

STUDENT ACTIVITIES FUNDS MANAGEMENT

The student activities fund shall be the responsibility of the Superintendent of Schools who may delegate his/her authority to each Building Principal.

Since the fund is student money, records should be maintained and periodically checked to verify that the fund is being properly managed. Each organization using the fund shall be monitored to assure fair and just use of the fund for all students. There will be an annual district audit of the student activities fund.

Student activity funds shall be used for purposes which benefit the student body and maintenance of the account shall conform with the recommendations of the Commissioner of Education as well as state regulations.

Cross-ref: 2210, Board Reorganizational Meeting
5210, Student Organizations

Ref: Education Law §207
8 NYCRR §172.1 et seq.

Adoption date: June 21, 1993

Investing Extraclassroom Activity Account Moneys

Unneeded funds deposited in the extraclassroom activity fund may be invested in whole or in part in a time deposit account, a certificate of deposit, a savings account, or other investment approved by the Board. The investment of this money must be authorized by the Board. All proceeds (interest) are to be spread equally among the four school classes. (i.e., grades 7, 8, Freshman, Sophomore, Junior, Senior)

Closing Out of Inactive Accounts/Left Over Funds

Accounts that are inactive due to lack of student interest or formally discontinued are to be closed after a period of one year.

Unused balances shall automatically be expended in accordance with that organizations consultation. If not stated, the unused balance will be transferred to and spread equally among grades 9-12.

Should a graduating class leave an unspecified unused balance, the unused balance will be transferred to the NCCS Pep Club.

Petty Cash Funds

1. The Board may establish a petty cash fund for the extraclassroom activity fund by authorizing the central treasurer to draw a check in an amount not to exceed fifty dollars payable to the Building Principal who shall administer and be responsible for such petty cash fund. (THIS FUND IS SEPARATE FROM THE GENERAL FUND PETTY CASH.)
2. Payments from petty cash funds may be made for supplies, or services only under conditions calling for immediate payment upon delivery.
3. From time to time, checks may be drawn to the Building Principal in an amount which shall not exceed payments made in cash as indicated by receipts, receipted bills, or other evidence of payment in a form available to audit.
4. Expenditures from the extraclassroom activity petty cash fund shall be charged to the benefitting activity funds by the central treasurer as indicated by the records of the Building Principal.
5. The Building Principal shall keep such records as may be necessary for the accurate accounting of all transactions.
6. The extraclassroom activity petty cash fund must be completely closed out at the end of each year and the extraclassroom activity fund shall be reimbursed by the original amount transferred to the petty cash fund.
7. The central treasurer will report the amount of the petty cash fund which is on loan to the Building Principal on the monthly reconciliation of bank statement and the periodic central treasurer's report for the extraclassroom activity.

Operation of School Store

1. The school store will be operated as a distributive education club or class project under the sponsorship and guidance of the advisor, and from an accounting standpoint be treated as an extra classroom activity of the school. The approved accounting system will be the same as for other extraclassroom activities.
2. The school store activity will be established as a separate account in the internal accounts of the school system.
3. In addition to the approved accounting procedures to control receipts and expenditures, it is desirable for the advisor and the school business official to agree on acceptable operating and year-end financial statements that will reflect the financial soundness of the store activity. Periodic profit and loss statements and balance sheets not only constitute good accounting procedures but also afford excellent instructional opportunities for distributive education classes. (A schedule of school store ledger accounts will be developed which meet the standards of the State of New York Department of Audit and Control.) This may be accomplished by working with the School Business Official. It is required that a Sales Tax (accounts payable) be added to the ledger of accounts. The advisor will adhere to control policies and procedures which have been established by the school business official for extraclassroom activities. The store-laboratory manual available in the District Office lists key duties for personnel assigned to the school store, duty checklists for students assigned to the laboratory store, etc.

Sales Tax

A school district is not exempt from the provisions of the Sales Tax Law whenever it becomes the vendor of services or property ordinarily sold by private persons. Each faculty advisor is to know which of the activities his/her organization undertakes and are subject to sales tax and take steps to see that all sales tax information is accurately recorded and sent to the central treasurer. In order to provide a ready reference, a list of common undertakings of extraclassroom fund raising and social activities has been prepared indicating their taxable status. This list is not an exhaustive tabulation but is presented as a guide for ready reference.

When a student organization purchases merchandise for resale, vendors are required to collect the sales tax unless they receive a resale certificate from the buyer. It is stipulated, therefore, that the central treasurer of the extraclassroom activity fund secure and control a supply of these certificates. Upon approval of a purchase, the central treasurer should supply the vendor with a certificate.

At the express request of the Sales Tax Bureau emphasis is made of the need for each school district to secure a certificate authority, ST-105. Only one certificate is necessary for the district.

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STUDENT ACTIVITIES FUNDS MANAGEMENT REGULATION

Rules and Regulations for the Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds

I. Definition

Extraclassroom Activity funds are funds raised by means other than by taxation or through charges of the Board of Education, for, by, or in the name of the school, student body, or any subdivision thereof.

II. Financial Regulations

All extraclassroom activity funds shall be handled in accordance with the following procedures for the safeguarding, accounting, and auditing of these funds:

- a. Two separate and independent sets of records of receipts and expenditures will be maintained.
- b. The authority (Building Principal and/or advisor) to expend moneys will be distinct and separate from custody of these moneys.
- c. At least two individuals will take part in each act of disbursing money.
- d. The custodian of funds and the accounting officer or auditor will both report, in writing, to the Board or its designated representative regularly and independently at monthly intervals.
- e. All accounts will be audited at least annually.
- f. Procedures will be established which will ensure a prompt and careful examination and check of each receipt and each payment.
- g. The accounting system will be such that it will yield the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.

III. Procedures in Handling Funds

Pre-audit of Receipts

Confusion and sometimes loss of funds can be traced more often to a lax checkup and recording of money taken in than to any other single cause. For this reason, every possible precaution should be taken to protect the individual concerned and the money collected. Consequently, the most important functions are the prompt checking, recording, and depositing of receipts. Not all of the possible protective measures can be described here, but a number of them are mentioned to show the type of procedure that should be incorporated in any accounting system.

Extraclassroom activities funds are derived from a number of sources such as admissions, membership dues, sales and campaigns, and donations. The procedures used in collecting and pre-auditing (checking) these several types of receipts will naturally vary. So far as possible, devices should be used which will make it possible to determine in advance the amounts which should be received.

To facilitate the pre-audit and recording of receipts, statements should be made by those collecting money. Such a statement should give all the essential data for a complete check and audit of the receipts. A determination should be made as to whether the activity falls within the provision of the New York State Sales Tax Law, and an estimate should be obtained as to the amount of sales tax that will be collected. Such a statement should enable those collecting money to prepare a complete report and to verify the money turned over to the treasurer. In addition, it will afford protection for those handling funds, facilitate a check and serve as documentary evidence which can be used for accounting purposes. A pre-audit of receipts should make only reasonable allowances for errors in making change.

A. Admissions

Various methods may be employed to ensure accurate pre-audit (check) of admissions. Usually prenumbered tickets should be used so that the auditor may be able to reference to the beginning and ending numbers to determine the amount which should be collected. In some cases, as an added precaution, the ticket-taker should be required to deposit the tickets in a locked receptacle so that they may be counted and later destroyed. In other cases where tickets are in a variety of colors, a different color should be used for each occasion, thus making it difficult for anyone to use old tickets. Still another device which can be used to avoid the reuse of tickets is to require the ticket collector to destroy each ticket by tearing it in two, giving one part to the customer and retaining one. Any of these devices or any combination, properly supervised, will ensure reasonable honest and accurate results. None of them will guarantee accuracy, especially when adult supervision is lacking. In sum:

1. use prenumbered tickets, and take steps to prevent fraudulent reuse. (Locked receptacle to receive ticket stubs);
2. charge each ticket seller with a definite number of tickets and a definite amount of change;
3. provide a sufficient number of ticket sellers to avoid undue haste;
4. do not ask the ticket seller to watch the gate;
5. provide a responsible adult ticket taker;
6. require each ticket seller to return all unused tickets, the full amount of change, and the exact amount of receipts promptly;
7. do not aid and abet temptation with careless supervision;
8. carefully analyze procedures, particularly from the standpoint of accurate accounting; and
9. thoroughly explain each device used to safeguard money so that those who have anything to do with it are thoroughly familiar with each process and understand its purpose. Consider these devices not merely as means of preventing fraud, but as instruments which have been set up so that each agent may clearly demonstrate the accuracy of his/her work and the fulfillment of his/her responsibility.

B. Membership Dues

The pre-audit (check) of membership dues should be relatively easy if plans are carefully worked out in advance. A few simple rules are here suggested:

1. provide prenumbered receipts or membership cards;

2. charge each solicitor with a definite number of receipts or membership cards make a record of the numbers issued to each solicitor);
 3. require each solicitor to return all unused receipts or cards and the exact amount of money due for each membership sold;
 4. designate an adult to supervise the membership campaign and to insist upon a complete and accurate report at the close of the campaign;
 5. prohibit solicitors from issuing receipts or cards on credit. Require pupils wishing credit to make arrangements with the designated adult officer; and
 6. if memberships are given free or on credit to any pupils, have these issued by the designated adult officer after all the solicitors have turned in their reports, cash, and unsold cards.
- C. Receipts from Sales, Campaigns, etc.

Pupils collecting moneys will, whenever possible, issue prenumbered receipts in duplicate, the original to be given to the purchaser and the carbon to the pupil treasurer of the activity after the audit has been completed. In those cases where receipts are not practical, for example, a candy sale, the activity treasurer, with the assistance of the advisor, will devise a method whereby the exact amount to be realized by the sale is determined in advance. Each salesperson will be given a statement showing the amount she/he is to receive. After the sale, each will then turn in that amount in cash and unsold goods.

D. Donations

Gifts or donations are usually made in lump sums and will be recorded in the minutes of the activity. The activity treasurer will issue a receipt and deposit the gift with the central treasurer of the extraclassroom fund.

Deposit of Money

After the money has been turned in to the activity treasurer and properly checked by him/her and the faculty advisor, the money will be turned over to the central treasurer, who will issue a prenumbered receipt.

Purchasing

Money may be spent by student organizations to purchase materials and supplies, professional service, for transportation, for rent, for guarantees, and for services such as printing, advertising, postage, and telephone and telegraph.

A formal purchase order originating within an activity will be issued for all purchases.

Correspondence concerning payments for the professional service and guarantees will be submitted to the responsible adult officer in advance of any commitment so that information regarding the nature of the services and the cost thereof will be available when payments are to be made.

Payments

When bills are to be paid, the activity treasurer will make out a payment order. This should include the name of the payee, the amount, the activity to be charged, and, if in payment for a purchase, the purchase order number. The payment order will be made out in duplicate by the activity treasurer and after review may be approved by the advisor. One copy of the order is to be forwarded to the central treasurer together with invoices for the materials or services for which payments are made. After auditing the order and invoices and after determining that the activity has sufficient funds, the central treasurer should draw a prenumbered voucher check.

Advances

To provide the necessary cash for student organization activity trips, the activity treasurer of the group will draw a payment order in the same manner as when paying for a purchase except that in explaining the payment she/he will state that the check is to be drawn to himself/herself, giving essential facts regarding the trip. This order will be accompanied by a detailed statement of estimated expenditures and the like. Such a payment order will be pre-audited and approved the same as any other payment order. After audit and approval, the central treasurer will draw the necessary voucher check. The activity treasurer will thus secure the requested cash.

After the trip, the activity treasurer will file with the central treasurer a detailed statement of actual expenditures and turn over any balance not accounted for. The statement will be audited and approved by the faculty advisor.

NOTE: The use of the advance procedure will be very carefully limited and closely supervised. The device will be used only in case of real need, and not merely for convenience.

In order to avoid confusion in the case of advances for making change for admission tickets sold and to avoid inflation of accounts, a service account may be set up. This account is charged with the advance and credited with the return of the money. Then the exact amount of net receipts can be credited to the activity.

Transfer of Funds from one Activity to Another

Transfer of funds from one activity to another will be accomplished by the use of a payment order. The treasurer of the activity making the donation will upon proper authorization draw a payment order stating all essential facts. The central treasurer will then effect the necessary transfer in his/her accounts, and no money will actually change hands.

Bonding of the Central Treasurer

The Board requires the central treasurer of the extraclassroom activity fund to be bonded for no less than the amount of the average cash balance of the fund. In this way, the money belonging to the various student organizations is protected.

STUDENT ACTIVITIES FUNDS MANAGEMENT EXHIBIT

Illustrations of Items Subject to Sales Tax

<u>Organization</u>	<u>Activity</u>	<u>Taxable Status</u>
Art Club	Sale of Art supplies	Taxable
	Sale of Student Made Jewelry	Taxable
Band	Concerts	Exempt
Book Store	All	Sales Taxable
Drama club	Drama Festival	Exempt
Future Teachers	Sale of Magazine Subscriptions	Exempt
Junior Class	Prom	Taxable
School Paper	Advertising Space	Exempt
	Sale of Paper to Students	Exempt
Varsity Club	Dance	Taxable
Yearbook	Sale of Yearbook	Taxable*
Yorker Club	Sale of Candy	Taxable

*If the entire cost of the yearbook is underwritten by the Board and the revenue is returned to the General Fund, this sale would then be tax exempt.

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