

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS**

**STUDENT ACTIVITY FUND**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**JUNE 30, 2015**

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS**

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**JUNE 30, 2015**

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**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 Middle and Elementary Schools. 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 Middle and Elementary Schools 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  
South Deerfield, Massachusetts  
April 29, 2016

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS  
STUDENT ACTIVITY FUND  
BALANCE SHEET  
June 30, 2015**

**SCHEDULE A**

**ASSETS**

**Cash:**

**In Custody of School Department Director of Business Services:**

Checking Account:

Bank of America

\$ 4,090.86

**In Custody of Town Treasurer:**

Agency Account:

Bank of America

151,100.15

**TOTAL ASSETS**

\$ 155,191.01

**FUND BALANCE**

**Fund Balance:**

Student Activity Fund (SCHEDULE B)

\$ 155,191.01

See Accompanying Notes.

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS  
STUDENT ACTIVITY FUND  
ACCOUNT BALANCES  
June 30, 2015**

**SCHEDULE B**

<u>Name of School/Account</u>	<u>Balance</u>
Beal School	\$ 304.70
Coolidge School	1,019.68
Floral Street School	12,020.05
Parker Road Preschool	89.44
Paton School	2,668.32
Spring Street School	687.96
Oak Middle School	74,318.66
Shenwood Middle School	63,440.68
Interest Account	641.52
<b>TOTAL SCHEDULE B</b>	<u><u>\$ 155,191.01</u></u>

See Accompanying Notes.

**SCHEDULE B-1**

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS  
STUDENT ACTIVITY FUND  
OAK MIDDLE SCHOOL - SUBSIDIARY ACCOUNT BALANCES  
June 30, 2015**

<b>Name of Account</b>	<b>Balance</b>
Student Voice	\$ 5,843.83
ELNA	1,862.10
Ski Club	1,286.00
Yearbook	20,032.89
Miscellaneous Balance	947.49
Returned/Bad Checks	85.40
Grade 8 Activities	4,407.02
Interest Based Workshop	534.73
Musical	18,494.17
Speech	4,825.33
Teamworks	4,230.28
Grade 7 Activities	1,566.40
Heiffer Project	2,407.50
Spanish Field Trip	317.00
Media	26.15
French Field Trip	352.00
Drama Club	6,225.21
ELA Plays	875.16
<b>TOTAL SCHEDULE B-1</b>	<b>\$ 74,318.66</b>

See Accompanying Notes.

**SCHEDULE B-2**

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS  
STUDENT ACTIVITY FUND  
SHERWOOD MIDDLE SCHOOL - SUBSIDIARY ACCOUNT BALANCES  
June 30, 2015**

<u>Name of Account</u>	<u>Balance</u>
Adjusment	\$ 511.95
Art	923.35
Drama	7,799.70
Gift	3,839.18
Mock Dig	(154.75)
Concord Field Trip	14,661.70
Coffee Cart	45.31
Worcester Art Museum Field Trip	4,152.68
Ski Club	2,092.96
Yearbook	12,732.34
Book Fair	825.61
Christa McAuliffe Field Trip	9,354.54
Lost Books	728.59
Miscellaneous	1,230.08
Gap Junction	461.19
Statehouse Field Trip	4,800.00
Deposit/Void	255.97
Miscellaneous Charges	(276.02)
Replacement Check	528.48
Town Fee	(324.48)
Bad Check	(80.00)
Unaccounted	(382.70)
Deposit Correction	85.00
Miscellaneous	(350.00)
Refund	(45.00)
Town Fee Paid	25.00
<b>TOTAL SCHEDULE B-2</b>	<b>\$ 63,440.68</b>

See Accompanying Notes.

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS**  
**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 School Department Director of Business Services 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 MIDDLE AND ELEMENTARY SCHOOLS**  
**Student Activity Fund**  
**Notes and Findings**  
**June 30, 2015**

**General Comments**

**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 department central office requests \$20,000 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. Variances to Town's Balances**

As of June 30, 2015, the school department has a balance in the fund that is \$9,132.18 higher than the balance that the Town Treasurer is carrying. This is a combination of \$8,258.84 in reconciling items on the Treasurer's balance, which consists mainly of timing of reporting deposits to the Town, deposit corrections to be made to the Town's books, and returned checks, and \$873.34 in reconciling items at the school department, mainly from deposits in transit and other timing items.

There is also a variance to the Town's general ledger of \$35,179.97 between the Town Treasurer and the Town Accountant's Munis general ledger, with the Town Accountant's general ledger being higher. The Town Accountant and the Town Treasurer should research this variance.

**School Specific Comments**

As part of our agreed-upon procedures, we examined the accounting records and tested transactions processed through the central office of the school department. We also visited and interviewed personnel at the Oak Middle School and the Sherwood Middle School to gain an understanding of procedures used at the school level and to examine records supporting transactions and subsidiary accounts at the schools. The following findings are specific to the identified schools.

**3. Oak Middle School Procedures**

**Frequency of Deposits**

We noted that deposits to the fund are made by the school about once a month. Funds received are kept locked in the safe at the school office until deposited.

The school should make deposits more frequently, at least once a week, or more often if there are large deposits to be made. Keeping funds on hand for longer periods of time before deposit increases the risk that checks will be returned for insufficient funds.

**Expenditures**

Our test of expenditures from the fund indicated that there was one expenditure for t-shirts which included 20 t-shirts purchased for staff members for a total of \$186.55.

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS**  
**Student Activity Fund**  
**Notes and Findings**  
**June 30, 2015**

Student activity funds should be used for purchases to benefit students and not to benefit faculty or staff members.

**4. Sherwood Middle School Procedures**

**Training of Personnel**

The person currently maintaining the accounting records for the student activities at the school was not properly trained when she started the position.

All personnel with responsibilities for the student activity fund should be properly trained. An ongoing process of training should be in place to ensure that all individuals maintain the necessary skills to perform their duties in an adequate manner.

**Accounting Records**

The accounting records used to maintain the subsidiary accounts at the school is not adequate to track the activity in the subsidiary accounts.

The secretary who maintains the accounting records does not post them until she receives monthly reports from the central office, and then posts to the accounts from the central office reports.

The accounting records for the subsidiary accounts are listed sequentially with the activity in each account, but there is no reconciliation of the accounting records to the balance provided from the central office. A spreadsheet has been set up with the monthly balances in the subsidiary accounts but the activity is not included. The account balances include accounts that are reconciling items to the Town.

The school should set up an accounting system that provides more detail of activity in subsidiary accounts and that reconciles to the central office reports. The accounting records could be set up with an Excel spreadsheet similar to what is used at Oak Middle School, or using QuickBooks, as is done at the High School. The personnel at the school handling the accounting should be properly trained in the accounting method to be used and the personnel in the Business Office should assist in training and implementation of the accounting. The accounting records should be posted during the month, and at the end of each month, the central office reports should be used as a check and verification to the activity in the subsidiary accounts and any adjustments necessary should be made to the subsidiary accounts to balance to the central office reports.

**Reconciling Accounts and Deficit Accounts**

Several subsidiary accounts are shown with deficit balances. Some of these accounts, as well as some accounts with positive balances, are items to reconcile to the Town. The reconciling accounts should be closed to the "Miscellaneous" account. Other accounts, such as the "Mock Dig" account, should not operate with a deficit, and if they do, funds should be transferred from other accounts.

**Target and Stop & Shop Receipts**

The school deposits checks from Target Corporation's Take Charge of Education program and from Stop & Shop's Education Bucks program into the "Gift" account of the student activity

**SHREWSBURY MIDDLE AND ELEMENTARY SCHOOLS**  
**Student Activity Fund**  
**Notes and Findings**  
**June 30, 2015**

fund. This money is generated from parents signing up at the 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*, in Appendix A: Frequently Asked Questions, states 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.

**Lost Books Account**

The subsidiary accounts at the school include a "Lost Books" account. This account should not be included in the Student Activity Fund and should be closed into the Lost Books Revolving account at the Town.