

SHREWSBURY HIGH SCHOOL
STUDENT ACTIVITY FUND
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
JUNE 30, 2015

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TABLE OF CONTENTS

	<u>PAGE</u>
TABLE OF CONTENTS	2
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	3
SCHEDULE A – BALANCE SHEET	4
SCHEDULE B – STUDENT ACTIVITY FUND ACCOUNT BALANCES	5-7
ACCOMPANYING NOTES.....	8
NOTES AND FINDINGS.....	9-11

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Shrewsbury School Committee
Town of Shrewsbury
Shrewsbury, Massachusetts

We have performed the procedures enumerated below, which were agreed to by the Town of Shrewsbury School Committee, solely to assist you with respect to the evaluation of the accounting controls in place over the student activity funds at the Shrewsbury High School. This engagement to apply agreed upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the school. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures were as follows:

- We obtained an understanding of the internal control procedures associated with the student activity funds sufficient to discuss with the School Committee the effectiveness of the overall system, and if needed, to make recommendations for improvements.
- We reviewed the reconciliation of the bank statements with the ledger as of the end of the period.
- We reviewed the guidelines of the student activity funds.
- We prepared from the ledger at the school and other supporting documentation, analyses to support the following schedules.
 - Schedule of cash balances as of June 30, 2015
 - Schedule of account balances as of June 30, 2015

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Shrewsbury High School Student Activity Fund financial statements and compliance with *Student Activity Accounts Guidelines for Massachusetts School Districts*. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Shrewsbury's School Committee and the Town of Shrewsbury's School Department management and is not intended to be and should not be used by anyone other than these specified parties.

Scanlon & Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts
April 29, 2016

SCHEDULE A

**SHREWSBURY HIGH SCHOOL
STUDENT ACTIVITY FUND
BALANCE SHEET
June 30, 2015**

ASSETS

Cash:

In Custody of School Principal:

Checking Account:

Bank of America

\$ 21,320.52

In Custody of Town Treasurer:

Agency Account:

Bank of America

160,769.62

Trust Account:

Bartholomew & Company

30,000.00

TOTAL ASSETS

\$ 212,090.14

FUND BALANCE

Fund Balance:

Student Activity Fund (SCHEDULE B)

\$ 212,090.14

See Accompanying Notes.

SCHEDULE B-1

**SHREWSBURY HIGH SCHOOL
STUDENT ACTIVITY FUND
ACCOUNT BALANCES
June 30, 2015**

<u>Name of Organization/Fund</u>	<u>Balance</u>
Academic Decathlon	\$ 453.37
Academic Mentors	2,156.15
Acapella Choir	814.81
Automated External Defibrillator (AED) Fund	468.07
Alumni Continuing Grant	200.00
American Studies	161.84
Amnesty International	446.30
Animal Rights	108.61
Anime Club	156.72
AP Arts	73.93
AP Exams	2,444.36
Application Bootcamp (Summer)	12,157.50
Art Revolving	984.64
Asia-Africa Club	686.41
Asian Club	855.84
Athletic Department	4,340.90
Athletic-Ski Team	457.12
Audit Fee	772.61
Black History Month	75.00
Career Counseling Grant	61.94
Caring Foods	16.10
Chemistry Club	88.42
Chess Club	184.17
Chinese Culture Club	83.32
Class of 2013	4.01
Class of 2014	4,452.33
Class of 2015	6,211.76
Class of 2016	22,779.79
Class of 2017	15,553.26
Class of 2018	5,563.62
Concussion Testing	1,501.24
Dream Team	24.90
Education Leadership for a Nonviolent Age (ELNA)	170.13
Engineering Club	715.12
Entrepreneur Club	720.03
Education Television Studio (ETS)	45.29
Excelsior	625.00
Fashion for Charity	64.35
Family Consumer Services (FCS) Foods	1.64
French Club	828.46
TOTAL SCHEDULE B-1	\$ 87,509.06

See Accompanying Notes.

**SHREWSBURY HIGH SCHOOL
STUDENT ACTIVITY FUND
ACCOUNT BALANCES
June 30, 2015**

SCHEDULE B-2

<u>Name of Organization/Fund</u>	<u>Balance</u>
Field Trips - 2014	\$ 0.89
Field Trips - Accounting	697.56
Field Trips - Art	187.07
Field Trips - English	2,287.48
Field Trips - French	176.41
Field Trips - Science	524.97
Field Trips - Social Studies	1,096.53
Field Trips - Spanish	14.21
Future Teachers Club	40.00
Gay Straight Alliance	256.46
General Interest Fund	3,970.10
Global-Make a Difference (G-Mad)	138.97
GMP Club	400.00
Green Club	1,163.63
Guidance Literature	10,104.53
Guidance PSAT	1,097.10
Habitat for Humanity	346.81
History Club	78.00
Homeroom Activities	955.88
Local Area Network (LAN)	145.00
Latin Club	451.00
Latin Honor Society	3,849.41
Library - Media	186.32
Life Skills Vocational Fund	10.84
Little Colonials	0.01
Lock Money	420.00
Math Honor Society	1,016.93
Math Team	775.58
Mock Trial	50.00
Music-Band	6,471.02
Music-Orchestra	542.46
Music Revolving	2,187.07
Muslim Student Association	140.52
National Art Honor Society	221.59
National Honor Society	7,162.32
New Entrant Assistance Team	38.85
Outdoors Club	49.39
Parent Forum Fund (PTO)	2,434.86
Parking Permits Lost	30.00
Photo Club	21.00
TOTAL SCHEDULE B-2	\$ 49,740.77

See Accompanying Notes.

**SHREWSBURY HIGH SCHOOL
STUDENT ACTIVITY FUND
ACCOUNT BALANCES
June 30, 2015**

SCHEDULE B-3

<u>Name of Organization/Fund</u>	<u>Balance</u>
Political Action Group	\$ 51.77
Quiz Team	125.00
School Store	4,278.13
Science Fair	400.00
Senior Exhibition	196.76
Senior Greeter	1,000.00
Service Learning Grant	2,956.22
SHS Animal Rights Club	398.59
SHS Dance Team	753.58
SHS Drama	11,879.26
SHS Faces Project	16.42
SHS Improvement	969.84
SHS Model United Nations	484.36
SHS Planners	482.76
SHS Plants and Planting Fund	410.31
SHS Activites Promo	122.07
Ski Club	40.10
Students for a Medically Aware Community (SMAC)	1,324.57
Spanish Club	242.40
Spanish National Honor Society	989.32
Special Peer Connection	2,564.19
Special Education (SPED) Life Skills	63.36
Speech and Debate Team	5,642.92
Sports Management	18.86
Spring Musical	22,755.86
Student Council	4,054.75
Student Social Services	2,732.45
Sunshine Fund (Teachers)	1,080.26
Teenage Republican Club	382.98
Therapeutic-PM	210.00
Town Crier	57.83
Music National Honor Society (Tri-M)	2,126.86
World Language Club	1.47
Yearbook	6,027.06
TOTAL SCHEDULE B-3	<u>74,840.31</u>
TOTAL SCHEDULE B-1	87,509.06
TOTAL SCHEDULE B-2	49,740.77
TOTAL ACCOUNT BALANCES	<u><u>\$ 212,090.14</u></u>

See Accompanying Notes.

SHREWSBURY HIGH SCHOOL
Student Activity Fund
Accompanying Notes
June 30, 2015

General

The student activity fund is a group of self-balancing accounts for the use of student activities. The fund is governed under provisions established by Section 47 of Chapter 71 of the Massachusetts General Laws and policies adopted by the Shrewsbury School Committee under this Act. All moneys received are deposited with the Town Treasurer into a Student Activity Agency Account for the school.

The School Committee has authorized the Principal of the School to maintain a checking account. The checking account is used for expenditures only. Periodically, to the extent that funds are available in the Student Activity Agency Account, the Town Treasurer reimburses the Student Activity checking account, through the warrant process.

Revenues

The revenue of this fund is revenue that is earned by activities of classes or clubs and is not derived from Town activities. Examples include class dues, class dances, class projects such as food sales, sale of small goods, etc., of which are credited to the proper activity fund.

Expenditures

Expenditures are charged to each club or class account.

SHREWSBURY HIGH SCHOOL
Student Activity Fund
Notes and Findings
June 30, 2015

1. Student Activity Policy

The current student activity management policy was last updated by the School Committee in 2001. The School Committee and School Department administration should periodically review the policy to see if updates need to be made.

Also, the policy does not specify a limit to the checking account. The current procedure is that when the balance gets low, the school requests \$50,000 to be transferred from the agency account to the checking account. The policy should indicate a maximum balance to the checking account in accordance with Section 47 of Chapter 71 of the Massachusetts General Laws.

2. Sunshine Fund and Parent Fund

As of June 30, 2015, the accounts of the Student Activity Fund included balances in the Sunshine Fund, which was a teachers' account, and the Parent Forum Fund, which was a Parent-Teacher Organization account. These accounts have subsequently been closed by disbursing funds to a staff member as custodian of the sunshine fund and to two individuals who are custodians of the PTO funds.

The Student Activity Fund should only be used for funds from student groups and should not be used for teachers' or PTO funds.

3. Application Bootcamp – Revolving Fund

As of June 30, 2015, the accounts of the Student Activity Fund included an "Application Bootcamp" account. This was from fees for students participating in a summer program. The account has subsequently been closed out to the Town and set up as a revolving account.

Fees paid for student participation in programs should be accounted for as revolving accounts in the Town and should not be operated through the Student Activity Fund.

4. Inactive Accounts

There are a number of inactive accounts in the Student Activity Fund. Subsequent to June 30, 2015, the school closed 28 accounts with no activity for several years, with a total of \$7,511.71, to the General Interest account.

In addition, there are 27 accounts with a combined balance of \$11,376.73 as of June 30, 2015, that had no activity in the 2014-2015 school year but represent funds of student groups that are still active.

The school should annually review the accounts that have had no activity for several years. Any that represent groups that are no longer active should be closed out to the General Interest account or to a similar account to the group and should be expended in accordance with School Committee policy.

5. Graduated Class Accounts

The accounts include balances in the Class of 2014 account of \$4,452.33. Also, the Class of 2015 has funds of \$5,224.43 as of January 31, 2016, the most recent monthly report available.

SHREWSBURY HIGH SCHOOL
Student Activity Fund
Notes and Findings
June 30, 2015

The School Committee policy states that class officers will inform the Principal, by the date of graduation, of the disposition of any remaining balance in the class fund.

The school should contact the officers of these graduated classes to determine the disposition of the remaining balances in their class funds.

6. Athletic Receipts

The receipts of the Athletic Department account include deposits identified as donations. During the 2014-2015 school year the total donations deposited into this account were \$2,914.00.

The Student Activity Fund should be used only for funds raised by students for their activities. Money that is donated for athletic department use should be deposited with the Town into a gift account that can be used for athletic purposes, with disbursements through the warrant process.

7. Target Receipts

The school deposited a check from Target Corporation's Take Charge of Education program into the General Interest Fund account. This money is generated from parents signing up at Target stores for a percentage of their purchases to benefit the school.

The Massachusetts Department of Elementary and Secondary Education in its *Agreed Upon Procedures and Audit Guidelines: Student Activity Funds* states in Appendix A: Frequently Asked Questions its opinion that reward programs based on parents signing up at retail establishments resulting in the school receiving a percentage of what is purchased by the parent or family member are typically designed to raise money for classroom supplies and thus, if designed in that manner, cannot be deposited into a student activity fund. Fund raisers held to supplement operations should be considered a gift to the school and should be deposited with the Town into the school's gift account to be expended through the warrant process without further appropriation.

8. Guidance Literature Account

The accounts of the Student Activity Fund include a "Guidance Literature" account, which had a balance of \$10,104.53 as of June 30, 2015, and a balance of \$15,828.82 as of April 28, 2016. Money deposited into this account is from student transcript fees. Disbursements from this account are for guidance department expenses.

This account appears to be operated as a revolving account. Fees are paid to supplement the operational costs of the guidance department. Fees collected for operational expenses should be deposited with the Town into a revolving account. Disbursements would be processed through the warrant process for the purposes of the revolving account.

9. Use of Interest Account

The School Committee policy does not include guidelines on specific uses of interest earnings. The General Interest account is from interest earnings on the fund and is also from closed out old inactive accounts, deposits from picture commissions, and other small miscellaneous receipts not classified to any other account.

Interest and other unrestricted funds should be expended on items and activities for the benefit of the students.

SHREWSBURY HIGH SCHOOL
Student Activity Fund
Notes and Findings
June 30, 2015

10. Internal Revenue Service Reporting for Vendors – Form 1099

Disbursements exceeding \$600 in aggregate to any one individual or entity must be reviewed to determine if a Form 1099-MISC is required to be filed with the Internal Revenue Service.

A process should be implemented whereby W-9 forms are received from individuals and vendors and if disbursements made to an individual or vendor equal or exceed \$600 in total disbursements for a calendar year, a Form 1099-MISC should be issued to the individual or vendor at the end of the year by the Town.

11. Inappropriate Expenses

Our tests of expenses paid from the Student Activity Fund identified the following payments which we believe are inappropriate charges to the fund:

\$430 from the Athletic Department account for a ring and a watch to a coach for a sectional coach of the year award

\$73 from the General Interest account for flowers for a faculty member as a thank you for work on the School Store

\$14.54 from the General Interest account for two replacement locks on display cases in the school

\$89.70 from the General Interest account and \$179.40 from the School Store account for 26 week subscriptions to a local newspaper

Funds in the Student Activity Fund are to be used exclusively for student-related activities and should not be used to pay operating expenses of the school or for the benefit of faculty or staff.

12. Undocumented Expense

Our test of expenses paid from the fund identified a payment of \$2,760 to the Worcester Sharks for tickets to a hockey game from the Athletic Department account, which had no backup documentation attached to the check request form.

Disbursements from the fund should be documented with an invoice or other documentation attached to the check request form.

13. Variances to Town's Balances

As of June 30, 2015, the school has a balance in the agency account that is \$668.85 higher than the balance that the Town Treasurer is carrying. This is a combination of \$415.00 in reconciling items on the Treasurer's balance, which consists mainly of returned checks, and \$1,083.85 in old reconciling items at the school that the school has adjusted out in the current school year.

There is also a variance to the Town's general ledger of \$16,294.90 between the Town Treasurer and the Town Accountant's Munis general ledger, with the Town Accountant's general ledger being lower. The Town Accountant and Town Treasurer should research this variance.