



SCHOOL DISTRICT OF OKALOOSA COUNTY
TECHNICAL ASSISTANCE MEMORANDUM
FINANCE

FINANCE TAM: 2008-021
CONTACT: Julie Perry, Accountant
Budgeting & Financial Services
TELEPHONE: 833-5850

TO: School Principals/Department Heads
FROM: Rita Scallan, Chief Financial Officer
DATE: October 10, 2007
SUBJECT: Cellular Phone Information Request

In recent years, the use of cellular phones and the corresponding payments by governmental agencies have become an area of audit interest to both the Internal Revenue Service and the Auditor General. Cellular phones are considered listed property by the IRS; their use is subject to strict substantiation rules which require an employee to submit records to their employer to establish the amount, date, place, and business purpose for each business call. If an employee uses the District cell phone for personal business they must document and submit the number of personal minutes used. Pursuant to IRS regulations, the District must calculate a cost per minute for the personal calls and the corresponding cost becomes a taxable event for the employee and must be reported on the employee's W-2 form each year. The substantiation requirement for both business and personal calls would require a significant amount of time and effort by employees, supervisors and District support staff to ensure compliance with the IRS requirements.

At the last Principal's meeting, District staff explained and discussed the proposed cell phone policy which would be recommended to the School Board for approval in the very near future. As you know, the proposed cellular phone policy will include a "Cellular Phone Service Allowance", which would eliminate the burdensome substantiation process, for qualified employees based on the following tiered structure:

| Proposed District Cellular Phone Service Allowance Schedule | | | | |
|---|--------------|--------------------|------|-------------------|
| Level | # of Minutes | Time Out of Office | Data | Monthly Allowance |
| 1 | > 1200 | N/A | Yes | \$ 100.00 |
| 2 | 800-1200 | 75-90 % | No | \$ 75.00 |
| 3 | < 800 | < 50 % | No | \$ 50.00 |

If the proposed cellular phone policy is adopted by the School Board, the use of budgetary and/or internal funds to pay a cell phone provider would no longer be permissible. The anticipated effective date of the new policy implementation is December 1, 2007. In addition, an employee would have to meet one or more of the following criteria to qualify for the cellular phone service allowance:

- Safety requirements indicate having a cellular phone is an integral part of performing duties of the job description.
- More than 50% of employee's work is conducted in the field.
- Employee is required to be contacted on a regular basis.
- Employee is required to be on-call (24/7).
- Employee is a critical decision maker.

Please complete the attached worksheet indicating the following information for each current cellular phone user: Name, Title, Monthly Charge, and Funding. In addition, please indicate whether or not the individual(s) would qualify for a cellular phone allowance under the new proposed policy and, if so, which tier would apply to the user.

I apologize for the short notice and recognize that everyone is extremely busy, but this information is extremely important and therefore, we need your completed worksheet e-mailed or faxed to Finance (833-7699) no later than Friday, October 12, at 2:00 p.m. Should you require further information, please do not hesitate to contact Julie Perry at 833-5850.

cc: Executive Staff