

Extraclass Activity Funds

Safeguarding, Accounting and Auditing

Lake George Central School

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FOREWARD

The extraclassroom activity fund should provide learning experiences to students in the business procedures needed to safeguard the collection, deposit, and disbursement of money along with the filing of sales tax revenues. The goal is to set up accounting procedures that conform to the Regulations of the Commissioner of Education for the control of extraclassroom activity funds.

The Regulations of the Commissioner of Education were formulated not only to safeguard the funds of the organization but also to provide schools with the opportunity to teach pupils good business procedures through participation in handling such funds and operating a successful business. For many students, this may be the only business training they will receive in school.

RULES, GUIDING PRINCIPLES, SUGGESTED FORMAT

Rules and Regulations of Boards of Education for the Operation of Extraclassroom Activities
Extraclassroom activity funds are defined in the Regulations of the Commissioner of Education as “Funds raised **other than by taxation or through charges** of a board of education, for, by or in the name of a school, student body or any subdivision thereof.” Basically, extraclassroom activity funds are those operated by and for the students. All clubs must have officers (President, Vice President, Treasurer and Secretary). Moneys are usually collected voluntarily by pupils and are spent by them as they see fit so long as they abide by established regulations. (earned by students, owned by students, to be used by students.)

NEW YORK STATE COMMISSIONER OF EDUCATION REGULATIONS

Financial Accounting of Extraclassroom Activity Funds in Union Free School District Having a Population of Less than One Million

Section 172.1 (Activity Funds). An organization within a school district whose activities are conducted by students and whose financial support is raised other than by taxation or through charges of the board of education shall be known as an extraclassroom activity and the moneys received by it as extraclassroom activity funds.

Section 172.2 (Regulation of Activities and Moneys). The board of education of each school district having a population of less than one million and an educational program beyond the 6th grade shall make rules and regulations for the establishment, conduct, operation, and maintenance of extraclassroom activities for the safeguarding, accounting and audit of all moneys received.

Section 172.3 (Subject Matter of Rules). Such rules and regulations shall require at least the following:

- a) The method to be followed in establishing an organization.
- b) The records of receipts and expenditures to be maintained and the reports to be made at least quarterly to the board of education.
- c) The authority to expend moneys shall be distinct and separate from the custody of those moneys.
- d) The independent and impartial audit of the district records.
- e) The method of disposing of funds of defunct organizations.

Section 172.4 (Deposit of Funds). The board of education shall direct that the moneys received from the conduct, operation or maintenance of any extraclassroom activity is deposited with an official designated by the board of education, who in such event shall be treasurer of such extraclassroom activity fund.

Section 172.5 (Assignment of Board Officers or Employees.) The board of education may assign any of its officers or employees to perform such duties as it may prescribe in connection with any extraclassroom activity, and shall designate such of its officers and employees, from whom an official undertaking shall be required and shall fix the sum thereof.

Commissioner of Education, university of the State of New York, The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds: Finance Pamphlet 2, Albany, NY: State Education Department (1999) Appendix A, p. 33.

<http://www.emsc.nysed.gov/mgtserv/extrclas/pdf>

POINTS OF INTEREST

Interest Earned

Interest earned and bank account service fees for the maintenance of the student activity bank account: the school district account receives all interest earned and is assessed all fees to maintain the student activity bank account.

Records Retention and Disposition

Schedule ED-IADMINISTRATION 2. [167]b. Supporting fiscal and administrative documentation, including but not limited to receipts, warrants and orders to pay, canceled checks, bank statements, and routine correspondence: Retention: 6 years.

50/50 Raffles (gambling)

Lake George school district does not allow 50/50 tickets to be sold or handled by students.

Soda/Juice/Snack Machines

Section 915 of the Education law prohibits the sale of certain sweetened foods, including, but not limited to, soda, chewing gum and candy, from the beginning of the school day until the end of the last scheduled meal period.

The district's nutrition policy addresses the items available for sale in vending machines. Please contact the district's business official with any questions.

EXTRACLASS PROCEDURES

Receipts

Receipts should be written for all money collected via donations, fundraising, sales, etc. These receipts are to be submitted to the extra classroom treasurer along with a completed deposit slip.

Checks

All checks should be made out to Lake George Central School. The person's name, address and phone number should be printed on each check. In the memo area, indicate club/fundraising activity.

Deposit of Funds

Funds should be deposited within 24 hours of receipt. No cash and/or checks should be held by any student or advisor for any reason. Advisors will be held personally responsible for lost or missing funds. Funds may be kept in the safe located in either the Main Office or the Business Office until such time that the student treasurer can verify the amount and complete the paperwork, i.e. for a dance on Friday evening, deposit should be completed on the following Monday. There is a designated area in the main office for student treasurers and advisors to count the funds and complete the deposit slip. This amount should be verified with the receipts or sales log and submitted to the Central Treasurer for verification and deposit. All deposits, less any applicable sales tax, should be promptly recorded in the club ledger.

Please Note:

1. Currency should be separated by denominations; all bills should be face-up and in the same direction. Bills should be banded in bundles as designated by the bank. Currency bands are available from the Central Treasurer.
2. Coins should be counted and rolled. Loose coin envelopes should be used if there are not enough coins for a full roll. Coin wrappers and loose coin envelopes are available from the Central Treasurer.
3. For the deposit: Checks should face the same direction. Indicate the total number of checks to be deposited and the total dollar amount on the deposit form.

All deposits forms should be signed by the person counting the money (treasurer) and the faculty advisor.

Donations

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

Solicitations for donations in the community should be kept to a minimum and must be approved by the school principal. This includes, but is not limited to, prizes for dances, basket raffles or club activities. If your class/club wishes to present awards or prizes, the activity fund should purchase them.

Sales Tax

Many class/club fundraising activities are subject to New York State Sales Tax. Taxable activities include (but are not limited to) dances, candy sales, flower sales, and dinners. The Central Treasurer will make the appropriate sales tax deduction when the activity deposit is made and note on the cash receipt. The student treasurer should make the appropriate deduction in the ledger for the deduction of sales tax. Faculty advisors should consult with the Central Treasurer prior to conducting a fundraiser to determine whether a fundraiser is subject to sales tax.

NOTE: The use of the school's tax exemption status is in violation of NYS law.

Withdrawal of Funds

Checks are issued by the Central Treasurer at a minimum of twice a month. A Payment Order to the Central Treasurer must be completed and signed by the student treasurer, the activity advisor, and the principal (three signatures are REQUIRED). This is a two-part form (white/pink). Student activity funds cannot be disbursed without documentation. A signed packing slip (which shows proof of receipt of goods), an original invoice or receipt, and one extra copy of the invoice should accompany requests for payment; one invoice copy will be sent with payment to the vendor. If a purchase order was used, include the signed and dated goldenrod copy.

Please be aware that only students may benefit from any student account funds (i.e.-student funds may not be spent on advisors for meals, gifts, etc. with the exception of the Senior Class which allows the purchase towards a gift for their advisor up to \$75.00). For further clarification, contact the treasurer.

Purchasing

Money may be expended by student organizations in any reasonable manner they see fit. To minimize unauthorized purchases made using student activity account funds, faculty advisors and treasurers are asked to complete a Form C –the materials and supply request form - for purchases exceeding \$200.00. These can be found in the copy room in the teacher file, bottom drawer. After the principal has approved and signed the request for PO, the central treasurer will issue a numbered purchase order. You should include 15% for shipping unless otherwise noted by the vendor. NOTE: Remember that rush or overnight shipping and handling charges can be very costly. Plan ahead to avoid excess costs. See information regarding sales tax for purchases.

Sales and Campaigns

Pupils collecting money should, whenever possible, issue pre-numbered receipts in duplicate, the original to be given to the purchaser and the carbon (duplicate) to the student treasurer of the activity. The third copy to remain in the receipt book. In those cases where receipts are not practical, for

example, a candy sale, the activity treasurer with the assistance of the advisor should devise a method whereby the exact amount to be realized by the sale is determined in advance. This may be accomplished through the completion of a Fundraising Activity Request, a sample is included in the back of this book. After the sale, each salesman should then turn in that amount in cash and unsold goods. The faculty advisor must complete a Fundraising Activity Request Form and have the school principal and central treasurer approvals before initiating (advertising, purchasing materials, etc.) a fundraising activity. Each salesman should be given a statement showing the amount he is to receive. Parents should be advised at least two weeks prior to the start of any fundraising activity, stating the purpose and projected profit of the activity. Avenues used to keep the community informed include the district calendar on the website, the daily bulletin and articles in the newsletter.

Each grade is generally limited to two fundraising activities per school year, plus one social activity (dance) or community service project. All other clubs are generally limited to one fundraising activity per year, in addition to a social activity, or community service project per year.

All forms for Extraclassroom Activity can be found in the copy room, bottom file of the teacher drawer. Also, many of these forms are on the TPublic drive, in the Important Forms folder.

Returned Check Policy

Some checks are returned to the district as a result of non-sufficient funds or closed accounts. To avoid issues with collection, faculty advisors and/or student treasurers should deposit checks promptly. The amount of the check returned to the district for non-sufficient funds will be deducted from the class/club account balance and will be re-deposited in accordance with district policy.

Inventory Control

Items on-hand and held for resale or return should be adequately safeguarded against loss, theft or damage by securing them in an appropriate location with limited access. In addition, during sales campaigns – inventory should be controlled through the use of an inventory Control Form, illustrated in the back of this book.

Year End

All deposits MUST be received by the Central Treasurer no later than May 31st. This will allow time for the bank statement to be received and balanced and an accounting of each clubs' activity to be forwarded to the advisors. The faculty advisor and student treasurer should verify class/club account balances with the Central Treasurer prior to the end of the school year and place their signatures following the last entry in the account book. The ledger book and all records (backup forms) must be turned into the Central Treasurer at year end.

Inactive Accounts

Board of Education policy states that any club with no activity for one school year, July 1 through June 30, will be declared inactive and closed. Accounts are usually inactive due to lack of student interest or because a graduating class leaves an unused balance. In the case of graduating classes, they should specify in the meeting minutes the disposition of the remaining funds. Otherwise all funds from inactive clubs will be transferred to Student Council.

DUTIES OF EXTRACLASSROOM FACULTY ADVISORS

- ❖ The Faculty Advisor shall constantly work toward the goal of insuring the largest educational return from the activities participated in by the pupils.
- ❖ Club activities that occur during the school day **MUST** be made available to the entire population and not restricted to a particular group (i.e. if the Spanish Club wants a field trip to go to lunch at a Spanish restaurant during school hours, all students in the school must be included in the invitation, not just Spanish Club members.) After school hour activities do not require this restriction.
- ❖ Faculty advisors must carefully estimate the financial obligations of the class for the entire year.
- ❖ The Faculty Advisor should ensure proceeds from all fundraising activities are promptly deposited by the student treasurer, and all invoices are promptly paid.
- ❖ The Faculty Advisor and student treasurer should review the class or club's financial activity accounts on a monthly basis to ensure that the student ledger agrees with the central treasurer account balance.
- ❖ If a cash box for making change is required for a fundraising activity, a cash box request form should be completed at least 3 days prior to the planned activity.
- ❖ Senior Class Advisors. The books for the graduating class must be closed within six months after graduation. Any remaining Senior Class funds, after all expenses have been paid, will be transferred into Student Council as provided in Board policy unless Senior Class meeting minutes indicate the final disposition of any remaining funds.
- ❖ Other Duties and Responsibilities of Faculty Advisors:
 - a. attend all meetings of the class or club.
 - b. be present before, during and after any class or club activity. This might include activities such as decorating for a dance and clean up afterward, and ensure the presence of the approved number of adult chaperones.
 - c. ensure that scheduled events will begin and end at the pre-established and approved times.
 - d. Most functions held at school will require the services of a custodian. It is necessary to complete a Building Use Form, available in the copy room/teacher drawer, to ensure the facility is available for your event and that custodial staff is informed.
 - e. The school and advisors will have no connection with unapproved student activities off school property.
 - f. Faculty advisors are responsible for coordination with the principal of security at school social functions.
- ❖ Note that willful violations of these guidelines may result in the loss of membership.

AWARDING OF SCHOLARSHIPS - Questions

The awarding of scholarships by extraclassroom activity clubs is a topic that has received attention from independent auditors in recent Management Letters throughout the state. The questions raised by independent auditors are: how do all students in the class/club benefit, if there is enough money for a class/club to award a scholarship is there a need to fundraise; and why should one student benefit from the work of many; and who selects who benefits (what happens when it is the child of a teacher/administrator or not the child of a teacher/administrator)?

One point of view is that people in the community purchase a product or make a donation to a class/club with the understanding that any profit from the project will be used to benefit all of the students who participate in a class/club; not one or two students who will be awarded a scholarship. In western New York, most districts now leave scholarships to be funded and awarded by parent booster groups (PTSO's, boosters, etc.). These groups let the community know upfront that the profit they raise money from will be used to award a scholarship to a student.

We believe best practice is that a class/club should not award scholarships. If scholarships are awarded at all it is important that all students have equal opportunity to be awarded the scholarship and that all students agree on who should be awarded same. If the scholarships are only a small amount of money (\$25 or \$50) we wouldn't be too concerned about it; however, if one or two students are receiving large amounts, or the majority of the club money, it might be in the club's best interest to find another use for their fundraising.

We believe that in the future more independent Auditors will comment on extraclassroom activity class/club scholarship practices. In this age of increased internal controls and oversight this could become a political problem. If in doubt, at the minimum, the district should ask its Independent Auditor for an opinion before the issue is noted in an opinion.

Ideally, student scholarships should be avoided. If a class/club remains interested in awarding a scholarship to an individual, the class/club must ask, "What is the purpose of fundraising activities?" If the profit from fundraising is being used for the benefit of one or only a few students, the need for conducting a fundraising activity needs to be investigated. So, best practice is for parent or booster groups to award scholarships.

Student Scholarships from Extraclassroom Activity Funds

Lake George Central School District, in conjunction with its Independent Auditors and Board of Education, has established the following policy regarding the awarding of scholarships by extraclassroom activity classes/clubs.

The administration has asked that any club that still has intentions of awarding scholarships must do the following: submit the club's established criteria for a scholarship; show that it was voted on and approved by the student members of the club; receive approval of the principal; and the criteria must be accepted as general policy by the Lake George CSD Board of Education.

FORMS

Deposit Form

Purchase Order Request Form – Form C

Projected Profit and Loss Form

Statement of Profit and Loss

Inventory Control Form

Sales Log Form

Sales Tax Guide

Date: _____

Club Name: _____

Activity (i.e. Candy sales, etc.) : _____

Cash value of 20's _____

Cash value of 10's _____

Cash value of 5's _____

Cash value of 1's _____

Other Bills _____

Cash value of quarters _____

Cash value of dimes _____

Cash value of nickels _____

Cash value of pennies _____

Other Coin _____

_____ # of Checks. Value of checks _____

Total Deposit = \$ _____

(take the total deposit and divide it by 1.07 to get the amount deposited into _____ Club,
subtract that amount from the Total Deposit to get the Sales Tax)

Sales Tax (7.%) \$ _____ Club Deposit Amount (total deposit less tax) \$ _____

Treasurer's Signature: _____ **Date:** _____

Advisor's Signature: _____ **Date:** _____

FUND RAISING ACTIVITY REQUEST FORM
Activity Funds Plan and Report

Today's Date _____

Complete one form for each activity your class/club/organization is planning.

Class/Club/Organization making request: _____

The above group is requesting permission to conduct the following activity in compliance with the extraclassroom activity procedures, regulations and policies of the _____ School District. All receipts and disbursement of funds will be made in accordance with the _____ School District procedures, regulations and policies.

ACTIVITY PLANNED: _____

Indicate one: ☐ FUND RAISING EVENT ☐ SERVICE PROJECT ☐ OTHER

ACTIVITY/SALE DATES: Begin _____ End _____

		Projected (prior)	Actual (after)
EXPENSES (Costs)	1. _____	\$ _____	\$ _____
	2. _____	\$ _____	\$ _____
	3. _____	\$ _____	\$ _____
	4. _____	\$ _____	\$ _____
	5. _____	\$ _____	\$ _____
RECEIPTS (Income)	1. _____	\$ _____	\$ _____
	2. _____	\$ _____	\$ _____
PROFIT (Receipts minus Expenses)		\$ _____	\$ _____

The student officers of the above names Class/Club/Organization understand the above activity and assume responsibility for its fiscal conduct.

Faculty Adviser _____ Date: _____
 (Signature)

Student Treasurer _____ Date: _____
 (Signature)

☐ Approved ☐ Denied
 Central Treasurer _____ Date: _____
 (Signature)

***After the activity/sale:**

- (1) record the actual expenses, receipts and profit
- (2) record on the back of this form the names of students who have not turned in money and the amount
- (3) give a copy of this form to the Central Treasurer.

Statement of Profit and Loss

Club Name _____

Activity _____ Activity Date(s) _____

Subject to NYS Sales Tax? Yes No (Circle One)

Receipts

Date of Sale	Description of Sale Item(s)	OR	Ticket Numbers		Total Number Sold	Sale Price Per Item	Total Receipts
			From And Including	To And Including			
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Anticipated Receipts \$ _____ Total Actual Receipts \$ _____

Disbursements

Date	Payee	Check #	Purpose	Amount
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Anticipated Disbursements \$ _____ Total Actual Disbursements \$ _____

PROFIT (LOSS) \$ _____ \$ _____

Club Treasurer _____ Adviser _____ Date _____

Extraclassroom Activity - Sales Log

Club Name: _____

Fundraising Activity: _____

[illegible]

Sales Tax Guide

Sale of Candy, Soda and Soft Drinks	Taxable, except for certain drinks.	Tax Law §1115(a)(1) generally provides an exemption for the sales and purchases of food, food products, beverages sold for human consumption. However, the exemption does not apply to candy, sodas or soft drinks, and fruit drinks that contain less than 70% natural fruit juice.
Spaghetti dinners and catered meals	Taxable	Tax Law §1115(a)(1) generally provides an exemption for the sales and purchases of food, food products, beverages sold for human consumption. However, the exemption does not apply to catered situations, where the students of the club would be serving, assisting in serving, cooking, or otherwise providing services with respect to the food items in question.
Bake Sales	Non-Taxable.	Tax Law §1115(a)(1) generally provides an exemption for the sales and purchases of food, food products, beverages sold for human consumption. This provision exempts bake sales from the collection of sales tax.
Vending Machine Sales -- Food Items	Taxable, generally.	Where tables, chairs, benches, etc. are provided where the vending machine operations are conducted, the sales through the vending machine are taxable. Where no eating facilities are provided, the sales are exempt from sales tax.
Pizza, Chicken, Popcorn, Coffee, Tea, etc.	Taxable.	All sales of prepared food sold in a heated state (where the food is maintained at a temperature warmer than surrounding air temperature) are subject to sales tax, including those sold for off-premises consumption.
Admission Charges	Taxable, except for certain events.	Exemption is provided from sales tax for admissions to dramatic or musical arts performances, which do not include variety shows, magic shows, circuses, ice shows, dances, and similar performances. Included in the exemption is an admission charge to choreographed performances to music, which may exempt color guard admissions.
Sale of Newspapers and Magazines	Non-Taxable.	
Sale of shrubs, plants and trees	Taxable.	
Sale of Yearbook	Taxable, generally.	If the entire cost of the yearbook is underwritten by the Board of Education and the revenue is recognized as a General Fund item, the sale becomes an exempt transaction, not subject to sales tax.
Sale of Yearbook Advertising Space	Non-Taxable.	
Sale of Sweatshirts, T-shirts, Jackets, Jewelry.	Taxable.	Tax Law §1105(a) provides that sales tax is imposed on the sale of tangible personal property.
Book Store Sales	Taxable.	Unless specifically exempt.
Pre-packaged Popcorn, Potato Chips, Pretzels	Non-Taxable, generally	When packaged and sold in a cold state, prepackaged snack foods are exempt. This exemption does not apply to caramel or other candy coated snack foods.
Hair Cuts and Styling	Non-Taxable.	The cutting and styling of hairpieces is not included in this exemption.
Repair/Maintenance Services, Car Washes	Taxable, generally.	An exemption is provided for the repair, maintenance or service of farm machinery.

