officially sponsored Army/Air Force/NGB event, entry fees only may be paid.

(12) Funds received from cities and counties are to be used for purposes intended when specified. When no purpose is specified, such funds can be used for any expenditure authorized in this regulation. When monies are received from a city/town/county, a separate column on AGTX Form 56 will be used for accounting purposes.

(13) The Texas State Guard only may purchase uniform items.

(14) The special fund council may authorize the loan of seed funds for non-special fund projects within the unit. Loans may not be made to individuals, for NGAT or other dues, or for armory maintenance. The fund manager will ensure these funds are reimbursed within the calendar year reporting period. A special fund will not loan or donate money to another special fund.

b. Unauthorized expenditures.

(1) The fund manager will be held responsible for all non-council-approved expenditures and will be required to reimburse the fund. The entire fund council will be held jointly responsible for council approved but unauthorized expenditures.

(2) Funds received from cities and counties are derived from public taxes and will not be used for the purchase of alcoholic beverages or for any other purpose that could be construed as illegal or imprudent use of public funds.

(3) Cash, securities or other property of the special fund will at no time be distributed or loaned to individuals of the unit concerned and not for the benefit of any individual. In such case, the loan must have prior approval by the fund council to include how the fund will be reimbursed. Details will be so noted in fund council minutes.

(4) Costs relating to armory rentals such as supplies, equipment and other costs will be paid for by the renter.

(5) Expenditures (except flowers) which benefit only a certain group or individual (such as bowling or baseball team fees) are not authorized.

(6) Sales taxes. The special fund is exempt from paying sales taxes. To avoid such payment, units will use a completed Texas Sales Tax Exemption Certificate when required by vendor.

(7) Donations to charitable organizations by the special fund are not authorized. Voluntary donations to charity by individuals will be given directly to the charitable organization. Receipts for voluntary donations to unit charity projects may be deposited/withdrawn in/from the special fund checking account as a matter of convenience; however, these monies are not special funds and will be accounted for using the AGTX Form 63.

(8) Donation to functions not including the entire unit (e.g. funding a "hospitality room" at an NGAT convention) is not authorized.

(9) Community drives, Chamber of Commerce activities, cook-offs, raffles, sporting events, bingo, lotteries, etc., used special funds are prohibited. Collection of mandatory dues or fees is also prohibited.

2-8. Other receipts and expenditure. Unofficial activities with limited assets (current assets of less than \$1,000) may be authorized by the installation/facility commander. Examples of these are: office/unofficial coffee funds, activities which support special interest groups, bowling teams, NCO/Officer groups, etc. In addition, NGAT/NGAUS dues and retirement party fees may be collected and disbursed. Funds from these unofficial, but authorized activities are not state special funds. These monies may, however, as a matter of convenience and cost saving be deposited in a unit/facility or headquarters special fund checking account. When monies from these groups are recorded in the special fund checking account, they will be accounted for using the AGTX Form 63 (see paragraph 3-3c). The special fund council need not approve these disbursements.

2-9. Contracted indebtedness. When in the best interest of the unit or organization, the special fund may purchase an item on the installment payment plan. The transaction must be approved in advance by the fund council and also in writing by the next higher headquarters. The next higher headquarters is responsible to ensure this indebtedness is cleared in accordance with the contract. Balance owed by the special fund due to contracted indebtedness will be recorded on each Special Fund Status Record, AGTX Form 57.

2-10. Dissolution.

a. Dissolution of the special fund will occur:

(1) Upon inactivation of the unit.

(2) Upon direction by The Adjutant General.

(3) The commander authorized to establish the fund may dissolve it when a zero balance is reached and there is no anticipated future income for the fund.

b. Procedures to dissolve the fund.

(1) Publish appropriate TXARNG memorandum/TXANG orders as of date of inactivation or as directed by higher headquarters.

(2) All outstanding bills will be paid.

(3) All fund monies and fund-owned property, if applicable, will be transferred to the special fund of the unit gaining the majority of the personnel of the inactivated unit or as directed by higher headquarters.

(4) The fund council will hold a final meeting to authorize the disposition of monies and property and to supervise the administrative procedures required to dissolve the fund.

(5) A final bank statement will be obtained and reconciled to reflect a zero balance.

(6) Fund records will be posted, balanced, and audited.

(7) Final report will be prepared for the special fund as of dissolution date and forwarded to the Adjutant General of Texas, ATTN: AGTX-DIA.

(8) Fund records will be turned over to the successor unit at the same location for retention or delivered to the unit commander of the new parent unit for funds dissolved at an abandoned facility, or as directed by The Adjutant General.

2-11. Redesignation. When a unit is redesignated, an appropriate memorandum or order will be published to redesignate the special fund and reappoint/change the members of the fund council. If there is a change of fund managers, the fund will be transferred in accordance with paragraphs 2-3c and d above.

2-12. Mobilization.

a. The special fund will not accompany the mobilized unit into federal service unless authorized by The Adjutant General. Preparation for special fund transfer or dissolution will be accomplished as part of the mobilization process and will be completed prior to mobilization. Upon mobilization, all special fund money and accountable property will be transferred to a designated non-mobilizing entity for accountability until the unit is returned to state control. The receiving fund manager will be designated by the appropriate major command, e.g. HQ 49th AD, HQ 71ST Troop command, 136th TAW, in the event of partial mobilization or The Adjutant General upon full mobilization.

b. Funds will be held for the unit either in savings or other interest bearing account until the unit is released from active duty. The fund will then be returned to the unit. Funds may not be expended unless directed by the activated unit's special fund council or, in the case of contracted indebtedness, the receiving fund manager.

c. Transfer procedures in paragraph 2-3, this regulation, will be followed. In event the mobilizing fund manager cannot fulfill the requirements for transferring the fund (e.g. early departure), procedures in paragraph 2-3d involving the use of an acting fund manager for fund transfer will be followed.

Chapter 3

ACCOUNTING PROCEDURES

3-1. Accounting records.

- a. Council Record
- b. Transaction File
- c. Administrative File
- d. Checkbook

e. Postings to forms in the accounting records will be typewritten or entered neatly and legibly in black ink. Any corrections to fund records (checks, checkbook stubs or forms) will be made by placing a single line through the entry being corrected. The correction will then be initialed by the recorder, or in the case of checks and checkbook stubs, the fund manager. The use of whiteout or obliterating entries is prohibited. Headings of all forms will include the special fund's complete name.

3-2. Council record.

a. The council record will be maintained in a loose leaf three-ring binder for each calendar year and consist of the following records:

- (1) AGTX Form 58, Fund Property Record.
- (2) AGTX Form 56, Special Fund Receipts and Expenditures Record.
- (3) AGTX Form 57, Special Fund Status Record.

b. Forms in a above can be obtained from the Adjutant General's Department Publications Section, AGTX-IMA-P or the State Internal Audit Office, AGTX-DIA.

c. Council record binder will be identified (typed or printed) to show the year, "COUNCIL RECORD" and the name of the fund.

d. AGTX Form 58 , Fund Property Record. This form is used to record all nonexpendable fund property and such expendable property so designated by the fund council to include data acquired, description of property and cost.

(2) The fund manager will inventory all fund property as of 1 January each year and enter date, "PER INVENTORY" and his/her signature on next unused line.

(3) If there is no fund property, an entry will be made as to date, "NO FUND PROPERTY" and fund manager's signature on next unused line.

(4) When a fund is transferred to a new fund manager, the acknowledgment of fund transfer will be made by entering the date, "PER JOINT INVENTORY" and signature of successor fund manager on next unused line as prescribed by paragraph 2-3e(3).

(5) When nonexpendable property is sold, worn out or otherwise disposed of:

(a) Appropriate notation will be made in the "DISPOSITION" column.

(b) All notations in the "DISPOSITION" column will be dated and initialed by the fund manager.

(c) A statement of droppage will be prepared, signed by the fund manager and at least one other member of the council, and filed in the administrative file (left side).

(d) Minutes of the appropriate council meeting will indicate fund council approval of such action.

(6) United States government bonds or other authorized securities belonging to the fund will be recorded on a separate AGTX Form 58 and filed in the council record.

(7) Each page of this form will be numbered, beginning with 1. This form will be filed in the back portion of the binder.

e. Special Fund Receipts and Expenditure Record, AGTX Form 56.

(1) This form is used to record and to report all special fund receipts/expenditures during the annual reporting period.

(2) Voucher numbers for AGTX Forms 55 will be entered in chronological order on each form. Forms will be numbered consecutively for the calendar year, beginning with number 1. It should be noted that all check numbers from the checkbook will not be listed on this form when checks are written for non-special fund expenditures.

(3) Voucher numbers for bank service charges will be recorded on this form as received on banking statements. The voucher number for the last service charge for the reporting period will be the last entry before closing this form.

(4) The "DESCRIPTION" column is used to fully describe fund receipts and expenditures. The recorder will use as many lines as necessary to identify receipt source and expenditure purpose. Receipts can be combined into one deposit; however, they must be explained separately.

(5) Special fund receipts and expenditures will be recorded in the appropriate column of AGTX Form 56. Most transactions will use the "NORMAL TRANSACTIONS" column; the "CITY/COUNTY FUNDS" will be used in the event the fund receives contributions from local government (tax revenue). Such contributions/expenditures are special fund monies but are listed separately to ensure compliance with paragraphs 2-5h, 2-7a(12) and 2-7b(2). The "OTHER: _____" column can be used and identified when needed to separately track/account for any other type of special fund income/activity. The "CHECKING ACCOUNT BALANCE" column is used to reflect a running balance of special funds available in the checking account.

(6) Whenever a form 56 is completed (all rows/columns are filled or when closed out at the end of the six months period), all columns will be totaled, expenditures subtracted from receipts, and balances carried forward to the next form. In addition, the fund manager must sign (not stamp) where indicated to verify the accuracy of all entries.

(7) AGTX Form 56 will be filed in front of the AGTX Form 58 in the council record binder.

f. Special Fund Receipts and Expenditure Record, AGTX Form 56.

(1) This form is used to record and report all special fund receipts/expenditures during the semiannual reporting period. The form may be used (kept open) for a calendar quarter (e.g. 1 Jan – 31 Mar) for fund activities and then closed, or kept open for six months when there are no fund actions for the first quarter.

(2) Voucher numbers from AGTX Forms 55 will be entered in chronological order on each form. Forms will be numbered consecutively for the calendar year, beginning with number 1. It should be noted that all checks from the checkbook will not be listed on this form when checks are written for non-special fund expenditures.

(3) Voucher numbers for bank service charges will be recorded on this form as received on banking statements. The voucher number for the last service charge for the reporting period will be the last entry before closing this form. (See paragraph 3-3b(2).)

(4) The "DESCRIPTION" column is used to fully describe fund receipts and expenditures. The recorder will use as many lines as necessary to identify receipt source and expenditure purpose. Receipts can be combined into one deposit; however, they must be explained separately.

(5) Special fund receipts and expenditures will be recorded in the appropriate column of AGTX Form 56. Most Transactions will use the "NORMAL TRANSACTIONS" column. The "CITY/COUNTY FUNDS" column will be used in the event the fund receives contributions from local government (tax revenue). Such contribution/expenditures are special fund monies but are listed separately to ensure compliance with paragraphs 2-5h, 2-7a(12) and 2-7b(2). The "OTHER _____" column can be used and identified when needed to separately track/account for any other type of special fund income/activity. The "CHECKING ACCOUNT BALANCE" column is used to reflect a running balance of special funds available in the checking account.

(6) Whenever a form 56 is completed (all rows/columns are filled or when closed out at the end of the quarter/months period), all columns will be totaled, expenditures subtracted from receipts, and balances carried forward to the next form. In addition, the fund manager must sign (not stamp) where indicated to verify the accuracy of all entries.

(7) AGTX Form 56 will be filed in front of the AGTX Form 58 in the council record binder.

g. Special Fund Status record, AGTX Form 57. This form is used to record and report all financial statements of the special fund manager, minutes of the fund council and statement of the special fund auditor. Any portion of this form not completed in the semiannual report submission will result in the report being returned to the unit.

(1) The fund manager's financial statement includes special fund balance, securities location and worth, value of fund property and balance owed on contracted indebtedness. Only special fund assets will be reported in the fund manager's financial statement. Assets belonging to "unofficial funds with limited assets" and/or the armory maintenance fund will not be included.

(2) "Minutes of the fund council meeting" portion of the form is used to record fund council actions. Reference paragraph 2-2c(2).

(3) Statement of special fund auditor. This portion of the form is completed by the appointed special fund auditor, recording fund inspections and audits when applicable.

(4) AGTX Form 57 will be filed in the council record immediately in front of the last AGTX Form 56.

(5) The "Value of fund property," item 5 (less bonds/securities), will be the same as the total value of fund property on AGTX Form 58.

h. The use of computer generated forms is authorized when they do not change the basic format of the printed AGTX forms. AGTX-DIA must approve the automated form when the basic format is changed.

3-3. Transaction file.

a. This file will be maintained in a single manila folder for each calendar year. The left side of the folder will have all monthly bank statements for the calendar year with the most recent month on top. The right side of folder will have attached: Special Fund Receipt and Disbursement Vouchers, AGTX Forms 55, and related supporting transaction documents.

b. Special Fund Receipt and Disbursement Voucher, AGTX Form 55.

(1) A separate voucher will be prepared for each receiving and each disbursing transaction and filed on right side of the transaction file folder. Multiple transactions are not authorized except for bank deposits and to support petty cash expenditures. Multiple bank deposits on a voucher are allowed providing each deposit (source and amount) is listed and fully explained.

(2) Entries in "description" column must be sufficient to fully identify the transaction, to include name of firm or vendor, a brief description of the receipt or purchase and purpose. Example, Short Street Packing Company, 52 pounds of beef, company barbecue.

(3) Copies of vendor invoices, bills, receipts or other related documents will be attached to the back of the voucher.

(4) Fund vouchers without an attached receipt will have an explanation, e.g., bank service charges, etc. Also, the fund manager will sign the voucher.

c. An additional manila folder(s) will be maintained containing AGTX Form(s) 63, Non-Special Fund Receipts and Expenditures Form, for each non-special fund (e.g. office coffee fund, NGAT/NGAUS dues, officer's retirement fund, etc.) which uses the same checking account as a matter of convenience/cost savings. The use of this form is essential in reconciling bank statements and in the required audits. This form is not required however, in the annual special fund report. In addition, the AGTX Form 55 or a similar form may be used along with supporting transaction documents to enable the fund manager to track non-special fund receipts/expenditures; however, it is not required by this regulation.

d. Bank statement.

(1) A statement will be obtained from the banking institution each month, or not less than quarterly when there is no fund balance.

(2) Each bank statement will be reconciled with the checkbook and AGTX Form 56 of the council record as of close of the period covered by the bank statement. If a unit uses the checking account for any non-special fund monies (unofficial funds with limited assets or armory maintenance), the sum of the "checking account balance" entry on the AGTX Form 56 and the "balance" entry(s) on the AGTX Form(s) 63 used will reflect the checking account balance on the reconciled bank statement.

(3) The reconciliation will be completed on the reverse side of the bank statement and signed by the fund manager. Outstanding checks and deposits not recorded on the bank statement for the period covered will be listed.

(4) If sufficient space is not available on the back of the bank statement, the reconciliation will be prepared, authenticated on a separate sheet of paper and attached to the bank statement.

(5) The reconciled monthly or quarterly bank statement will be filed in the transaction file, attached to the left side of the folder.

3-4. Administrative file. The special fund administrative file will be maintained in a single manila folder for each calendar year. The folder will be clearly identified (typed or printed) as: "ADMINISTRATIVE FILE", name of the fund and the current year.

a. Right side of the administrative file folder will contain:

(1) Last fund report.

(2) Correspondence pertaining to the fund.

(3) Certificates for destruction of fund records which were destroyed during the current year.

b. The left side of the administrative file folder will contain:

(1) Copies of memorandum/orders establishing or redesignating the fund, appointing the current fund council and appointing the current audit officer.

(2) Statements of fund property transfers and receipts (current year only).

(3) Statements of droppage of fund property (current year only).

(4) Documents/Receipts for fund-owned securities.

c. Documents pertaining to the coming year will be carried forward and placed in the coming year's folders when prepared.

3-5. Banking Procedures.

a. Checking Accounts.

(1) Checking accounts will be established with banking institutions that are members of the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Associated (NCUA).

(2) Only one checking account may be established to deposit income from a special fund.

(3) The official name of the checking account will be designated "Special Fund " and will include the organization and station. Examples:

(a) Special Fund, Co A, 1st Battalion 191st Facility, Rosebud, Texas 76191-5024.

(b) Special Fund, Headquarters, 191st Fighter Group, Bluesky AFB, Texas 77111-1666.

(4) Fund managers must ensure that income received is deposited and used only as authorized by this regulation. Before an expenditure is authorized, the fund manager will ensure sufficient funds are on deposit to cover the expenditure.

(5) Prompt payment of special fund obligations is expected. Disbursements for fund supplies, services or equipment will be paid by check.

(6) All monies received will be deposited in the bank checking account immediately upon receipt.

(7) No cash monies received will be expended before being deposited in the special fund checking account.

(8) All interest earned on the checking account will be treated as a receipt for the unit's special fund. Earned interest will not be prorated to non-special funds using the checking account.

b. **Checkbook.** A checkbook will be maintained for the fund. The checkbook will continue in use until the last check has been used, or if the unit transfers the special fund account to a different bank, or until the fund is dissolved.

(1) **Checks:**

(a) Will be prior numbered.

(b) The name of the special fund will be printed or typed in each check.

(c) When returned by the bank, all canceled checks will be affixed to the corresponding stub in the checkbook with transparent tape. If the bank does not return canceled checks, the taping requirement is waived.

(2) **Checkbook Stubs.** Entries on each checkbook stub will include:

(a) Check number.

(b) Date of issue.

(c) Payee (name of vender).

(d) Voucher number of the supporting document (AGTX Form 55 or AGTX Form 63 when applicable) in sequence with the check number.

(e) Amount of disbursement.

(f) Current balance in the checking account.

(3) All deposits will be entered in the checkbook by either Form 55 or Form 63 (when applicable) voucher number and date (in sequence) immediately upon receipt.

c. **Savings Account.** Funds monies excess to the current needs may be deposited in a savings account upon authorization of the fund council. Only secured savings accounts are authorized. (FDIC or NCUA insured accounts). Fund councils are not authorized to purchase stock, etc., which could result in fund losses.

(1) To open a savings account, the fund manager will issue a check in the amount approved by the fund council.

(2) Savings account transactions are shown on the bank statement and the balance is recorded on the AGTX Form 57. It is not necessary to account for interest or dividends

earned by the savings account. All distributions from the savings account will be to the checking account.

3-6. Securities. Fund monies excess to current needs may be invested in U.S. Government Bonds or other securities approved by the Adjutant General. If Government Bonds or other securities are being considered for purchase by the fund, contact AGTX-DIA for requirements.

3-7. Disposition of fund records. The council record, transaction file and administrative file will be retained for three years after the close of the calendar year for which used. Checkbooks will be retained for three years after the close of the calendar year during which that last check in the checkbook was used. Any documents relating to pending actions will be withdrawn and maintained until final disposition of such actions.

3-8. Audits. Audits are no longer required for any fund that maintains a balance less than \$10,000. If the ending fund balance exceeds \$10,000, contact AGTX-DIA for audit requirements.

3-9. Reports.

a. Special Fund report.

(1) As required by state law, the fund manager of each state special fund will submit his unit's special fund report to the Adjutant General as of 30 June and 31 December of each year or more frequently when required. Reports must be submitted to AGTX-DIA NLT 45 days following the as of date. Reports can be submitted electronically.

(2) The special fund report will consist of:

(a) A copy of the special fund inspection or audit report for the period reported (when the ending fund balance exceeds \$10,000 and deficiencies are noted).

(b) A copy of all Special Fund Status Reports – AGTX Form 57 for the period being reported. Reminder: when the ending fund balance exceeds \$10,000 ensure that the auditor's signature is included on the last AGTX Form 57 for that period and audit checklist is attached.

(c) A copy of all Special Fund Receipts and Expenditures Records – AGTX Form 56 for the period being reported. Reminder: the fund manager must sign all Forms 56. Also, fund manager needs to ensure the AGTX Form 56's contain complete descriptions of transactions.

(d) The Audit Checklist when the ending fund balance exceeds \$10,000.

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(e) Non-special fund balances/transactions (AGTX Form 63) will NOT be included in special fund report.

(3) Incomplete reports or reports containing major discrepancies received by AGTX-DIA will be returned for correction/completions and resubmission.

b. Other reports and documents. See Appendix A for listing of reports and documents. See Appendix B for listings of all required submissions to AGTX-DIA.

Appendix A

LIST OF LETTERS MEMOS, AND FORMS
REQUIRED TO BE ON-HAND

1. Memorandum Establishing/Dissolution of the Special Fund
2. Memorandum of Appointment of the Fund Council
3. Special Fund Status Record - AGTX Form 57
4. Letter to Bank or Other Financial Institution
6. Fund Property Record - AGTX Form 58
7. Statement of Droppage
8. Special Fund Receipts and Expenditures Record - AGTX Form 56
9. Memorandum for Redesignation of the Special Fund
10. Special Fund Receipt and Disbursement Voucher - AGTX Form 55,
11. Reconciliation of Bank Statement
12. Certificate for Destruction of Fun Records
13. Report of Audit
14. Audit of Special Fund Records Checklist - AGTX Form 134
15. No-Special Fund Receipts And Expenditures Form - AGTX Form 63

Appendix B

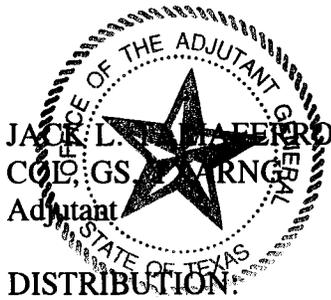
DOCUMENTS REQUIRED TO BE SUBMITTED TO AGTX-DIA

1. Establishing the fund. (Paragraph 2-1 and 2-2 AGTX Reg 230-2)
 - a. Memorandum/Order establishing the special fund.
 - b. Memorandum/Order appointing the special fund council.
2. Relief of Fund Manager. (Para 2-3c, AGTX Reg 230-2)
 - a. Special fund report.
 - b. Memorandum/Order appointing of acting fund manager when required
 - c. Memorandum/Order reflecting change of fund managers and council membership.
3. Redesignation of Fund. (Para 2-11, AGTX Reg 230-2). Memorandum/Order redesignating the Special Fund
4. Dissolution. (Para 2-10, AGTX Reg 230-2.)
 - a. Final Special Fund Report
 - b. Memorandum/Order dissolving the special fund
5. Inspecting/Auditing Report. (Para 3-8, AGTX Reg 230-2)
 - a. Special fund report. (Para 3-9a, AGTX Reg 230-2)
 - b. Memorandum/Order appointing the auditor officer, as applicable. (Para 3-8(3)(b), AGTX Reg 230-2).
6. Disposition of Fund Records. (Para 3-7, AGTX Reg 230-2). Certificate for destruction of fund records.

FOR THE ADJUTANT GENERAL:

OFFICIAL:

WILLIAM W. GOODWIN
COL, GS, TXARNG
Chief of Staff



DISTRIBUTION:

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