

**EASTERN LANCASTER COUNTY
SCHOOL DISTRICT**

**STUDENT ACTIVITY
ACCOUNTING MANUAL**

**669 E. MAIN ST.
NEW HOLLAND, PA 17557**

PURPOSE

The purpose of the Student Activity Accounting manual is to document the system's flow of transactions and to formalize the rules and regulations of the Eastern Lancaster County School District School Board of Directors as required by Section 511 of the Commonwealth of Pennsylvania School Code. The Pennsylvania School code clearly indicates that each school should have a policy for Student Activity Funds which provides for reasonable rules and regulations regarding student activities and procedures in place for organization, management, supervision, control and financing of student activities.

OBJECTIVES OF THE ACCOUNTING MANUAL

The Student Activity Accounting Manual represents the rules and regulations adopted by the Eastern Lancaster County School Board of School Directors to provide policies and procedures to the Principal and Fund Custodian. This manual is designed to provide a complete accounting record system to assure consistency, completeness and continuity in the recording and reporting of student activity transactions. This accounting system has been designed to:

1. Establish uniformity of practices and procedures.
2. Reduce or eliminate the misunderstanding of established procedures.
3. Assure financial operations are properly conducted.
4. Assure monthly reports are properly presented.
5. Provide a reference source on required and recommended accounting procedures.
6. Serve as a training tool for new employees.
7. Record of all financial transactions.
8. Maintain maximum financial control.

This accounting system described herein has been developed in accordance with the following assumptions:

1. The District will hold Student Activity Fund assets in an Agency Fund, where the assets of the fund legally belong to the students.
2. Agency Funds are purely custodial and no fund equity is reported. Agency Funds are not required to report operations on financial statements and therefore, do not have a measurement focus. However, assets and liabilities should be accounted for on the modified accrual basis of accounting for year-end financial reporting purposes.
3. Since Agency Funds are custodial in nature, formal budgetary accounting is not necessary.

The Commonwealth of Pennsylvania Public School Code and Pennsylvania Association of School Business Officials Research Publication entitled "Student Activity Fund: An Administrator's Guide to the Development of Effective Student Activity Fund Policies and Procedures" were used to develop the Accounting Manual.

GENERAL PRINCIPLES

Student Activity Funds should be used to finance a program of activities not part of the regular curriculum augmenting but not replacing the activities provided by the district.

Student Activity Funds should be used for student activity purposes and for those students currently in school, particularly when those students have contributed to the accumulation of the funds. Except for “class” and GSPA funds, the balance in any one account on June 30th should be limited to \$5,000.00 or less. The purpose of the limit is to avoid large accumulations of money over more than one (1) year. Exceptions to the limit should be submitted to the Business Manager in writing.

Monies collected through fund-raisers should be spent for the benefit of the students that raised the funds and for purposes not currently fundable through the district’s General Fund. All students do not have to benefit directly; however, the majority should have the opportunity to benefit.

All monies deposited with the Fund Custodian by a particular class, organization, club, or society shall remain the property of that particular group and shall only be expended to benefit that particular group upon proper voucher of its duly authorized officer or officers. All monies derived generally from the students within a particular building shall be used to benefit all of the students within the building.

INITIATING ACCOUNTS

The building principal shall obtain approval from the Business Manager for the formations of any new programs, clubs, or organizations. The request must be in writing. After approval is granted, the principal shall request the Business Manager to establish a new account. New accounts, however, should not be established solely for individual charitable drives.

Two (2) officers, President and Treasurer, must be elected by the new student activity. Those officers will then participate in and sign for transactions involving their group. All deposits and payment requests must be signed by at least one of the above student officers. Any student who chooses to participate in various activities should be involved in the fiscal management of those activities. This is a learning activity, which may benefit interested pupils.

An advisor from the faculty shall be assigned by the building principal to each new activity. This advisor will be responsible for working with students on specific activities and for carrying out administrative regulations. More than one advisor may be assigned.

The duties of the advisor shall include, but not limited to, the following:

1. Generate interest in the organization among the student body.
2. Conduct elections of officers of the organization from the students that volunteer.
3. Call and organize meetings as necessary to conduct the business of the group. At least three (3) meetings per year are recommended.
4. Provide guidance and assistance to the students as needed.
5. Approve all disbursements or transfers of funds of the organization before they are made.
6. Follow all School Board of Director policies and administrative guidelines governing student activity groups and funds.
7. Establish and implement sufficient safeguards in the collection, receipt, deposit and disbursement of funds to diminish the possibility of misappropriation, stealing or diversion of money by anyone associated with the organization.

An approved application form (Attachment A) shall be completed and submitted to the Business Office for all new accounts. No deposits or payment requests will be processed by the Fund Custodian without an application on file.

ONGOING ACCOUNTS

Two (2) officers, President and Treasurer, must be elected annually by the student activity. These officers will then participate in and sign for transactions involving their group. All deposits and payment requests must be signed by at least one of the above student officers. Any student who chooses to participate in various activities should be involved in the fiscal management of those activities. This is a learning activity, which may benefit interested pupils.

An advisor from the faculty shall be assigned by the building principal to each ongoing activity. This advisor will be responsible for working with students on specific activities and for carrying out administrative regulations. More than one advisor may be assigned.

The duties of the advisor shall include, but not limited to, the following:

1. Generate interest in the organization among the student body.
2. Conduct elections of officers of the organization from the students that volunteer.
3. Call and organize meetings as necessary to conduct the business of the group. At least three (3) meetings per year are recommended.
4. Provide guidance and assistance to the students as needed.
5. Approve all disbursements or transfers of funds of the organization before they are made.
6. Follow all School Board of Directors policies and administrative guidelines governing student activity groups and funds.
7. Establish and implement sufficient safeguards in the collection, receipt, deposit and disbursement of funds to diminish the possibility of misappropriation, stealing or diversion of money by anyone associated with the organization.

An approved application form (Attachment A) shall be completed annually and submitted to the Business Office for all ongoing accounts. No deposits or payment requests will be processed by the Fund Custodian without a current application on file.

TERMINATING ACCOUNTS

Upon the terminating of a student organization, and within thirty (30) calendar days, the organization, by simple majority vote of the total student membership, shall request to the Fund Custodian in writing, under the signature of the organization President, that any account balance is to be withdrawn and deposited in an account to be used for any proper school-related purposes. If no instructions are received as to the disposition of funds, any remaining balance will be transferred in the Student Council Account. All requests shall be approved by the Board of School Directors.

INACTIVE ACTIVITY ACCOUNTS

An account will be deemed inactive if it has monies left unused or uncommitted in any twelve-month period.

When inactive account balances are discovered which belong to inactive groups or clubs, or for classes, which have graduated, the administration shall make a good faith effort to locate the group or class officers. The officers are charged with designating the school-related purpose to which the funds should be distributed. The request for disposition of funds must be in writing and submitted to the Fund Custodian within thirty (30) calendar days.

When the class or group officers cannot be located through a reasonable search or where the class fails to adhere to the time limit, the balances shall be transferred to the Student Council Account to be used for any proper school-related purposes.

GRADUATED CLASS FUNDS

The ownership of money leftover in student activity funds following the graduation of each senior high school class is vested in the Eastern Lancaster County School District, and the funds must be used to further a school-related purpose pursuant to the Public School code of 1949, 24 O.S. Section 5-511. Maintaining or distributing funds for future class reunions are not a legitimate use of funds.

Upon graduation, senior class funds/assets should be handled in one of the following methods:

1. Expend remaining funds prior to dissolution in a way that will benefit the student body;

2. Transfer remaining funds to another club (i.e. student council or next year's graduating class, etc.)

Senior Class officers should make the decision and clearly document, with records of minutes, etc., how the class funds were dissolved within one year of graduation. If Senior Class officers do not make this decision within one year of graduation, the remaining graduated class funds will be transferred into the Student Council Account to be used for any proper school-related purpose.

CASH RECEIPTS PROCEDURES

The following procedures must be followed for receiving, depositing and recording of cash receipts:

RECEIVING AND RECORDING CASH RECEIPTS

1. Funds will be collected and counted by the faculty advisor, student treasurer or other authorized individuals. All coins and currency will be rolled and/or banded in appropriate amounts.
2. The above individual will immediately forward the funds, completed receipt book (Attachment B) and completed Deposit Verification Form (Attachment C) to the Activity Fund Deposit Coordinator.
3. The Activity Fund Deposit Coordinator will, as soon as practicable, count the funds and return to the faculty advisor the deposit receipt book. The faculty advisor and/or the student officers shall compare the deposit receipt book with their records for accuracy.
4. The Fund Custodian shall retain a carbon copy from the deposit receipt book and the deposit slip.

DEPOSITING RECEIPTS

1. The Activity Fund Deposit Coordinator will endorse all checks with a special deposit stamp as follows:

FOR DEPOSIT ONLY
GARDEN SPOT ORGANIZATIONS

2. A deposit slip will be completed by the Activity Fund Deposit Coordinator. The deposit slip will include the date and deposit amount.
3. All deposits will be made daily or within two (2) days after receipt. If the daily total cash received exceeds \$500.00, it must be deposited immediately.
4. Deposits will be taken to the bank in a locked bag by the District Courier,
5. All receipts not deposited immediately will be kept in a safe.
6. Large receipts from night or weekend activities, such as those from the GSPA plays, should be deposited in an overnight depository rather than placed in the school safe.

PETTY CASH

The Student Activity Fund **will not** maintain petty cash funds.

NON-SUFFICIENT FUND CHECKS (NSF)

All NSF checks returned by the bank will be acted upon by the Activity Fund Deposit Coordinator. Each check issuer of a NSF check will be given ten (10) business days to make a payment in full plus any bank handling charges. Payment will be by cash, certified check, or money order.

The Activity Fund Deposit Coordinator will notify the Fund Custodian and the appropriate activity account regarding the adjustment.

JOINT FUND RAISING PROJECT

Student activity clubs/organizations may jointly conduct major fund raising drives. Such fund raising activities may be conducted provided that:

1. The fund raising activity has been approved by the participating clubs/organizations.
2. One of the participating clubs/organizations has been designated as the sponsor and shall account for the receipt and disbursement of funds in accordance with the procedures contained herein.
3. A method of distribution of the profits has been agreed to by the participating clubs/organizations in advance of the fund raising activity.
4. At the conclusion of the fund raising drive, profits shall be dispersed to the participating clubs/organizations as agreed.
5. The sponsor of the fund raising drive shall obtain the approval of the building principal of the fund raising activity.

INTEREST INCOME

Interest income (Net of cost of checks, deposit slips and bank fees) on Student Activity Funds will be allocated semi-annually. Interest income will accumulate from July 1st to December 31st and January 1st to June 30th. At the end of each period, the interest income will be allocated to the individual activity accounts with balances. Only activity accounts with a positive balance on June 30th will receive interest income.

Upon allocation of interest income, the Fund Custodian shall notify the faculty advisor and/or the treasurer/president of the respective activity account of the interest allocation.

PURCHASING REQUIREMENTS

All materials and supplies purchased that will cost in excess of \$5,700.00 must follow the procedures in Section 807.1 of the Commonwealth of Pennsylvania Public School Code as outlined below:

“Written quotations from at least three qualified and responsible vendors shall be requested for all purchases of materials and supplies that exceed five thousand seven hundred dollars (\$5,700), but less than the amount requiring advertisement and competitive bidding. All materials and supplies costing fourteen thousand dollars (\$14,000) or more shall be purchased only after public notice has been given by advertisement once a week for three (3) weeks in not less than two (2) newspapers of general circulation. In any district where no newspaper is published, said notice may, in lieu of such publications, be posted in at least five (5) public places. All such purchases shall be made from the lowest responsible bidder on the basis of price, quality and service.”

All quotations are required to be recorded on a Request for Quotation Form (Attachment D). If three (3) quotations cannot be obtained, the reason why must be documented on this form. This form must be signed by the individual receiving the quotations. The Building Principal must review and initial the form before the item is purchased. This form must be attached to a purchase order.

Purchases may only be made upon issuing an approved purchase order (Attachment F) to the desired vendor in advance of receiving any materials or supplies. All purchase orders must be approved by the following individuals, student club officer, faculty advisor and building principal.

COMMISSIONS

While the purchase of items for which commissions are paid should be discouraged, it is common practice that commissions are paid on sales of items such as magazines. Such fund raising activities may be conducted provided that:

1. An approved contract should include the commission calculation, the collection of funds, distribution of items and terms of payment.
2. A system to verify commissions should be established.
3. Responsibility for defective products or lost funds.
4. Prizes and awards provided by the vendor should comply with school policies.

TAX REQUIREMENTS

FEDERAL TAX REQUIREMENTS

The Tax Equity and Fiscal Responsibility Act of 1982 requires a Federal Form 1099 be issued for any individual or unincorporated business who renders services to the district and receives at least \$600.00 in a calendar year (January 1st to December 31st).

To comply with this requirement, the following procedures will be necessary:

1. The Business Office will request that a W-9 form be completed by each business or individual who is an unincorporated entity.
2. The Business Office will prepare and send the Federal Form 1099 at the close of each calendar year.

PA SALES TAX REQUIREMENTS

When a student activity club purchases taxable property, such as candles, magazines, yearbooks, etc., for resale to raise funds, the club must pay the applicable sales tax at the time of purchase.

If the student organization operates a school store, the sale would require the collection and remission of the tax directly to the Department of Revenue.

TAX EXEMPT NUMBER

The school tax exemption number **may** be used in connection with the purchase of food and beverages at a restaurant as long as billing is directly to the school district.

The school tax exemption number **may not** be used in connection with the purchase of occupancy of a room or rooms from a hotel/motel because there is no exemption from hotel occupancy tax that the school district may claim.

PTO's, PTA's, Booster Clubs and similar organizations **may not** use the school's tax exemption number in connection with purchases they make.

EXPENDITURE OF STUDENT ACTIVITY FUNDS

Student Activity Funds are to be expended for students only. Class or club donations/gifts may be made to the school building or District, which will directly benefit other students.

Examples of Prohibited Expenditures:

1. Equipment, supplies, forms and/or postage for curricular or classrooms use, or for District business.
2. Repairs and maintenance of District owned equipment.
3. Professional books and magazines, and memberships in professional organizations.
4. Memberships in and contributions to out of school organizations.
5. Custodial supplies and equipment.
6. Salaries and gifts for advisor services.
7. Articles for personal use of District employees or others.
8. Gifts, loans, credit or accommodation purchases for district employees or others.
9. Refreshments served at parent events, receptions for community members or staff, or other expenditures not made to benefit the student body as a whole.

Student Activity Funds by one group of students may be expended for another group of students.

Student body representation, subject to faculty supervision, shall be required in the management of funds raised by the student body and expended for its benefit.

CASH DISBURSEMENTS PROCEDURES

The following procedures must be followed for the disbursement of cash:

RECEIPT OF INVOICES

1. All invoices will be received by the faculty advisor or student treasurer/president.
2. At the time of payment, the faculty advisor or student treasurer/president must attach the original invoice, the request for quotation form (if applicable), and a copy of the related purchase order to the payment request (Dummy Check Attachment H). In addition, the reason for the expenditure must be documented on the payment request form to support its propriety. This form must be signed by the faculty advisor and authorized student.

The following types of disbursements will not have invoices or purchase orders:

- a) Advances for a trip (or other approved advances). The following documentation will be required on a completed request for "Cash Advance Form"(Attachment G).
 - Reason for Advance
 - Signature of Individual Receiving Advance
 - Date Individual Received Advance
 - Original Invoices/Receipts
 - Date individual returned advance. If cost was less than the advance, reference to a receipt/deposit made for the difference (Attachment I).
- b) Reimbursement of Expenses. The following documentation will be required:
 - Completed "Expense Reimbursement Form"(Attachment J)
 - Applicable receipts attached to the completed "Expense Reimbursement Form".
3. The building principal shall review the payment request and invoice for appropriate expenditure, sign the payment request, and forward all items to the Fund Custodian.

PREPARATION OF CHECK

1. Upon receipt of the payment request form, the Fund Custodian will perform the following procedures:
 - Verify that the original invoice is attached and/or appropriate documentation provided.
 - Verify that the faculty advisor, authorized student and principal signed the payment request.
 - Check math accuracy of invoice.
2. A check will be prepared by the Fund Custodian only when the above items have been completed. The Fund Custodian will forward the check to the faculty advisor to send to the vendor.
3. The payment request and original invoice shall be filed under the control of the Fund Custodian.

BANK RECONCILIATIONS

The following procedures will be followed for the reconciliation of bank statements:

1. Bank statements will be received by the Fund Custodian, who will immediately prepare all bank reconciliations.
2. Paid checks will be examined for date, name, cancellation and endorsements and compared to the cash disbursement journal.
3. Cash receipts will be compared to the cash receipts journal.
4. The Bank Reconciliation will be agreed to the ledger/fund report.
5. A copy of the bank reconciliation shall be filed with the Fund Custodian at the end of the subsequent month along with the monthly report.

REVIEW OF BOOKS AND RECORDS

Each month, the faculty advisor and authorized student(s) must review their payment requests and deposit slips with the computerized general ledger received from the Fund Custodian. Any discrepancies must be brought to the immediate attention of the Fund Custodian and differences reconciled.

The Business Office may perform surprise audits of student activity accounts.

All student activity records will be examined at year-end by the District's independent auditors.

FLOWCHART OF RESPONSIBILITY

BOARD OF SCHOOL DIRECTORS

- Adopts Policies

SUPERINTENDENT

- Recommends Policies to Board
- Issues Rules and Regulations

BUSINESS MANAGER

- Identifies Areas Where Policies, Rules and Regulations Should Be Clearly Defined
- Recommends Policies to Superintendent
- Reviews and Approves All Disbursements

BUILDING PRINCIPAL

- Recommends Rules and Regulations
- Reviews and Approves All Disbursement Requests
- Conducts Student Financial Activities in Accordance with this Accounting Manual

FUND CUSTODIAN

- Maintains Required Accounting Records
- Reviews Requests for Payment
- Prepares and Signs Checks
- Prepares Monthly Reports

ACTIVITY FUND DEPOSIT COORDINATOR

- Collects Funds from Faculty Advisors
- Makes Deposits

FACULTY ADVISOR

- Advises Students
- Collects Funds
- Reviews and Approves Disbursements

STUDENT OFFICERS

- Works in Conjunction with the Faculty Advisor
- Maintains Financial Records
- Initiate Disbursements

STUDENT ACTIVITY GROUP

- Elect Officers
- Organize Fundraisers and Projects