

STUDENT ACTIVITY ACCOUNTS

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ABREVIATIONS

SAF Student Activity Funds
PPSD Providence Public School District
PTA Parent-teacher Association

This *Manual of Procedures for Administering Student Activity Funds* provides detailed instructions for implementing the Providence School Department Administrative Regulations DIA-RA and DIA-RB.

FISCAL MANAGEMENT

STUDENT ACTIVITY ACCOUNTS

PURPOSE

The Providence School Board (“School Board”) grants the authority to school administrators to initiate and administer bank account(s) to be used to promote the general welfare, education, and morale of the students in their school in accordance with the guidelines, regulations, and procedures set forth by the Providence School Department (PSD) Business Office.

ADMINISTRATIVE AUTHORITY AND RESPONSIBILITIES

The Superintendent shall ensure that the PSD Business Office develops a comprehensive compilation of standard business procedures and practices to be used by all school staff associated with the School Student Activity Account.

These procedures should include, but not be limited to, the collection of revenue, disbursement of funds, acceptable use, annual audits, and transition of accounts during changes in school administration.

The Superintendent shall require the Chief Financial Officer or designee to provide annual training to the appropriate school staff on the business procedures required to operate a student activity account.

The school principal is responsible for all matters concerning his/her school’s student activity account.

The Chief Financial Officer is required to immediately report to the Superintendent any failures by school staff to follow the School Student Activity Account Policies and Procedures.

LEGAL REFERENCE

HISTORY

Approved: January 23, 2006 Resolution 1-22-06
Amended:
Revised:

PROCEDURES

A. Purpose

This manual sets forth the approved procedures for administering the Student Activity Funds (SAFs) of the Providence School Department (PPSD).

B. Principles Governing Student Activity Funds

1. Purpose of Student Activity Funds

The raising and disbursing of SAFs have two basic purposes:

- a. To promote the general welfare, education, and morale of the students.
- b. To finance the recognized extracurricular activities of the student body.

2. General Principles

- a. Unless other ownership is specifically designated, the SAFs of the school belong to the student body that is composed of those students currently in school. The principal is the fiduciary agent for their SAFs. In this role, the principal is the decision maker charged with determining the manner in which student body funds are expended and is responsible for ensuring that these funds are administered in accordance with PPSD policy.
- b. SAFs may be raised by any activity approved by the principal that is not prohibited by law, PPSD regulation or policy, or provision of this manual.
- c. Staff social funds must be derived entirely from staff contributions and activities and must not be augmented by student-owned funds. Staff-owned funds may be included in the SAFs, provided separate fund accounts are maintained.
- d. Funds derived from the student body as a whole should be used to benefit the student body as a whole.
- e. School organizations shall not use such devices as gambling, including raffles, lotteries, pinball machines, pools, bingo, or other games of chance, as a means of raising funds.

- f. The prices of student activity tickets or books, school newspapers, yearbooks, and the admission charge to school activities should be set whenever possible at levels that encourage broad participation by students.
- g. School facilities and equipment shall not be used for fund-raising purposes that benefit only a special or selected school group, unless the principal approves the activity and the privilege is available to all school groups.
- h. The management of SAFs must be in accordance with sound business practices, including sound accounting procedures and internal controls.
- i. Principals should participate in the preparation, modification, and interpretation of policies and procedures for administering SAFs.

C. Disbursements of Student Activity Funds

1. Authorization of Disbursements

Except as provided under Section 2 and 3 below, the principal may authorize any disbursement from available SAFs that is consistent with the principles governing SAFs, as stated in section B above.

2. Disbursements that Require Prior Written Authorization from the Chief Financial Officer (CFO)

- a. Building or other structures, including alterations and attachments thereto.
- b. Purchases made from any PPSD employee, or from any partnership or corporation in which an employee has a substantial interest.
- c. Aggregate expenditures in excess of \$1,200.00 per year at an elementary school, or \$3,000.00 per year at a secondary school, for refreshments and food in connection with meetings. Refreshments (coffee, tea, doughnuts, cookies, etc.) may be purchased with SAFs and served at staff meetings. Meals may be purchased with SAFs only if they are essential to the success of a meeting where the primary purpose is discussing educational or administrative matters or conducting school business. In order to clearly identify these expenditures, they should be maintained in a separate fund account and not commingled in the general account or other accounts.

- d. Any disbursement of more than \$1,000.00, or any contract with an anticipated aggregate expenditure of more than \$1,000.00, excepting disbursements and contracts for pictures, yearbooks, field trips, and proms.

3. Disbursements of Students Funds that are Prohibited

- a. Disbursements that are primarily for the benefit of school staff members or other PPSD employees, such as gifts, meals, retirement functions or other staff social activities. Disbursements may be made for these purposes only if funds are derived solely from staff donations or other staff activities or from funds donated for the specific purpose by a PTA, booster club, or student organization.
- b. PPSD prohibits possession or use of intoxicants on PPSD property. PPSD property is defined to include the location of any PPSD-sponsored event. Funds should not be disbursed through SAF accounts to pay, in whole or in part, for any function where intoxicants are served.
- c. Meals that are not essential to the success of a meeting whose primary purpose is discussing educational or administrative matters or conducting school business (see 2.d. above).
- d. Merchandising accommodations, extension of credit or loans to PPSD employees or to any person other than a student. Small emergency loans for field trips, lunches, and similar items may be made to students at the discretion of the principal.
- e. Contributions to charitable organizations, unless funds have been contributed by students for a specific charity.
- f. Any disbursement that is prohibited by federal, state, or local law, or by PPSD policy or regulation.

D. Management of Student Activity Funds

1. Principal's Accountability

The principal is responsible for all monies received or disbursed within the school. Copies of PPSD, Student Activity Fund Annual Financial Report (SAFAFR), and the activity account ledger report shall be furnished to the Controller's Office by the due date (August 31).

2. Contracts

- a. Only the principal, may obligate the school by contract for the purchase of equipment, supplies, or services, all contracts must be signed by the principal and by an authorized representative of the contractor. Contracts may not obligate the school for disbursements more than 12 months in the future.
- b. Principals are encouraged, but not required, to seek the assistance of the PPSD Procurement Office before making a commitment for a major purchase.
- c. All contracts for \$1,500.00 or more must contain the following clause with regard to contract price:
- d. The vendor guarantees that, within the previous 90 days, he has not offered the same product or service at a lower price or better terms to any school system in the State. The vendor agrees to adjust the contract price and terms to any lower price or better terms offered within such area during the following 90 days.
- e. All commissions, rebates, and free items provided by the contractor, including free transportation provided to a chaperone on field trips, shall be stated specifically in the written contract. No PPSD employee shall receive any item or service free or at a reduced price in connection with a contract without the knowledge and approval of the principal.

3 Expenditures by Pupils or School Employees

Neither a school nor school SAF shall be held responsible for an expenditure made by a pupil, teacher, or any other school employee who has not received prior written authorization from the principal.

E. Internal Control Over Funds

1. Principle of Internal Control

The most important principle of internal control is the separation of duties so that no one person controls all aspects of a transaction. The involvement of two or more persons in each transaction discourages dishonestly and encourages accuracy, because each person acts as a check on the work of others. This principle is particularly important in the handling of cash. The requirements, in later sections of this manual, for two signatures on checks, for issuance of pre-numbered receipts whenever

cash is received, for independent reconciliation of the bank account, and for control over certain business-type activity receipts are based on this principle of internal control.

2. Bank Accounts and Investments

- g. SAFs shall be held only in a federally insured financial institution.
- h. The principal is responsible for ensuring that funds in excess of current needs are invested in a manner that will earn a reasonable rate of return commensurate with safety.
- i. All banks accounts and investments must be in the name of the school, not in the name of a school employee or any other individual.
- j. There should be only one school checking account. The school shall not maintain a checking account in any financial institution that does not return canceled checks or copies of the checks with the monthly bank statements.

3. Receipt and Deposit of Funds

- a. Each school shall use numbered receipts forms. At a minimum, an original and one copy of each receipt shall be provided. More copies may be required in secondary schools. Receipts shall be issued in strict numerical order. If the receipts are computer generated, access to the controls must be limited. To improve internal control, the stock of unused receipt books should be in the custody of someone other than the school principal/treasurer.
- b. Cash and checks collected by sponsors and others for SAF activities should be turned in promptly to the school principal/treasurer. At the time the money is turned in, it should be counted by the school principal/treasurer in the presence of the person turning in the funds. A pre-numbered receipt shall then be completed by the school principal/treasurer, and the original shall be given to the person who turned in the funds. This establishes the receipt of the funds for insurance purposes and provides a written record of the source of the funds for accounting purposes.
- c. Once a receipt has been written, it shall not be erased or altered. Should an error be discovered, the receipt shall be marked

“Void” and all copies shall be left in the receipt book, and another receipt shall be written.

- d. All checks received should be made payable to the school and should be endorsed immediately with a restrictive endorsement containing the words “For Deposit Only” and the name of the school.
- e. To provide proper accounting control, all cash received in the school shall be receipted and deposited only in the school’s checking account. Deposits in a savings or investment account, or in the Centralized Investment Fund, shall be made by check drawn on the school’s checking account. Withdrawals from such accounts shall be deposited in the school’s checking account before being used to make disbursements.
- f. Cash receipts shall be deposited promptly. Large amounts shall be deposited on the day they are received (see 4b below), and all receipts shall be deposited on the last working day of each month and before each weekend or holiday.
- g. Cash receipts must be deposited intact. Disbursements must never be made from cash receipts. All disbursements shall be made by check.
- h. Personal checks must not be cashed for PPSD employees or other persons from cash receipts, change funds, or any other school funds.
- i. Only the school principal/treasurer or other adult staff member shall transport school funds. Students must not perform this function.

4. Protection of Funds in the Schools

- a. PPSD employees and students should be instructed never to attempt to thwart a robbery in the school or at any other location.
- b. Funds (including checks) stored overnight at the school must be kept in a locked cabinet or combination safe. A key-operated cabinet may be used for overnight storage of funds up to a maximum of \$100.00. A combination safe may be used for overnight storage of funds up to a maximum of \$250.00. Any funds in excess of these amounts must be deposited in a bank at the end of the school day. However, larger amounts received after hours (such as receipts from a night athletic event) may be stored for a maximum of 24 hours.

- c. The combination to the safe shall be given only to the school principal and treasurer .
- d. The safe combination should be changed whenever a person who has the combination leaves the school or is transferred to a position where there is no longer a need for access.
- e. The safe combination shall not be left at any location on the schools premises. Doing so risks the danger of the discovery of the combination by unauthorized persons.

5. Signatures on Checks and Withdrawal of Funds

- a. The principal shall designate, in writing, those school employees who are authorized to sign checks. Their signatures shall be entered on a signature card and filed with the financial institution with a copy on file at the school.
- b. To provide for the orderly conduct of school business, the principal and two additional employees, one of whom should be the person who serves as acting principal in the principal's absence, should be authorized to sign checks and withdrawals.
- c. All checks and withdrawals must bear two signatures, one of which **must** be that of the principal or the acting principal.
- d. The last spaces to be completed on a check should be the signature spaces. Neither the principal nor any other school employee should sign a check until both the payee and amount spaces have been filled in.
- e. Once a check has been written, it must not be altered or erased. If an error is discovered, the word "Void" shall be written in ink across the face of the check, the signature section should be torn off, the remainder of the check should be left in the checkbook or stapled to the stub, and a new check should be written.

6. Processing Purchases for Payment

- a. A PPSD Form RFP, *Request for a Purchase*, should be initiated and signed by the requester for each intended purchase of goods or services. This should be done before an item is purchased.
- b. The form should be turned in to the school office so that the principal/treasurer can certify the availability of funds and then it

should be signed by the principal for authorization to proceed with the purchase.

- c. Upon satisfactory receipt of the goods or services certified by the recipient on the vendor's invoice, the principal/treasurer shall match the form to the original invoice and process the form for payment. The form should be filed with the attached invoice that should be marked or stamped "Paid".
- d. Canceled checks, vendor statements without invoices or delivery tickets, or *RFP* form alone are not considered adequate documentation to support payments.

7. Bank Reconciliations

- a. Monthly bank statements shall be delivered directly to the principal, unopened. The principal should review the statement, the canceled checks, and other documents and thereafter arrange for a reconciliation of the statement. The reconciliation process should be completed using the PPSD form *Student Activity Fund Bank Reconciliation (SAFBR)*.
- b. The checking account must be reconciled to the ledger and the check book each month, as of the last day of the month.

8. Shortages and Discrepancies

Any shortage or other discrepancy in SAF assets, cash receipts, or accounts shall be reported promptly by the principal to School Controller for investigation. The principal also should advise his/her direct supervisor of the investigation. CFO shall provide the principal with a written report on the results of the investigation, which shall be made a permanent part of the SAF records. Depending on the nature and seriousness of the discrepancy, CFO also may furnish copies of the report to the Superintendent, and the director for human resources.

F. Accounting

1. Financial Records and Reports

- a. The financial records must be kept up-to-date at all times. Delay in recording transactions significantly increases the likelihood of error and loss of information.

- b. The financial records shall consist of a series of reports and the files of supporting documents. The reports shall be prepared each month after all entries are recorded. In addition to printed hard copies, a data backup of all fiscal year records should be kept at the school. The reports, prepared as of the last day of each month, are
 - 1) General Ledger (cumulative summary of all accounts from July 1 to the end of the current month) (Cash Ledger and Fund Ledger),
 - 2) Sequential List of Receipts (current month),
 - 3) Sequential List of Checks (current month),
 - 4) Sequential List of Transfers (current month),
 - 5) Account Reconciliation (current month)
 - 6) Bank Reconciliation (manual or computerized report).

On June 30, these same reports must be run for the full fiscal year, July 1 to June 30. This run provides a hard copy record of all transactions for the fiscal year and is to be kept in a permanent file.

The treasurer shall furnish the General Ledger Report to the principal no later than the 20th day following the close of each month. The principal should review this report, sign to indicate this review, and return it to the treasurer to be filed with other monthly items.

- c. The financial records are maintained by a computerized double-entry bookkeeping system. The information and training necessary to operate the system is provided by School Controller to principal/treasurer by way of periodic instructional courses and is contained in a separate manual

2. The General Ledger Report

Two types of accounts are maintained in the ledger: cash (asset) accounts and fund accounts. A standard Chart of Accounts is in the appendix.

3. Establishing and Closing Accounts

- a. Staff Accounts

- 1) At the discretion of the principal, staff funds may be maintained outside of the SAF records, provided a separate bank account is maintained, the funds are administered by someone other than the SAF agent, and the SAF bank account is not used to receive or disburse staff funds.
- 2) If staff funds are included in the SAF accounts, they must be maintained in a separate ledger account or accounts. Profits from a vending machine may be used to finance staff activities only if the vending machine is located in the faculty lounge or other area that is not accessible to students. Staff accounts must maintain a positive balance. Student-owned funds must never be used to offset deficits in staff accounts.

b. Trust Accounts

Trust accounts are used to account for foundation funds donated by persons or groups for specific educational purposes. Examples of foundation funds are memorial funds and scholarship funds. Foundation funds must be approved by the superintendent of schools before they can be accepted. All disbursements of foundation funds shall be approved by the executor of the foundation. Foundation funds shall be held in savings accounts or investments, and the foundation's share of the income there from shall be credited entirely to the trust accounts. All Trust Accounts are managed by the City Treasurers' Office.

c. Class and Club Activities Accounts

Any balance remaining in the account of a graduating class or an inactive club, after the class has graduated and the class or club has had an opportunity to determine the disposition of the balance, shall not be considered as belonging to the graduated class or club and shall be closed out to the general fund at the beginning of the next year. Off-campus clubs shall not be permitted to carry accounts on the SAF accounting records.

4. Negative Balance Accounts and Inactive Accounts

- a. The principal shall be aware of any negative balance, in SAF ledger accounts that continue to the end of the school year. The

principal shall investigate and take timely corrective action to eliminate the cause of such negative balances.

- b. Inactive accounts with positive balances should be closed out at fiscal year-end and transferred to the benefiting accounts or the general account, as appropriate.

5. Transfers Between Fund Accounts

The school activity officer shall execute a transfer of funds between fund accounts only after receiving a properly executed transfer request, PPSD Form TRNSFR, signed by the principal. Transfer requests shall be numbered and entered individually in the ledger. Transfers may be entered at any time during a fiscal year but all accounts should be reviewed at the end of each fiscal year (June 30) and transfers made to close accounts not needed for the next fiscal year.

6. Supporting SAF Records

Documents supporting the SAF reports are part of the financial records and should be maintained in the school office and filed in a logical manner (numerical, alphabetical, or chronological) in order to be readily available for audit or other purposes. Supporting documents include bank statements, canceled checks, deposits slips, receipts, contracts, purchase requests, invoices, sales tax returns, etc.

7. Annual Financial Statements

At the end of each fiscal year, the principal/treasurer shall prepare and furnish to School Controller the annual SAF financial statements. The statements consist of the following:

- a. PPSD Form SAFAFR, *Student Activity Fund Annual Financial Report*, as of June 30.
- b. General Ledger Report for the period July 1 through June 30 .
- c. Copy of the checking account bank statement as of June 30, including the bank reconciliation form SAFBR, *Student Activity Fund Bank Reconciliation*.
- d. Copy of the latest savings account statement or each account owned between July 1 and June 30.

- e. PPSD Form SSAR, *Schedule of Accounts Receivable*, as of June 30.
- f. PPSD Form SSINV, *Physical Inventory of Salable School Merchandise*, as of June 30.
- g. PPSD Form SSAP, *Schedule of Accounts Payable*, as of June 30.
- h. PPSD Form SSPL, *Statement of Profit or Loss on Sale of Merchandise*.

Note: The forms referenced in sections e,f,g,h pertain to the School Store.

Instructions and due dates (by August 31st) for the annual financial report will be provided by the School Controller prior to June 30 of each year. All financial statements are available to the public on request.

8. Removal of Records from School Premises

- a. SAF financial records must not be removed from the school premises. This applies both to formal records such as the monthly reports and to supporting documents such as bank statements, canceled checks, paid invoices, check stubs, and receipt books.
- b. In the event that unusual circumstances require an exception to this rule, the principal must authorize in writing such removal in advance, specifying the dates to which the authorization applies. In any event, all records must be returned to the school at the start of the next working day so that they are available during all working hours. There should never be a circumstance when any of a school's financial records are unavailable during normal working hours.

9. Audits

- a. The SAF financial records and operations of the school are subject to periodic audit by independent auditors and/or the School Controller. Audit reports are submitted to the principal. Upon entering a new assignment, a principal should study the financial statements and the audit reports to become aware of the financial condition of the school. Normally an audit will be conducted within one year of a new principal's assignment.

- b. The School Controller is not required to give advance notice to school officials of the commencement of an audit.

G. Business-type Activities

The business-type activities listed below provide the major sources of revenue to support SAF activities. Because these activities involve the handling of cash, it is imperative that adequate internal controls are in place. Accordingly, the principal and all personnel involved in such activities should be aware of the existing regulations and guidance established and the procedures that need to be followed. At high schools, it is advisable that the principal assign the treasurer to monitor compliance with these requirements.

1. Vending Machines

Schools shall operate under full-service contract, which usually provide for periodic commissions based on sales. PPSD has developed standard contracts for beverage vending. Copies can be obtained from the CFO . The periodic commission payments received should be reviewed to ensure that they agree with the vendor's statements and comply with the terms of the contract.

2. Fund Raisers

Guidance for sponsoring SAF fund raisers is contained in the PPSD publication, *Guidelines for Sponsoring an SAF Fund Raiser*.

3. Admission Receipts

Admission receipts for athletic and non-athletic events should be controlled in accordance with PPSD form *TIXAD, Tickets and Cash Report of Admissions Manager*. Such receipts are highly susceptible to improper diversions and should be controlled carefully. The regulation provides for internal controls through (1) the use of serially numbered tickets, (2) separation of duties, (3) the preparation and signing of the required form, and (4) a reconciliation to ensure that the value of unsold tickets plus funds deposited equals the value of tickets issued.

4. Yearbook Sales

Upon receipt of the yearbooks, the sponsor should ensure that the inventory is adequately secured, distribution is monitored, and a physical inventory is taken at fiscal year-end. Care should be taken to identify and separate advertisement revenues from sales receipts. A separate account titled Yearbook Advertising could be used for this purpose. In any event,

the sponsor must maintain a record of the number of books sold at specific prices. Along with a record of advertising revenue and a detailed list of any yearbook giveaways.

5. Picture Sales

Commission statements received from vendors should contain sales information so that the basis for commissions received can be easily determined.

6. Career and Technology Education

- a. Credit shall not be extended to any PPSD employee or other person (see C3.c above). When work is requested by customers, they should be advised, and the order forms should so state, that no work will be released until payment has been made in full.
- b. Payments for vocational education projects should be made to the school treasurer. If the amount of cash received is small, however, and its handling is part of the instructional program (cosmetology shops, for example), the principal may approve the receipt of cash in a particular shop. Whatever funds are collected by the enterprise should be turned in daily to the school activity officer together with copies of the related work orders or other receipts.
- c. Shop work shall be performed pursuant to a written work order. Each shop shall have a set of pre-numbered work orders, with the names of both the school and the shop printed thereon. Work orders shall be used in numerical sequence within each shop. Voided work orders shall be sent to the office for retention by the school treasurer.
- d. When payment in full is received for work done under a work order, each copy shall be stamped "Paid," dated, and marked with an indication of whether payment was by cash or check. One copy is given to the customer; one copy is retained by the school treasurer.
- e. At the end of each month, the school treasurer shall reconcile work orders and other receipt documentation used with cash receipts. The vocational education teacher shall provide the school activity officer with a list of work orders in process and other unused receipts as of the end of the month so that all issued work orders and receipts can be accounted for.

- f. The vocational education teacher shall maintain a detailed record of receipts and disbursements of the enterprise he/she manages and shall reconcile it monthly to the activity account reconciliation report received from the school treasurer.
- g. Delegations by the principal of authority to purchase shop equipment, tools, materials, and supplies shall be in writing and shall be monitored carefully by the principal and the treasurer. All purchases should be in compliance with PPSD procurement practices.
- h. Students shall not pick up or receive merchandise purchased for the vocational education shop. The vocational education teacher is responsible for receiving all merchandise and for inspecting it to ensure that it is the kind and quantity ordered and is in good condition. If the results of the inspection are satisfactory, the teacher shall sign and date the invoice or receiving ticket to indicate acceptance of the merchandise.
- i. Inventories of materials, part, and supplies shall be kept at the minimum necessary for efficient shop operation. So far as practical, purchases should be limited to items expected to be used within the school year. A physical inventory, priced at cost, including the purchase date, shall be taken as of June 30 each year and at such other times as directed by the principal. All purchases of materials and parts (except for items of nominal value) shall be accounted for either as inventory or on itemized work orders.
- j. Donated vehicles and equipment shall be accepted and recorded.
- k. Any use of the shop facilities outside of normal school hours must be authorized in advance, in writing, by the principal, specifying the date and hours of the approved usage and naming the teacher or other PPSD employee to whom the authorization is granted in accordance with the requirements of PPSD Regulation, *Rental of School Facilities*. Under no circumstances shall equipment or tools be removed from the premises without the written approval of the principal.

H. Miscellaneous

1. Payment of Bills

Each school shall maintain a good credit rating by paying all valid obligations promptly, by the due date established by the vendor. All bills must be paid by check.

2. Payment for Personal Services

Schools that make payments to PPSD employees, students, and other persons for personal services must comply with the requirements of PPSD.

- a. Students—The school should obtain a signed receipt from each student to whom payments for personal services (other than expense money) are made. The receipt should include amount of funds and date received, with brief description of service provided.
- b. INDEPENDENT Contractors— IRS form 1099 needs to be prepared for each independent contractor.

3. Gifts to the School and Student Body

All such gifts must be approved by the principal before being accepted.

4. Equipment

Any equipment that a school acquires by gift or SAF purchase shall become the property of PPSD.

5. Disposal of SAF Records

- a. The following SAF records shall be retained permanently:
 - 1) Fiscal year (July through June 30) printouts of each report, as listed in section F.1.b.
 - 2) End-of-year financial statements
 - 3) Audit reports and correspondence
 - 4) Records of investigations.
- b. The following SAF records shall be retained for a period of five years after the close of the year to which they apply, and then destroyed:

- 1) Authorizations and delegations by the principal, deputy superintendent, and community superintendents.
- 2) Bank statements, reconciliations, canceled checks, and deposit slips.
- 3) Savings account passbooks and other evidence of investments to be retained for five years after the close of the year in which the investment is liquidated.
- 4) PPSD Form RFP, *Request for a Purchase*, with supporting documents.
- 5) Expense vouchers with supporting documents.
- 6) Invoices from vendors with supporting documents.
- 7) Invoices to debtors with supporting documents.
- 8) Petty cash vouchers with supporting documents.
- 9) Receipts with supporting documents.
- 10) PPSD Form TIXAD, *Tickets and Cash Report of Admissions Manager*.
- 11) PPSD Form TIX, *Tickets and Cash Report of Ticket Seller*.
- 12) PPSD Form TRNSFR, *Student Activity Funds – Transfer*.
- 13) Contracts.

I. Closing Schools

1. Instructions for Closing Schools

- a. During the year preceding the closing, inventories of salable merchandise should be reduced to a minimum by limiting purchases, as far as practicable, to quantities that can be sold

before the closing date. The principal is responsible for the disposition of unsold merchandise. If possible, it should be returned to vendors for credit or refund. If credit or refund cannot be obtained, the merchandise may be transferred to the receiving school(s). A record must be kept, for audit purposes, of the quantities and cost of all items transferred to receiving schools or otherwise disposed of other than by sale to students.

- b. Sometime prior to the closing date (recommend at least 120 days in advance), the vending machine company or companies should be notified in writing to remove their machine and stop making deliveries.
- c. Every effort must be made to collect all accounts receivable before the closing date. Schools with postage meters or permits should settle their accounts with the post office before closing.
- d. Every effort must be made to resolve all accounts payable before the closing of the school. Vendors should be notified to submit their bills by a specified date. School personnel also must be notified to submit any claims they have for reimbursement of expenses promptly so that they may be paid before the closing date.
- e. During the last four months (120 days) before closing, it is suggested that all checks written on the SAF bank account be accompanied by a statement requesting that the check be cashed promptly. If any checks have been outstanding more than 60 days, the payees should be contacted and asked to cash them.
- f. The closing school must not transfer any cash or investments to the receiving school or schools. The transfer will be made by CFO. At that time, the remaining funds (including the value of inventory of salable merchandise already transferred) will be allocated to the receiving schools in accordance with the policies detailed in section I.2. below.
- g. During the year of closing, the school should not invest in any certificate of deposit or other long-term investment with a maturity date later than the closing date. Excess funds available for investment may be invested in a passbook savings account.
- h. Before the closing date, new signature cards must be filed with the financial institutions to authorize signature on checks and withdrawals by the CFO and the School Controller after the school is closed. This is necessary in order to facilitate payment

of any late bills and the transfer of funds to the receiving schools after the accounts have been audited.

- i. The financial institutions must be notified to address future bank statements and correspondence to School Controller, after the closing date.
- j. The school must prepare the regular annual financial statements at closing to reflect the June 30 closing. The financial statements must be submitted to School Controller, together with the record of disposition of unsold merchandise referred to in section I.a. above.
- k. The financial records for the current fiscal year should be boxed, appropriately labeled, and addressed to School Controller. Financial records for earlier years should be sent to Central Records for storage. Guidance as to which records may be destroyed after five years and which must be retained permanently is provided in section H.6. above. Permanent records should be boxed separately, and other records should be boxed, labeled, and arranged chronologically to facilitate their removal and destruction when the retention period is completed. Use only standard storage boxes and labels, which may be obtained from Central Records.
- l. The school should provide School Controller with the summer addresses and phone numbers and the new assignments (if still with PPSD) of the principal and the person who maintained the SAF financial records during the year of closure.

2. Residual Student Activity Funds of Closed Schools

The following procedures will be followed in the allocation of the residual SAFs of closed schools.

- a. SAFs will be transferred between schools only when a school is closed. The gain or loss of grade, or the gain or loss of students due to boundary changes, will not result in the transfer of SAFs between schools, unless a school closing also is involved.
- b. The Controller's office shall provide instructions for the disposition of any trust funds in a manner that will preserve the integrity of each fund and continue the purpose for which it was established.

- c. The policy for allocating the funds (other than trust funds) of closed schools is based on duplicating, as far as possible, the situation that should have prevailed if the school had not closed. The funds will be allocated to the receiving schools in proportion to the number of students to be newly assigned to each; in the school year following closing these students would have attended the closed school had it remained open. Because graduating seniors do not retain ownership of any part of the SAFs, they will not be considered in determining the entitlement of the receiving schools, even though they attended the closed school.
- d. Only those schools that receive students from the closed school shall be entitled to any portion of the closed school's funds.
- e. Should unusual circumstances be encountered in the closing of a school that do not appear to be covered by the above policies, the problem will be referred to the deputy superintendent of schools and/or the chief financial officer for decision.