

Extracurricular Activity Funds

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WITH the continued expansion of the secondary-school enrollment during the past twenty or more years and the even greater expansion of the activity program within the school, the problem has arisen not only as to how to finance all these various activities but also how properly to account for the funds involved. In far too many schools, no definite system has been developed to assure proper accounting of the money. Elbert K. Fretwell in his book, *Extra-Curricular Activities in Secondary Schools*¹, sums up this entire situation when he writes, "The school that provides a favorable situation for loose practice in handling money is little short of criminal. The crime is not so much that some pupils, teachers, or board members have any easy chance to be dishonest. It is rather, that, as a result of the school's muddling along, pupils come to think that public business should be handled that way." Certainly it is imperative upon the school as a teaching agent to see that its pupils develop proper attitudes concerning the use of these funds.

A LABORATORY

The extracurricular, the co-curricular, or the extraclass program, whichever we may choose to call it, of the secondary school provides a laboratory where pupils learn to carry on activities with a minimum of faculty direction. Such a laboratory is an essential part of the school if education is to be more than merely learning about things, if it is to be actual experiences on the part of the pupils. They are there free to formulate their own purposes, the only limitation upon each being his ability to make his purpose seem worth-while to the rest of the group. They are there free to carry these purposes out, learning from successful experience and stimulated by it; learning from failure, too, lessons in better planning, techniques of execution,

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¹Fretwell, Elbert K., *Extra-Curricular Activities in Secondary Schools*. New York: Houghton Mifflin Co. 1931. P. 446.

or perhaps learning something of their own limitations and areas of ineffectiveness.

In such a laboratory, they learn lessons in co-operation which, unfortunately in too many cases, are not consistent with conventional class-room procedures. In the classroom, individual performance is marked; it places the pupil in direct individual competition with the other members of the class. Success consists in giving evidence of individual cleverness, of doing something better than others in the group can do it, something unique or spectacular—certainly not in submerging himself in the furtherance of a group project. In such a laboratory, pupils learn to appraise realistically in terms of satisfaction from a job well done—satisfaction from having proven adequate to a testing situation, satisfaction from the approval evident in the behavior of his fellows.

Such activities are increasingly important to the school as it becomes more difficult for the home or other out-of-school activities to provide such experiences. In a former generation it was almost inevitable that the boy or girl had tasks to do outside of school which provided very definite purpose and opportunities for self-direction. These responsibilities also furnished opportunities for the exploration and development of special abilities which the pupil might have.

The school activity program has grown up with no planning of its financial problems. The only concession made to the extracurricular program was permission to use the school plant and facilities. Pupils were completely responsible for carrying out such projects as they might undertake and were expected to raise any funds that might be necessary in connection therewith. Faculty members were assigned to various activities, but received no extra compensation or recognition of the extracurricular duties as a part of their teaching load.

As the extracurricular program has developed in our public schools, certain important principles have emerged. It is generally accepted that the program has an educational function which justifies it as a part of the regular organization of the school; that this function is to teach boys and girls to become self-directive, to develop special abilities in them, and to afford them an opportunity to learn to function in a democracy. Since the purpose of the extracurricular program is educational experience, it follows that all pupils should have an opportunity to participate. Lest some people be excluded from participation whose most profitable experience in the secondary school might be in extracurricular activities, scholarship is not made a condition of membership. There is no intention upon the part of the present-day school administrator to use the more attractive extracurricular experi-

ence as a club over the boy or girl to enforce attention to the curricular program. There is also concern on the part of the administrator lest the ability to contribute financially become a condition of membership, thus creating a group selected on the basis of the economic circumstances of the family.

Because of the few opportunities in the secondary school for pupils to learn business management, a laboratory in this area is especially valuable. Pupils can be taught about money and its management. It is possible to teach them how to record operations, and the importance of analyzing operation records. These things, however, take on very little meaning until the youth has had enough experience in handling transactions to appreciate the situations that are likely to arise. Learning how to make a budget becomes a real experience when one is planning expenditures of real money out of actual income that must be planned and arranged for. Training in judgment in money values becomes effective when the problem of making limited funds cover as many needs as they can be made to cover is met and solved. Record keeping takes on meaning when records are made of actual transactions in which the group is interested, when it is made evident that the record must be clear and understandable to other people who have an interest in the transactions recorded and who have a right to seek access to the books. Record keeping takes on a new meaning when differences represent actual money that must be accounted for at the expense of hours and hours of concentrated and worried labor instead of the concession of a point or two in the mark on the bookkeeping exercise. To all members of the school, including both sponsors and members of pupil organizations, the management of finances furnishes an opportunity for appreciation of the best methods of handling money.

NEED FOR A GOOD FINANCING AND ACCOUNTING SYSTEM

The school needs as good an accounting system for this extracurricular fund as it does for the school funds administered by the board of education, for the protection of all concerned. Adequate records will protect the pupil organizations against misuse of its funds. The officials of pupil organizations will be protected against embarrassing situations that may be due to ignorance, carelessness, unfriendly suspicion, or to temptation at a vulnerable moment. And the school administration is protected from impossible supervision of the many details connected with the handling of a large number of small funds.

Smith, Standley, and Hughes² succinctly summarize the practices in the financing of extraclass activities that have been found success-

²Smith, M. M.; Standley, L. L.; and Hughes, C. L. *Junior High School Education*. New York: McGraw-Hill Book Co. 1942. Pp. 263-264.

ful by schools. These are quoted below together with a general comment by the authors.

In schools where extraclass activities are partially or wholly self-supporting, desirable practices in the financing of extraclass activities indicate that:

1. All receipts should go into the general student fund.
2. Funds should be expended for worth-while purposes as they are acquired.
3. Accounting should be simple but exact.
4. Elaborate and expensive school projects should not be undertaken.
5. There should be no special campaigns to raise funds.
6. Student-body cards should be offered, but there should be no pressure placed upon pupils to purchase them.
7. Student-body cards should entitle the holders to reductions in the subscription price of the annual, in the admission to dances and other school programs.
8. Pupils who are unable to purchase student-body cards and those who are unable to participate in school affairs because of admission charges, fees, or subscription rates should be provided with work opportunities that are adequate to pay for these extra-class activities.
9. No funds should be derived from advertising.
10. There should be no exploitation of pupils or of the community.

It is the policy of many schools to add funds raised by various activities to the general student-body fund from which they are allocated to the different activities on a fair and judicious basis. It is, of course, important that all student-body funds should be handled in a businesslike manner. Some bonded employee of the school should be responsible for these funds and should keep accurate records of all financial transactions. Many schools find that it is advantageous to have this work done by the school secretary; other schools assign the work to some faculty member. All money received should be banked promptly, and expenditures should be made by check, countersigned by the principal. Student-body accounts should be audited regularly by a capable and responsible person, preferably the official auditor of the school system. Where students assist in handling the school fund, thorough checking of all accounts and transactions is imperative. Such checks teach pupils the importance of their responsibility in financial procedures and minimize the temptations placed before them.

Extraclass activities³ should be financed in a judicious and businesslike manner. The problem of financing extraclass activities has evoked varied procedures in different communities. Although in many communities they are regarded as an integral part of the total program; they are scheduled on school time, and are sponsored by the faculty as a part of their teaching load, few communities finance their extraclass activities entirely from school funds, as other activities are financed. To be sure, the practice of scheduling these activities as a part of the total program, of assigning teacher sponsors, of providing room space, equipment, and certain materials not only implies a recognition of the essential educational values of extraclass activities but also provides the basic financial support for their operation. Over and above these

³*Idem.* P. 250.

factors, in most schools the activities program must be largely self-supporting. This support comes from various sources, such as contributions, paid advertising, fees from pupils, and admission charges to programs provided by the activities. Regardless of the method of acquiring financial support, however, funds should be allotted to the various activities on a fair and judicious basis in accordance with needs, and all funds should be handled by means of sound, businesslike procedures.

A committee of high-school principals in Kansas made a study and gave recommendations⁴ to the State Board of Education. The Committee made seven recommendations as standards for activity-fund accounting. They are:

Standard I—Each person responsible for the final receipt of money and for issuing and signing general receipts and checks should be bonded with a surety bond in an amount equal to the largest anticipated amount of money on hand at any time during the year.

Standard II—All receipts should be issued from duplicate or triplicate receipt books with both original and carbon-copy receipts serially numbered and accounted for.

Standard III—All disbursements should be by bank check with supporting voucher. In the signing of voucher and check, at least two signatures, those of the high-school principal or superintendent and the sponsor of the individual activity account, should be required.

Standard IV—A simple columnar book, bound or loose-leaf, is recommended for keeping the accounts. In this the general summary of the fund, the distribution of assets in bank and other places, and the individual activity accounts may be shown in adjoining columns in such manner as to present easily page-by-page balances.

Standard V—It is recommended that summary statements of all accounts be prepared as of the close of each calendar month, or other similar period, including bank reconciliation, and that copies of such statements be placed on file in the high-school principal's or superintendent's office and the board of education or school-district office.

Standard VI—All activity accounts should be audited at regular periods of one or two years, preferably by a licensed municipal accountant under the direction of the board of education or school-district board. It is preferable that this audit be annual. One copy of the auditor's report should be placed on file, with the account book, in the high-school principal's or superintendent's office, and one filed with the clerk of the board of education or secretary of the school board. Upon any change in the managing personnel, the responsibility of the assuming official or sponsor be determined by an audit of the books or by an agreed statement of assets and liabilities of the fund or account.

Standard VII—It is further suggested that the best accounting procedure and educative practice implies operation of each separate account under a planned budget, as largely as possible with the co-operation of the students of the school.

⁴Cleland, G. L. "A Centralized System of Accounting for Student Activity Funds." *The Bulletin* of the National Association of Secondary-School Principals, Washington 6, D. C. Vol. 28, No. 119, Jan. 1944, pp. 29-46.

NEED FOR KEEPING PUPIL EXPENSES TO A MINIMUM

Anderson, Grim, and Gruhn discuss the matter of expense for student activities in their book *Principles and Practices of Secondary Education*. They point out ways which schools have devised in order that these activities might be provided to pupils at a minimum cost. They state:⁵

In quite a few secondary schools, the various pupil activities are being offered at little or no direct cost to the pupil. Until that is done, pupil activities cannot be considered a well-integrated part of the total instructional program because some pupils will not be able to participate in them. The tendency is for schools to provide equipment and to reduce incidental costs, but to have pupils pay for some of the materials they use. Several different practices are being employed to accomplish this purpose, among them the following:

1. The board of education provides for much of the expense of the various activities by an appropriation in the school budget.
2. School authorities and faculty sponsors carefully plan to keep down the cost of the various activities by establishing policies limiting the amount that may be spent for pins, dues, social functions, and other items. In some schools, club pins and dues are not permitted, and the amount spent on parties is limited.
3. In many schools, activity tickets are sold at a reasonable cost early in the school year. These admit pupils to athletic events, concerts, plays, and other performances and entitle them to the various school publications. The activity ticket permits better budgeting by the pupil in his personal finances and enables many pupils to attend more activities by reducing the unit cost.

They further state:

If extraclass activities⁶ provide significant learning experiences for pupils, there is no more justification for imposing costs on the participants than in the mathematics or English classes. The cost of equipment for football, instruments for the band or orchestra, supplies for clubs, and other similar items should be assumed by the school much like the expense of purchasing textbooks. Furthermore, the cost of such items as dues for club membership, club pins, school parties, attendance at athletic contests, subscription to the magazine and newspaper, and the school yearbook, should be kept at a nominal sum so that pupils will not be prevented from participation for this reason. The fact that pupils vote such expenses does not justify them, because the pupils who find them prohibitive are not likely to express themselves on the subject. There should be an established policy in the school to keep the cost to pupils of extraclass activities to an absolute minimum.

"School policies have been changed in many communities. Many of the costs of extraclass activities may be assumed by the school as legitimate school expense. In other cases the costs may be re-

⁵Anderson, V. E., Grim, P. R., and Gruhn, W. T. *Principles and Practices of Secondary Education*. New York: Ronald Press Co. 1951. P. 228.

⁶*Idem*. P. 217.

duced without restricting the value of the activity.'” If these experiences are of value in the curriculum, then every effort should be made to have these experiences available to pupils at the least cost possible. Eventually we will no doubt see the time when paying for the cost by school boards will be the rule rather than the exception.

COMMON QUESTIONS

The regulation of the finances of pupil activities is a problem whose complexity depends upon the extent to which the pupil organizations exist for educational purposes. Appraisal of such a program presents the same problem as does appraisal of the functioning of the school system itself. If smoothness of operation is the criterion by which the school program is to be appraised, it is possible to plan a smoothly running scheme. The smoothness of operation upon which a school may pride itself can be obtained by wise and far-sighted policy making by the administration, resourcefulness and thoroughness in planning on the part of the faculty, efficient and responsible execution of the plans by selected individuals, and constant, frank, systematic appraisal of the functioning of the program by the administration and faculty. It would be possible, if this same efficiency is desired to incorporate the accounting for the funds of pupil activities into the accounting system of the board of education, with policies to be determined by the financial officials of the school, funds allocated to the different organizations by the administration, and the wise use of funds insured by requiring approval of all expenditures by a carefully chosen agent in whom the school authorities have confidence.

Since the purpose of the activity program is to provide pupils with experience in managing their own interests—to make policies, to plan, to make mistakes, to learn to make better plans, to avoid repeating mistakes—a smoothly operating system may be a suspicious omen, an indication that the business of the activities is being managed *for* pupils instead of *by* them. The school administrator in setting up an extracurricular program will be concerned, therefore, with questions such as follow:

1. *Who should formulate policies regarding the regulation of finances of extracurricular activities?*

The final responsibility for determining policies with reference to the program rests with the secondary-school principal. He will, however, place the student activity fund under the general control of a

⁷*Vitalizing Secondary Education*. A report of the First Commission on Life Adjustment Education for Youth. Washington 25, D. C.: Government Printing Office, 1951. 112 pp. 30¢. Pp. 69-70.

finance committee. This committee should be a standing committee of the student council. Membership on the committee should be by appointment, and should include a representative from each of the main organizations of the school as well as a representative from the faculty. The council treasurer must be a member of the committee *ex officio*, and in similar fashion, the school accountant, a faculty member, should be adviser to the committee. The finance committee should formulate policies and make decisions with reference to the activity fund, subject to the veto of the secondary-school principal. The power to enter into contracts and to obligate the school should be reserved to the principal or to the superintendent.

2. *Should pupils assist in the administration of finances?*

A study of surveys that have been made concerning student activities reveals that pupils in quite a number of secondary schools participate in the administration of finances for activities. The most common procedure in which pupils participate is to have the bookkeeping class or other business classes of the school share in this accounting work. Here the pupils do the accounting under the supervision of the business education teacher. Some schools have established a school bank which is operated by pupils enrolled in the business education curriculum. All monies collected by the various student organizations are deposited in the school bank and, likewise, all purchases made are paid by the school bank. Pupils perform all the operations; they receive all monies, check the cash, bank the funds, keep records, serve as tellers, and do all other services characteristic of the functions of a regular bank.

3. *What are the functions of the finance committee?*

The finance committee is an advisory committee on financial policy. Its deliberations are reported to the student council for action. It is a clearinghouse for all financial matters. It receives the budgets of the pupil organizations and recommends the distribution of these funds to the council in such a way as best fits the budget. Such a committee is absolutely necessary in a school where receipts go into a common fund for the general good. The committee is also responsible for an annual audit of the financial statement. It may also provide a training course for treasurers of organizations which will teach fundamentals of record keeping.

In case of deficit on the part of any organization, the finance committee should decide whether the overdraft is to be allowed and should also decide from what account funds are to be transferred to cover the deficit. At the close of the year, the finance committee

decides whether a particular organization may carry over to the new year unused portions of its allotment, or whether to return them to the general fund and rebudget them.

4. *Should each organization prepare a budget and submit it for approval?*

For efficient business operation, a budget is essential. Chris A. De Young in his book, *Introduction to American Public Education*⁸ states:

Too often, extracurricular organizations "go into the red" because of poor initial planning or finances. Each group ought to prepare a budget consisting of its proposed program of activities, estimated expenditures, and proposed receipts. Furthermore, a central committee should draw up one consolidated budget for all the school activities. Aside from its function as a control, the budget has a definite education value if the students participate in planning and executing it.

Cox and Langfitt in their book, *High School Administration and Supervision*,⁹ state that:

A plan is not difficult to work out, whereby activities with considerable expense and little income, such as the orchestra, share in the profits of every entertainment to which they contribute; in the same way the band frequently shares in the athletic income. Expenditures are then made only with the approval of designated faculty sponsors and all surpluses are turned over to the student council for general school purposes.

A further elaboration of this plan calls for a minimum and maximum budget, planned and approved in advance. The student council, if there is certain income assured, then guarantees the group the amount of its minimum budget; the organization may spend the maximum if it can obtain the necessary funds, but funds in excess of the maximum budget must be turned over to the council. The expenditure of funds is then in the hands of the organization treasurers, who may be allowed a petty cash fund of ten dollars, or so, which is replenished on the presentation of vouchers approved by the faculty sponsor. The school funds are, however, retained by a student-faculty committee, which pays by check all approved larger bills within the appropriation. A monthly statement is made, by the fund committee or "bank," to each organization showing: the appropriation; the amount expended up to the first day of the preceding month; the amount expended during the month; and the balance on the first day of the new month. With increasing frequency, however, schools are merging all treasuries.

This procedure can prove valuable to pupils as a learning experience. In many secondary schools budgetary procedures are required. The pupils prepare the budget for their organization and make decision concerning the raising and spending of funds. These budgets and decisions are submitted to the student council which acts upon

⁸De Young, C. A., *Introduction to American Public Education*. New York: McGraw-Hill Book Co. 1950. P. 487.

⁹Cox, P. W. L., and Langfitt, R. E. *High School Administration and Supervision*. New York: American Book Company. 1934. Pp. 500-501.

it or refers it to its finance committee for examination and recommendation for approval to the council. The council then prepares a composite budget of all the student organizations in the school and supervises, through its central treasurer or its finance committee, the expenditures of the funds by the organizations included in the over-all budget. Such responsibility is an excellent preparation for democratic living.

Robert R. Halley, financial adviser to the student council of Avenal, California, High School, enumerates the following criteria¹⁰ for a good budget:

1. A good student-body budget should have a balance to carry forward approximately equal to the balance brought forward.
2. The budget should be made from September to September, rather than September to June.
3. Each budget should contain an emergency fund, to permit unanticipated expenditures.
4. A student-body budget outlines many of the student-body activities for the year. The work in developing a budget should come after the student council has established its goals for the year.
5. If the income on the budget is dependent in part on the sale of tickets to athletic events, the question of the price of tickets arises.
6. The student-body budget should, of course, be created by the students, with advice and help from their financial adviser.

Fretwell in his book, *Extra-Curricular Activities in Secondary Schools*,¹¹ makes the following claims for budgetary control:

1. It requires all extracurricular activities to organize or reorganize on a business basis and to follow definite well-understood business methods.
2. It requires activities to live within their income.
3. It tends to develop a better balanced extracurricular program.
4. It tends to encourage worthy but nonrevenue-producing activities by providing for them.
5. It conserves the time and energy of teachers and pupils by eliminating many drives, "entertainments" put on to raise money, and "pep" meetings.
6. It prevents the raiding of the financial sources of the school by those popular activities that come early in the year.

5. How much authority may be given to the finance committee?

Some schools are reluctant to allow the committee full control over the funds, feeling that for expenditures of unusually large amounts precautions should be taken by setting up limits beyond which the approval of the principal or board of education is necessary. The more complete the authority of the committee, the more valuable the system will be for the pupils. It is probable that the committee representing

¹⁰Halley, Robert R., "Criteria of a Good Student Body Budget," *The Clearing House*, Sept., 1951, pp. 28-29.

¹¹Fretwell, Elbert K. *Extra-Curricular Activities in Secondary Schools*. Boston: Houghton Mifflin. 1931. P. 469.

the best judgment of the student body is capable of passing judgment upon expenditures of such funds as pupil functions will have raised. The right to incur liabilities, however, should be withheld from the finance committee. Provision should be made for approval by the secondary-school principal or the board of education of any contract involving any organization of the school.

6. How are funds for pupil organizations to be raised?

Dues or assessments are the easiest methods of raising needed money. They have the merit that they tend to spread the financial burden evenly over the membership of the organization. They are likely to be burdensome upon some members, however, and may even be prohibitive. In a club existing for educational purposes, membership should not be closed to some pupils for lack of financial qualifications. Furthermore, if assessments are not permissible, there will be a challenge to achieve the purposes by creative activity and resourcefulness. The lesson of how much fun it is to plan creatively to achieve purposes with the funds available may never be learned; the discovery of how much one can accomplish with judicious use of funds may never be made if it is possible to meet financial emergencies by asking for money contributions.

Another method of raising funds is to permit pupils to engage in revenue producing projects. The right to undertake such a project needs to be controlled because ideas for making money occur to pupils in unpredictable ways, and with strong appeal. The projects they propose are likely to make demands upon the student body, the faculty, and the community that can become annoyingly burdensome. It is necessary to set up policies to control them as a precaution against impractical ideas, extravagant dreams, or projects that may be disapproved for ethical reasons.

There is much to be said for financing activities by grants from the board of education, or by an activity ticket purchased by pupils, thus providing a fund that can be allocated to the various activities on the basis of the educational values of each, and its possible contributions to the educational growth of pupils. If activities are financed entirely by subsidy, it becomes very easy to use the control of finances as a club over an organization, or at least it exposes the administration to the charge that such control is being exercised. Forbidding such projects as tag days, candy sales, and other money raising projects does deprive pupils of opportunities for valuable management experience. To keep disbursements within the limits of a budget is only a part of financial management. When needs arise which threaten to exceed the budget, it is possible to meet the situation

either by trimming expenditures to keep them within the budget, or by increasing the income and thereby expanding the budget. More realistic experience is possible with both courses open to pupils.

It seems reasonable that a school may need to recognize all four methods. Because of the values inherent in its program, the number and characteristics of the pupils to whom it appeals and the money raising possibilities it has, one activity, say a dramatic club, may be permitted to support its program by income from its activities; another, debating for example, should be subsidized by the board of education; while the greater number of activities may best be supported by a share in the proceeds from a school activities ticket, or a project such as a magazine subscription campaign.

7. *Should there be a central treasury for all activities and a unified accounting system?*

Many schools have a central treasury into which all funds from all student organizations are paid and from which all disbursements are made for these organizations. C. W. Ehnes¹² makes the following observations as to why the school should have a central treasury and as to what duties a good central treasury should perform:

Every high school that has a considerable number of activities should have a central treasury because:

1. The principal of the school and many times the superintendent of schools and members of the school committee should know at any moment just what is happening concerning certain funds controlled by high-school organizations.

2. While most boys and girls in charge of separate activity treasuries would not think of misappropriating funds, there are few large high schools in which it has not happened. Laws regarding embezzlement of funds are much more severe than for theft.

3. The service charges on small bank accounts make it too expensive to run a separate account for each activity.

4. Standardization of procedures in financial matters is viewed favorably in the public's eye.

5. While teachers are invaluable as social guides for student groups, frequently as financial advisers they are absolute failures.

A good central treasury should comply with the following:

1. The treasurer should handle no money except possibly to secure from a bank the small amount that is necessary from time to time for a petty-cash fund.

2. No large amounts of money should ever be accumulated and held at the school.

3. There must be a good system of internal check, making it impossible for the treasurer to misappropriate funds without detection within a short time.

¹²Ehnes, C. W. "Central Treasury for All Activities," *The Clearing House*, Sept. 1951, Pp. 30-34.

4. Withdrawals from savings accounts should require the signatures of the treasurer and one other authorized person.

Ehnes further outlines the essential features of the central treasury system of the Brookline, Massachusetts, High School of which he is principal:

1. The head of the business department is the specially qualified and bonded adult member of the school staff to act as general treasurer.

2. A single activity bank account (checking) for all organizations of the school.

3. Monthly statement of affairs issued and distributed to the assistant treasurers of all organizations, the superintendent of schools, the school board, and the headmaster, which shows receipts, disbursements, cash balance of all organizations, savings account balances, and money invested in government bonds.

4. An annual report to the superintendent of schools and the school board from the athletic association showing a detailed analysis of expenditures and receipts.

5. A semiannual audit (February and June) of all the student treasurer's books by the senior bookkeeping teacher of the business department.

6. A yearly "on-the-spot" audit by a certified public accountant authorized by the school board.

7. A suitable system of organization, accounting, and routine of administration to which all student activity treasurers are specially trained, and this in turn conforming with the construction and supervision of the central treasury organization.

8. *How should activity funds be apportioned among the various school organizations?*

A budget should be made out by each organization listing the items of expenditure anticipated for the coming year, and the total allowance desired for the carrying out of its program. The finance committee, then, on the basis of the educational possibilities of an organization, its contribution to the welfare of the school and its own membership, and the number of members whom it serves, decides how much each organization shall have and submits its report as a recommendation to the student council, or to the principal if it is set up as a school rather than a student council committee.

9. *Should the income from a given organization be deposited to the credit of that organization and for its use?*

It is preferable to consider all pupil activities to be projects of the entire school, to be supported by the entire school (pupils, faculty, and parents), all in varying capacities (participants, service roles, spectators). The income from all activities then goes into a common fund, together with the income from school activity tickets, for distribution among activities in accordance with the recommendations of

the finance committee. Only an activity that does not share in the general fund would be in a position to ask for the right to earmark its own income. If such an activity does exist, every effort should be made for a speedy inclusion of it in the common fund to which it would turn over all its income and from which it would receive its funds for operation.

10. *What provision should be made for supervising the accounting system?*

A school accountant should be selected to head the system. He may be a member of the faculty such as the bookkeeping teacher. He should be under bond, and be responsible for all funds, for all records, for the training of organization treasurers, and for reports to the organizations at intervals in accordance with the policies of the system.

Since tenure is short in many schools, the central file kept by the accountant should be simple, and should contain a statement describing in detail the procedures. The ledger sheet of each activity should carry a statement of the policies governing that account.

The following is an account of some of the procedures used as a uniform system in all the secondary schools of the Long Beach Unified School District in California as described by E. L. Hendrix,¹³ the Chief Accounting Officer for that district:

A complete manual of accounting procedures should be prepared by the accounting division of the business department, showing complete chart of accounts, and describing the use and the method of handling the account for each activity. All forms approved for use should be shown and described in the manual accompanied by a full description of the application and use of each form. The manual should cover methods of handling and accounting every activity of the student body and auxiliary organization. It should be a complete guide and handbook for all who handle the finances or business in any degree, and all should be required to comply with its provisions.... There should be inaugurated a system of numbered purchase orders, and a plan of acknowledged receipt of goods and services, all clearing through the student body office. When activities are numerous, or involve considerable value, a budget control system should be properly maintained.

Admission tickets for all pay events should be properly designed and printed in conformity with legal requirements (if any). They should be pre-numbered and be accounted for by numbers and amounts. All unsold tickets, together with printer's statement of printings, should be kept.

All cash income should be receipted for at source, in full, and the total banked—no disbursements of any kind should be permitted from unbanked income. Pre-numbered receipt forms may be consigned to individuals acting as collectors for organizations or activities. Special ticket report forms should

¹³Hendrix, E. L. "Supervision of Student Body Accounting." *California Journal of Secondary Education*, Vol. 26, No. 2, Feb. 1951, Pp. 110-112.

be used where ticket sales are involved. Complete control, as well as by consignments, should be maintained on the number and value of such numbered forms. The supervising accountant recognizes that proper handling of cash from source to bank is most important, and he is constantly on the alert to see that prescribed procedures are properly maintained.... Audits should be in reasonably sufficient detail to disclose the true facts. In all cases, cash should be tied together from one period to another; bank records reconciled with the books; tickets, receipt forms, and all other numbered documents accounted for; cash register readings checked and reconciled. Reasonable check should be made of minutes of meetings of the various organizations, and follow-up made on important matters. In auditing disbursements, care should be taken to see that authorizations for expenditures are in order; that settlements are made from invoices and purchase order documents and not from vendor's statements. Auditors must always be alert to see that expenditures have been made for the benefit of the students and not for the benefit of the district or the school employees, and that the actual business of the organization has been performed by students. Fidelity bonds and insurance policies should be checked, and inventories scrutinized. Surprise cash audits should be made occasionally....

It is incumbent upon the supervising accountant to see that all these methods and processes are complied with; to audit all records of all organizations; and to report to higher authority such irregularities as may be out of the scope of his authority to handle.

Chapter XII of *The Student Council in the Secondary School*¹⁴ (pages 174-199) offers an additional source of information on procedures and types of forms used by specific high schools. The following two months' statement by the central treasurer is an example of the system of supervision and of reporting income used by the Appleton High School¹⁵ of Appleton, Wisconsin. (See opposite page.)

11. *Should All Accounts of All Organizations Be Audited?*

To most school people this question may seem unnecessary since it is a general consensus that all school activity accounts should be audited by some responsible person or persons. In a number of instances, the regular auditor of the board of education has done this, while in other instances, the principal or some other individual within the school takes this responsibility. The California Education Code empowers the governing board of a school district to establish supervision and auditing¹⁶ personnel to be paid from district funds. Procedures and rules are drawn up by which the expending as well as the raising of student body funds are regulated. In either procedure,

¹⁴Published by the National Association of Secondary-School Principals, 1201 16th St., N. W., Washington 6, D. C. Price \$1.50.

¹⁵Supplied through the courtesy of Herbert W. Helbe, Principal of the Appleton High School, Appleton, Wisconsin.

¹⁶"Problems of the Junior High Schools." THE BULLETIN of the National Association of Secondary-School Principals, Washington 6, D. C.: Vol. 35, No. 182, Dec. 1951, Pp. 40-41.

STATEMENT OF
APPLETON HIGH SCHOOL ACTIVITIES FUND

June 30, 1951

	May	June		May	June
Check Book			Assembly Lyceum ..	\$ 1,002.14	\$ 884.42
Balance.....	\$ 4,328.42	\$ 2,715.46	Athletics	15,007.51	14,842.57
Cash on Hand	445.59	17.00	Bolton-Roth Extem-		
Petty Cash	11.34	3.13	poraneous Speak-		
W.I.A.A. Insur-			ing Contest.....	325.00	325.00
ance Fund	156.61		Cafeteria	4,013.00	3,446.61
			Camera Club	66.91	69.40
			Clarion.....	1,882.73	1,895.04
			Class of 1951	1,183.12	
			Commercial Club	206.10	206.10
			Curtain Call, Acting	20.68	25.13
			Curtain Call,		
			Production	173.00	188.99
			English Department		
			Fund	46.93	83.72
			English Clubs,		
			N. C.	60.42	60.23
			Faculty Affairs.....	19.84	19.84
			Film Rental Fund	20.00	20.00
			German Club	13.96	13.96
			G. A. A.	66.18	56.87
			History Fund	44.11	44.11
			Home Economics		
			Fund.....	87.41	81.73
			Industrial Arts		
			Fund	331.86	
			Intramurals	144.79	12.39
			Latin Club	11.44	11.44
			Library Fund	56.49	80.13
			Locker Fund	75.75	72.45
			Music Activities		
			—Band.....	53.05	1.60
			Music Parents		
			Fund	121.06	122.32
			Nature Club	6.42	6.42
			Office Account	77.71	94.35
			Orchesis	133.53	43.23
			Oshkosh Forensic		
			District	198.91	198.91
			Printing Department	85.28	85.28
			Quill and Scroll	117.42	84.22
			Refund Fund	36.10	
			Spanish Club.....	11.55	3.41
			Special High-school		
			Equipment Fund..	3,405.53	4,245.48
Savings:			Student Council	561.25	100.00
1st Nat'l Bank,			Sundries.....	52.11	45.17
Savings	5,186.17	5,186.17	Sundries (Kotex)	78.54	116.89
Appleton Bldg.			Talisman	2,028.92	2,049.50
and Loan Assn.	3,000.00	3,000.00	Visual Aids Club....	40.38	24.85
U. S. Gov't Bonds	18,740.00	18,740.00			
	<u>\$31,867.13</u>	<u>\$29,661.76</u>		<u>\$31,867.13</u>	<u>\$29,661.76</u>

Signed: _____
Activities Banker

it would seem desirable from the training aspect to have several pupils assist with the work. Chris A. De Young¹⁷ in his book, *Introduction To American Public Education*, summarizes the necessity for an audit very aptly in the words: "All extracurricular accounts should be carefully checked. This includes the pre-audit of bills before they are paid, the monthly audit, and the annual audit. The audits should be of two types—the administrative check usually made by students, faculty, or a fiscal officer within the employ of the school; and the independent examination of accounts conducted by a person not connected with the school system. Some states require that all extracurricular school funds be audited by a bonded person employed by the school district. Everything should be done to ensure protection of both money and persons who handle it, particularly since many schools use public funds to finance part of the cocurricular activities." Here is an area in which too much care cannot be taken.

12. *How does a school introduce the activity ticket plan?*

A description of a typical system may be helpful. In school X the faculty sponsors and the pupil leaders of all extracurricular activities were called together to discuss the advantages of such a plan. A year's budget was prepared, liberal enough to run the activities for one year. An estimate of income was made, and the balance of the budget established the amount that had to be realized from the sale of tickets. It was estimated that two thirds of the student body was a reasonable guess as to the ticket market. On this basis, a ticket program was launched. Tickets were sold for two dollars cash, or ten cents a week for twenty-five weeks. The ticket entitled the holder to the school paper, admission to an operetta, all home-school athletic events, the junior and the senior class plays, and certain specified evening dances.

A SIMPLE SYSTEM OF ACCOUNTING

The activity-fund accounting system must provide a record of transactions in such form as can easily be kept and, at the same time, provide information that will be readily available and also easily understood. School organizations are directed by advisers who are busy, and, in most cases, the sponsorship represents work that is seldom considered in determining the teaching load. Many advisers are untrained and unpracticed in record keeping, as are pupil officers with whom they must work. In the case of both advisers and pupil officers, the term of office is short and new hands take hold regularly

¹⁷De Young, *op. cit.* P. 488.

and frequently, so that provision must be made for the instruction of those who are involved in the handling of activity funds. The process, therefore, by which receipts and disbursements get into the records must, above all things, be simple to explain and to understand.

There will be difficulty in vouching for the amount of receipts only in connection with events to which admission is charged. The arrangements for such events will cover the preparation of tickets numbered in sequence, each ticket bearing the price of admission. The method of selling tickets must be planned so that there will be no tickets unaccounted for.

A ticket report is made out by the treasurer of the organization responsible for the performance when the sale is complete and all monies received are deposited with the school accountant in the central activity account, to be disposed of in accordance with the policies laid down by the finance committee. Whether the funds are to be credited to the account of the organization making the deposit or are to be credited to a general account or allocated to various activities is a matter of school policy.

At the time the deposit is made the organization treasurer receives a receipt (Form A) which he can file with his records, and the school accountant retains a carbon of the receipt. A receipt book, three receipts to the page, with carbon copies permanently bound into the book, leaves with the accountant a complete original entry of all deposits made with him.

When the organization wishes to withdraw money from the account, the organization treasurer makes out a pay order (Form B) with the necessary information filled in. He has the pay order signed by the organization sponsor and delivers it to the school accountant. The accountant then issues a check in payment of the item, and files the pay order as his authorization. The accountant has his record of checks issued, which serves him as the original entry of all disbursements.

A ledger card or sheet (Form C) for each organization completes the system. The ledger card carries the signature of the adviser, the signature of the student treasurer, the amount of the budget allowance, and remarks relative to any special policies which apply to a particular organization. On this card is posted, from the receipt book, all income which has been received for an organization, and, from the check book, is posted all disbursements. A third column gives the balance available.

At the end of each month, the school accountant secures the bank statement, reconciles the bank record with his own, and then makes a

report of the month's activity in triplicate. This report covers for each organization the balance on hand at the beginning of the month, an itemized statement of all receipts during the month, an itemized list of disbursements made during the month, and the balance available at the close of the month. A summary of the report listing the organizations of the school, and giving for each the balance on hand at the beginning of the month, total receipts for the month, and the balance on hand at the end of the month should be a part of the report. This can well be a fourth form.

One copy of this report is to be placed in the files of the school accountant, together with the copy of the bank statement and the canceled checks for the month. A secondary copy of the report goes to the secondary-school principal or the board of education, and the third copy is circulated among the organizations, each one receiving its own monthly statement.

The materials necessary for such a system will be a report of ticket sales, a simple cash book for each organization treasurer to record receipts and disbursements for his organization, a book of receipts for deposit for the use of the school accountant, a book of pay orders for the treasurer of each organization, a conventional checkbook with remittance advice for the use of the school accountant, and a supply of extracurricular activities ledger cards. Such a system will, without involving technical accounting or complicated procedures, permit an organization to receive money, to deposit that money with the school accountant, and to make disbursements from its funds. It will provide the organization with a monthly report of receipts and disbursements itemized, and a statement of the balance available. This will meet the needs of all organizations except for a few unusual circumstances. The provision of a finance committee with authority to exercise judgment in such cases will take care of these exceptional needs.

A MORE ELABORATE SYSTEM OF ACCOUNTING

Hamilton Township High School, Trenton, New Jersey, has a fairly elaborate system of controlling the finances of extracurricular activities.¹⁸ Students are used for the handling of the clerical details, hence, affording them an unusual educational experience. Pupils have experience in keeping real sets of books. A practical knowledge of book-keeping is developed, as is also, a sense of responsibility.

¹⁸This description from here to the end of the chapter is supplied through the courtesy of the Hamilton Township High School, Trenton, New Jersey, of which Harvey A. Hessler is principal.

The principal, as executive officer of the school, bears responsibility. Therefore, the control, while relieving him of details through the operation of general policies, keeps him informed and enables him to pass upon specific acts when necessary. Careful thought has been given to the submitting of financial statements at the end of each school month to the administrators and the board of education.

Five different sets of books are arranged in a manner possible to cover every possible type of school activity. Activities included in this central accounting system are: Accommodations, Activities (all clubs), Athletics, Auditorium Curtains, Boys Gym Locks, Boys Gym Suits, Boys Hi-Y, Boys Intramural, Canteen, Caps and Gowns, Class of '51, Class of '52, Class of '53, Reserve for Activities, *Criterion* (school paper), Faculty Flowers, Federal Tax, Finance, G.A.A., General Locker, General Towels, Girls Gym Suits, Girls Gym Locks, Highlights of Sports, High School Relief, Jr. Red Cross, Library, Make-up (dramatics), Manual Training, Public Address System, Photography Club, Reserve for Contingencies, Science Club, Unassigned Interest, Washington Trip, and Yearbook. Each activity of major importance has its own set of books, while minor activities are grouped with others under a council and are controlled jointly in a set of books. Students, who are engaged in doing the actual bookkeeping work, are selected by the chairman of the commercial department from bookkeeping classes.

General Plan of the Activities Control

The activities council was organized for the purpose of stimulating student activities and formulating general policies concerning student activities. It consists of ten faculty members and is headed by the principal, who is chairman. The other members are the vice-principal, who is vice-chairman; the ECA director, who is the secretary-treasurer; the finance committee adviser; student council adviser; vocal music director; instrumental music director; the dean of girls; the director of girls physical education; and the accounting instructor.

Expenses are paid by a voucher system which operates in the following manner. When the sponsors of school activities need money they tell the ECA director, who draws up a *Requisition Form* (see below) which has to be signed by the sponsor needing money, the student council adviser, the principal, and the ECA director. Any amounts to be withdrawn must be in conformity with the detailed budget which has been previously approved by the activities council. The ECA director makes out a *Cash Payment Voucher* (see below) and gives it to the student bookkeeper of the activities account, who draws a check on the Hamilton High School Depository. This must be signed by the bookkeeper and the ECA director. The bookkeeper gives this check to

REQUISITION FORM
ACTIVITIES FUND

Date _____ Req. No. _____

Request is hereby made to the Faculty Council

For _____ Dollars

Reasons _____

Activity or Club _____

Signed _____

approved

_____ Student Council _____ ECA Director

_____ Principal

the bookkeeper in charge of the school Depository Bank who writes a check for the amount needed on the bank in which the school fund is deposited. This check must be signed by the head of the commercial department and then delivered to the sponsor needing it. There may also be a cash transaction which proceeds in the same way except that the bookkeeper in charge of the school Depository Bank gives the activities association bookkeeper money instead of a check. Then she must take this and the check drawn on the Hamilton High School Depository to the sponsor who needs the money. The sponsor must sign the check on the back to show receipt of the money.

The ECA director keeps the requisition form on file by number and the student activities account bookkeeper keeps the cash payments voucher on file by number as aid in making the entry of payment in her books. After the bookkeeper makes the entry, she must stamp the voucher "Entered" and put the date on it.

CASH PAYMENTS VOUCHER
ACTIVITIES FUND

Bookkeeper please draw check for _____ Dollars

To order of _____

For _____

Charge Account of _____

For approval, refer to Req. Voucher No. _____

_____ ECA Director

Date _____ Voucher No. _____

Sometimes money is received directly by the activities association. When this occurs the bookkeeper makes out a deposit slip and gives the money to the bank bookkeeper and then makes the entry in her cash receipts journal. The activities bookkeeper is under the supervision of the accounting instructor who checks all reports and audits the books.

At the end of each month, the activities account bookkeeper must make reports showing the condition of the books. These reports are given to each member of the activities council and one copy of each report is kept on file by the bookkeeper. These reports include a cash report and a budget report. A trial balance is also made for the bookkeeper's convenience and to make certain the books are in balance. Special reports are made on larger school activities such as the operetta.

The books are closed at the end of the year and the net profit or loss obtained. All income and expense accounts are closed into the profit-and-loss account. Yearly statements must be made consisting of a balance sheet, profit-and-loss statement, and schedule showing the receipts and payments of each activity. Three copies are made; one is given to the principal, one to the ECA director, and the other one is filed by the bookkeeper. These books are worked on by the student bookkeeper during study periods and at any spare time she may have.

Organization of the Cafeteria Control

The dietitian and the accounting instructor are directly responsible to the high-school principal or the board of education. (He is free to examine the accounting records and the working conditions of the cafeteria at any time he wishes.) The cafeteria manager or dietitian supervises the adult help, and the student cashiers, miscellaneous student help, and the student secretary. The dietitian also makes all necessary purchases and assumes the responsibility for the successful operation of the cafeteria.

The accounting instructor, who is on the same level with the dietitian, has the power to recommend and appoint a new student bookkeeper, as well as to discharge the bookkeeper if it becomes necessary. He will verify the correctness of the accounting records by auditing the monthly statements.

Some students, who do a considerable amount of work in the cafeteria, are paid for their services with a special lunch ticket provided for this purpose. These tickets are issued on Mondays and collected on Fridays. The adult help, the student bookkeeper, and the student secretary are paid on a weekly basis, the dietitian issuing a payroll check, supported by a cash payment voucher once a week. The dietitian is paid by the board of education.

Control of the Athletic Finances

The Hamilton High School Athletic Association is governed by the athletic council. The council consists of all the coaches, the athletic director, annex vice-principal, finance committee adviser, the accounting instructor, the vice-principal, and the principal. The council decides the amount to be appropriated for each sport and formulates the general policies of the athletic association. There is a student bookkeeper who keeps the athletic books for the association and prepares the statement at the end of each month. He also makes the yearly statements.

The majority of the receipts comes from the gate receipts of each sport and season tickets. Money spent is requisitioned by the voucher system under which the principal, athletic director, coach, and the treasurer must sign each request. The bookkeeper is under the supervision of the accounting instructor.

The Finance Committee and the Control of its Fund

The finance committee was organized for the purpose of advertising and distributing tickets for all affairs, athletic and social. It was felt that, if the same group were in charge of all affairs, it would soon gain enough experience in handling finances to be able to conduct these affairs with less effort and yet with an increase in the profits. Results have proved that this assumption was justified.

Besides the faculty adviser, the committee consists of eight students, a boy and a girl from each of the four grades. The student members are appointed by the adviser, upon recommendation of their teachers. If they are able to perform their duties satisfactorily, they may remain on the committee for four years. It is desired that the members be taking the commercial course, although this is not a strict requirement.

Definite duties are assigned to each member of the committee. The senior girl banks the money, keeps the books, and prepares monthly statements. The senior boy is in charge of ticket distribution and collection; he has the sophomore members as his assistants. The junior boy and the junior girl are in charge of advertising; the freshman members serve as apprentices and help out wherever they are needed.

School Depository as a Control

All money collected in the school bank is deposited in a school depository. The junior banker is chosen by the accounting instructor twelve weeks before the end of the school year from the accounting students in the eleventh grade. He is taught the fundamentals of the banking system by the senior banker during the fifth and sixth marking

periods. The following year he is in full charge of the bank until he is graduated. In addition, the prospective banker is interested in the practical experience to be gained. Two books are kept by the banker:

1. Cash Book—here all deposits and withdrawals are entered under "cash receipts" and "cash payments" respectively. The cash book balance must check at all times.
2. Check Book—all checks are written out by the school banker and signed by the supervisor. The check book balance and the bank reconciliation must be exactly the same at the end of the month.
3. Bookkeeping machine ledger for all accounts in the depository.

Check Books

Check books, containing 25 checks in duplicate, are distributed to each new depositor in the school depository bank. These checks are known in the bank as white checks and are payable only at the school depository. The duplicate checks are yellow.

When a club wishes to draw out money, the student treasurer of that association writes out a white check and its yellow duplicate signed by the sponsor of the club. The white check and duplicate are presented to the school depository and either cash or a check is given to the treasurer. All white checks made payable to "cash" must be properly endorsed before the money is given to them. When white checks are made payable to stores, *etc.*, outside of the school, a check for each is drawn on the Yardville National Bank. These checks must be signed by the accounting instructor before they become valid.

The banker then puts the white checks on the clip, to be entered on the ledger sheets. After they have been entered and the trial balance proved, then the checks are stamped with the date and the word "entered." They are then filed away in the alphabetical account index with the yellow duplicates. At the end of each month, these yellow duplicates are sent back to their maker along with the depositor's monthly statement. The white checks are retained in the school depository.

Deposit Slips

Deposit slips, in packs of 50, are also distributed to the depositors by the school banker. The treasurer of the school club brings the deposit slip and the money to the school banker. The banker checks the money to see if the deposit slip is right; then he signs the depositor's pass book for the amount of the deposit slip. The deposit slip is then put on the clip and is entered on the ledger sheets like the checks. The deposit slips are not returned to the depositor, but they are kept on file by the banker and may be audited any time.

Cash Book

In the cash book are entered all checks and deposits. The deposit slips are entered under "cash receipts" on the left and they are entered under "cash payments" on the right-hand side. When all the checks and deposits are entered, the balance is penciled in. The credit is subtracted from the debit in the usual procedure and the forth-coming balance is extended outside the debit money column. The cash book is not a journal—it is simply a record and further proof.

Deposit Books

Each depositor has a deposit book or pass book, which is given him by the school banker. Each time the depositor makes a deposit, the banker duly recognizes receipt of the money by signing his initials and entering the amount of the deposit.

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