

## Business and Noninstructional Operations

### Associated Student Body Accounting

#### Introduction

The following student body accounting information is designed to provide assistance to school administrators, faculty advisors, and clerical personnel in order to assure compliance with the legal requirements, school district policies, and good business practices. The basic responsibility for the successful financial operation of a student body organization rests with the school principal.

Associated Student Body activities provide an excellent opportunity for students to learn the fundamentals of good business practices and sound fiscal procedures. It is important that persons responsible for student body organizations fully understand the proper handling of Associated Student Body funds.

#### Legal Status

The framework under which student body organizations may be organized is outlined in the Education Code. Under Education Code authority, the governing board of the school district is authorized to establish rules and regulations for the conduct of student body activities. Legal authorities have generally held that a student body organization is not a political subdivision of state government and does not have the status of a school district. It may have the status of a non-profit organization under the provisions of the Federal Internal Revenue Code, the State Revenue and Taxation Code, and the State Bank and Corporation Law. With this status, a student organization is eligible for exemption under certain conditions from state and federal taxes. Appropriate government agencies should be consulted about these exemptions.

For your administrative convenience, the Education Code sections pertaining to the establishment and regulation of Associated Student Body organizations are identified as follows:

#### Operation of Student Body Organizations

E.C. 48930. Any group of students may organize a student body association within the public schools, with the approval and subject to the control and regulation of the governing board of the school district. Any such organization shall have as its purpose the conduct of activities on behalf of the students, approved by the school authorities, and not in conflict with the authority and responsibility of the public school officials. Any student body organization may be granted the use of school premises and properties without charge, subject to such regulations as may be established by the governing board of the school district.

Business and Noninstructional Operations

Associated Student Body Accounting – (continued)

Approval of School District Governing Board

E.C. 48931. The governing board of any school district or any county office of education may authorize any pupil or adult entity or organization to sell food on school premises, subject to policy and regulations of the State Board of Education. The State Board of Education shall develop policy and regulations for the sale of food by any pupil or adult entity or organization, or any combination thereof, which shall ensure optimum participation in the school district's or the county office of education's nonprofit food service programs and shall be in consideration of all programs approved by the governing board of any school district or any county office of education. The policy and regulations shall be effective the first of the month following adoption by the State Board of Education.

Nothing in this section shall be construed as exempting from the California Uniform Retail Food Facilities Law (Chapter 4 [commencing with Section 27500] of Division 22 of the Health and Safety Code), food sales which are authorized pursuant to this section and which would otherwise be subject to the California Uniform Retail Food Facilities Law.

Fund Raising Activities

E.C. 48932. The governing board of any school district may authorize any organization composed entirely of pupils attending the schools of the district to maintain such activities, including fund-raising activities, as may be approved by the Board.

The governing board of any school district may, by resolution, authorize any student body organization to conduct fund-raising activities on school property during school hours, provided that the governing board has determined that such activities will not interfere with the normal conduct of the school.

Principles Governing Student Body Finance

The basic purpose of raising and expending money by a student body is to promote the general welfare, morale, and educational experiences of the student body.

In the operation of a student body organization, certain accounting practices should be maintained. These include:

- A. Student body funds are to be used to promote and finance a program of worthwhile co-curricular activities beyond those provided by the District.
- B. Funds derived from the student body must be expended in a manner approved by the student organization. All disbursements must be approved by the school principal or designee, a certificated employee assigned as the student organization advisor, and a student organization representative.

Business and Noninstructional Operations

Associated Student Body Accounting – (continued)

- C. Student body funds must be managed in accordance with sound business practices, designed to encourage the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.
- D. The school principal is responsible for the proper conduct of student body financial activities. The Superintendent or designee shall periodically review the organization's general financial structures and accounting procedures.
- E. The budget adopted by the student body organization should serve as the financial plan for the school year. A copy of the budget must be submitted to the District Business Office in October, and any revisions submitted as soon as possible.

Deposit of Investment of Student Body Organization Funds

E.C. 48933:

- A. The funds of any student body organization established in the public schools of any school district shall, subject to approval of the governing board of the school district, be deposited or invested in one or more of the following ways:
  - 1. Deposits in a bank or banks, or other institutions whose accounts are federally insured.
  - 2. Investment certificates or withdrawable shares in state-chartered savings and loan associations provided such associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporations.
  - 3. Purchase of re-purchase agreements issued by savings and loan associations or banks.
  - 4. Purchase of bonds, notes, bills, certificates, debentures, or any other obligations issued by the United States of America.
  - 5. Shares of certificates for funds received or any form of evidence of interest or indebtedness issued by any credit union in the state, organized under the provisions of Division 5 (commencing with Section 14000) of the Financial Code, or the statutes of the United States relating to credit unions insured by the administrator of the National Credit Union Administration, or a comparable agency as provided by a state government.

### Business and Noninstructional Operations

#### Deposit of Investment of Student Body Organization Funds – (continued)

- B. The funds shall be expended subject to such procedure as may be established by the student body organization, subject to the approval of each of the following three persons, which shall be obtained each time before any of such funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated advisor of the particular student body organization, and a representative of the particular student body organization.

#### Duties and Responsibilities of Student Body Accounting

##### Principal

The school principal is directly responsible for student body organization financial activities and must make sure that activities conform to established district policies and procedures. The principal may, however, appoint student body advisors to see that the required procedures are followed.

##### Associated Student Body Organization

The associated student body organization in each school is made up of the school principal, or designee (the student body advisor), and appointed or elected student body officers.

According to the student body constitution, the associated student body organization is responsible for the adoption of a budget, approval of expenditures, and authorization of fund-raising activities. All fund-raising activities must be approved by the school principal.

##### Associated Student Body Clerk

The clerk for a student body organization is normally responsible to the principal for keeping financial records, including tax reports, in accordance with established methods and procedures.

##### Faculty Advisor

The faculty advisor may be appointed by the school principal to assume responsibility for implementing the appropriate procedures, and for carrying out organizational and administrative functions while working directly with the student organization.

##### Minutes of Meetings

The associated student body organization and each club within the organization shall keep minutes for each meeting. The minutes shall include details of proceedings, including financial matters pertaining to the budget, approval of fund-raising activities,

Business and Noninstructional Operations

Associated Student Body Accounting

Minutes of Meetings – (continued)

and expenditure authorizations. A copy of the minutes must be sent to the student body clerk. The minutes might be organized as follows:

- I. Introductory data
  - a. Location of meeting
  - b. Date and time of meeting
  - c. Attendance at meeting
    - 1) Presiding officer
    - 2) Number of names of members present
    - 3) Advisor(s)
    - 4) Guests
  
- II. Report of business
  - a. Minutes of previous meeting
  - b. Activities of standing committee or special committee
  - c. Communications
  - d. Old business
  - e. New business
  - f. Authorization of payments

The associated student body and clubs are encouraged to follow Roberts Rules of Order.

STUDENT BODY ACCOUNTS  
Sales, Fund-Raising Activities, and Cash Receipts

Fund-Raising Activities

Revenue producing activities must be approved by the school principal or designee, and be in accordance with the policies of the Glendale Unified School District. Income should be controlled by use of prenumbered receipts/tickets for major school events and events utilizing pre-sale tickets (ASB cards, yearbooks, football and basketball games, prom, etc.). The ASB account clerk should have a recording of the prenumbered receipts/tickets given to the individual supervising the activity.

Prior to turning in the cash and unused prenumbered tickets/receipts, the adult supervisor must count the cash. All currency should be sorted, counted and totaled by denomination. Change should be totaled by denomination and wrapped when possible. These procedures represent good business practices and constitute a District goal as opposed to a legal requirement.

### Business and Noninstructional Operations

#### Associated Student Body Accounting – (continued)

##### Fund-Raising Activities – (continued)

Income from each fund-raising activity should be turned into the ASB account clerk as soon as possible. Money should be deposited on a daily basis and only if absolutely necessary be kept in the school safe overnight. All income from fund-raising activities shall be turned in to the ASB account clerk intact, and no funds should be pulled for paying expenses, or cashing personal checks.

##### Student Body Deposit Accounts

All deposit accounts must have an approved charter indicating the purpose for its establishment and responsibility of officers and members. Accounts set up as deposit accounts that have no charter will have its balances redistributed to the appropriate student body income expenditure accounts at the end of the school year.

##### Exchange Accounts

These accounts may be established for the collection and expending of funds that are not pertinent to student body organizations (the account balance must be zeroed out at the end of the year). Exchange accounts are in the 28X series and are used for holding or clearing activities.

##### Purchase of Merchandise and Services

All purchase orders or expenditure documents must have the signature of:

1. the school principal or designee
2. the certificated employee assigned as the student organization advisor
3. student organization representative.

The above signatures must appear on the purchase order, invoice, a form similar to Exhibit 1, or the check.

##### Purchases of Merchandise and Services

In certain situations, the ASB account clerk may advance cash to a designated faculty member without the required signatures. However, in these situations, ASB council minutes must include an authorization for this expenditure, and a “not to exceed” amount. Cash disbursed must be supported by valid receipts. Normally an advance of cash would be used:

1. where vendors would not normally accept a purchase order; or
2. for field trip expenses.

### Business and Noninstructional Operations

#### Associated Student Body Accounting – (continued)

#### Purchases of Merchandise and Services – (continued)

Purchases made while school is not in session must have been approved in prior student council minutes, or be approved in subsequent minutes prior to payment. Pre-approval should be obtained, if possible.

For purchase made by clubs and other deposit account organizations, the signature of the student club representative is required (in lieu of the ASB student representative, a designated student council member may authorize the expenditure).

The form(s) in Exhibit 1 (or a similar), containing the required signatures must be retained as part of the voucher file, subject to audit at a later date. If the student council signature is not available, the voucher file must have a reference to the applicable council minutes.

All ASB checks must contain two signatures.

Payments for the following expenditures are not authorized;

- Equipment, supplies, forms, and postage for curricular or classroom use or for District business
- Repairs and maintenance of District-owned equipment
- Salaries or supplies which are the responsibility of the District
- Articles for the personal use of District employees
- Gifts, loans, credit, or the purchase of accommodations for District employees or others
- Contributions to charitable organizations.

### Contracts

Written contracts are legal instruments binding two or more parties to a course of action usually involving money. Serious legal questions arise when a student body organization enters into a contract. The law governing contracts is complex. The principle questions are whether a student body organization composed is a competent party, and the personal liability of an adult who is involved in contract negotiations. Therefore, careful and prudent consideration should be given before entering into a contract. The monetary obligation may not be beyond the financial ability of the organization to pay. Multi-year contracts, contracts over \$20,000, and those contracts containing unusual circumstances shall be reviewed in advance by Business Services.

### Payment of Sales Tax

Sales tax is paid on student store items purchased for sale. Payment is made to the California Board of Equalization through the State, Local, and District Sales and Use Tax Return.

Business and Noninstructional Operations

Associated Student Body Accounting – (continued)

Payment of Sales Tax – (continued)

If sales tax is collected at the time of sale, the applicable percent (currently 8.25%) is credited to the Sales Tax Liability account. For example, if the amount charged is \$108.25, the entry to the cash receipt would be:

Debit Cash	\$108.25
Credit Sales-Student Store	\$100.00
Credit Sales Tax Payable	\$ 8.25

When payment is made to the Board of Equalization, the amount paid would be the accumulation in the Sales Tax Payable Account.

Payment to Contractors

Payments made by associated student bodies for various services, such as officiating at sporting events, security, and supervision, are taxable events, and must be reported to the federal and state agencies for any individual who receives \$600.00 or more in income during the calendar year from all schools from the District. Annually, the principal shall attest that reports submitted to the District Financial Services office are complete and accurate.

A record on each individual must be maintained, recording every payment for the calendar year (it will also be necessary to obtain a W-9 Form). The data can be compiled from the calendar year check registers. A listing of all recipient contractors (even those who received less than \$600.00) must be submitted to the Financial Services office by January 15. This listing should include name, address, social security number and the amount received during the calendar year. Student Body organizations are required to report all contracts/payments to independent contractors in the amount of \$600 or more to the State Employment Development Department. This reporting is required to be made within twenty days of making the payment or entering into a contract.

Administrators and teachers must obtain a social security number before engaging any person to perform ASB services. Glendale Unified School District employees who perform a student body function unrelated to their regular District duties must be included. Further, no check should be written to any individual without first making a good faith effort to obtain a completed W-9 Form. Cash payments shall not be made to individuals.

When you have compiled the amount paid to each noncorporate vendor, send the information to the District Financial Services office no later than February 10, annually. The District will prepare the 1099's.

Business and Noninstructional Operations

Associated Student Body Accounting – (continued)

Advance Payments to School Staff Members

No payment is to be made from ASB accounts without proper documentation. However, when authorized by the ASB, advance payment by check may be made to staff members for expenses for student field trips and conferences. The payment should be recorded in the cash disbursements journal in accounts receivable. The staff member must sign a receipt for the money.

Appropriate notation should also be made to ensure the necessary follow-up requirements are met. Funds that were advanced, but not spent, must be deposited to the ASB accounts and credited in the cash receipts journal to accounts receivable. Expended funds must be supported by a receipt. Recording of the actual amount spent should be handled as follows in the general journal:

Debit	Appropriate Expense Account
Credit	Accounts Receivable

Student Store

The transactions of the student store must be recorded in the journals and ledgers of the student body organization as a general student body account, and must be subjected to the same accounting used for other transactions.

Prior Student Cabinet approval must be required for purchases. The Cabinet may authorize in advance expenditures not to exceed a stated amount, for a period of not more than one month. Before payment is made, a purchase order must be prepared, an invoice received from the vendor, and a receiving report executed. All documents must be signed and dated for approval. Emergency purchases made before approval shall be ratified by the student organization.

Student store funds shall be deposited at least daily. An inventory of the student store must be performed at least annually. Periodic “spot check” inventories should be taken during the year to ensure that internal controls are operating successfully and that loss of merchandise is not occurring. All inventories will include item quantity, unit price, and value. The total inventory value shall be shown on the last page of the inventory.

Industrial Arts (Shop) Inventory

The District’s auditor has recommended a standard form for recording shop inventory. The attached form, shown as Exhibit 2, should be used by industrial arts teachers when taking inventory. When taking inventory, care should be exercised to insure that:

Business and Noninstructional Operations

Associated Student Body Accounting – (continued)

Shop Inventory – (continued)

1. Different items should not be lumped in the same inventory line, even though they may be of the same general description. For example, birch should be recorded separately from pine wood and ½" plywood should be recorded separately from ¾" plywood since it would be obvious that the price of each would not be identical. The same would hold true for metal products.
2. Only items purchased with student body funds should be included in the inventory. Donated items or items purchased with District funds should be excluded and segregated in a special inventory.
3. Current purchase prices are used. If the inventory on hand of a given item was purchased at varying prices, these prices may be averaged or the latest price could be used.

The inventory form is an integral part of the student body financial statement.

AUDITS OF STUDENT BODY ORGANIZATION ACCOUNTS

Records to be Kept

The heart of any accounting activity is the actual recording of the data in a set of accounting books kept in the office. These records must be retained according to the following guidelines:

- ASB Constitution, Bylaws and Charters – Permanent retention
- Club Charters and organization records – Permanent retention
- Equipment Inventory – Permanent retention
- Club and council minutes – 4 years
- Budgets – 4 years
- Invoices and approval documents – 4 years
- Bank statements, deposit slips, cancelled checks and other banking records – 4 years
- Accounting books/records

No original documents and records may be destroyed prior to the year-end certified audit.

Legal Reference: Education Code, Sections 41020; 48930-48938

Rules Approved: 7/19/94

Rules Revised: 2/4/03

Formerly AR 3610

Glendale Unified School District  
Glendale, California

CHECK REQUEST FORM

Vendor: \_\_\_\_\_

Purchase Order No. (if any) \_\_\_\_\_

Description of Purchase: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date of Invoice: \_\_\_\_\_

Amount of Invoice: \_\_\_\_\_

Date Item/Services Received: \_\_\_\_\_

I certify that items/services have been received, and that the amount of \$ \_\_\_\_\_  
is approved for payment.

\_\_\_\_\_  
Signature of Student Advisor

\_\_\_\_\_  
Signature of Principal or Representative

\_\_\_\_\_  
Signature of Student Representative

I certify that subject expenditures were approved by the student council and that an  
amount up to \$ \_\_\_\_\_ may be advanced for making purchases.

\_\_\_\_\_  
Signature of Student Advisor

\_\_\_\_\_  
Signature of Principal or Representative

\_\_\_\_\_  
Signature of Student Representative

