

CHAPTER 12 – Associated Student Body (ASB) Fund Accounting

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INTRODUCTION

This chapter provides information that is unique to the Associated Student Body (ASB) fund. Some information presented here may also be included in other parts of this manual, but it is included here so that those new to governmental accounting can obtain a general overview of each fund in one location.

As required by accounting standards, governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. (See Chapter 1 Fund Accounting Systems, for additional information regarding fund accounting systems.)

The standards categorize funds into one of eleven fund types. These fund types are grouped into three general classifications:

- Governmental funds are used to account for tax-supported activities. GAAP establishes five governmental fund types: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service, and Permanent Funds. RCW 28A.320.330 requires school districts in Washington state to establish a General Fund, Capital Projects Fund, Debt Service Fund, and Associated Student Body Fund (Special Revenue Fund). RCW 28A.160.130 creates a Transportation Vehicle Fund (Capital Projects Fund).
- Proprietary funds are used to account for business-type activities of a government and are supported, at least in part, by fees or charges. Proprietary funds are **not** permitted for school districts in Washington State.
- Fiduciary Funds are used to account for resources in situations where the government is acting as a trustee or agent for parties outside the government. Fiduciary Funds *cannot* be used to support the government's own programs. Fiduciary Activities are described in Chapter 13.

ASSOCIATED STUDENT BODY FUND (ASB)

Special revenue funds are used to account for the proceeds of revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes (GASB Cod. Sec. 1100.103a[2]. See also Sec. 1300, "Fund Accounting").

The Associated Student Body Fund (ASB) is the only fund designated as a Special Revenue Fund in Washington school districts. This fund is partly financed from establishing and collecting fees from students and nonstudents as a condition of their attendance at any optional, noncredit, extracurricular event of the district. As a Special Revenue Fund, the ASB Fund is under the control, supervision, and approval of the board of directors, and the school district legally owns the resources accounted for in the ASB Fund. The ASB Fund is created by RCW 28A.320.330 and chapter 28A.325 RCW.

Introduction

Since the financial resources of this fund are public resources, the board of directors of each school district or its designees are responsible for the protection and control of these resources just as they are for other public funds placed in its custody. The laws governing the ASB Fund, and the rules and regulations developed by the Office of Superintendent of Public Instruction (OSPI) according to those laws provide the legal and procedural framework for the board of directors of each school district to administer the ASB Fund. See chapter 28A.325 of the Revised Code of Washington (RCW) and chapter 392-138 of the Washington Administrative Code (WAC) relating to the ASB Fund.

Associated Student Body Moneys

One of the stated purposes of the rules and regulations promulgated by OSPI is to encourage the supervised self-government of associated student bodies. The board of directors should develop policies and procedures to promote this goal. Except for non-associated private money and moneys held in trust, the financial resources of the ASB fund are for the extracurricular benefit of the students. Their involvement in decision-making processes is an integral part of associated student body government. The students must have adult supervision to properly administer the associated student body programs, but that supervision must not exclude the students from participation in determining the uses of associated student body resources. In addition, subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Final approval of associated student body activities rests with the board of directors, but the students determine what activities will constitute the associated student body program. Although no student activity may be a part of the associated student body program or participate in non-associated private fundraising without the approval of the board of directors, the board has no power to initiate associated

student body activities. The board of directors must set up a review and approval process for activities initiated by members of the associated student body (WAC 392-138-013).

The rules and regulations governing associated student body program financial resources require the board provide for associated student body participation in "the determination of the purposes for which associated student body financial resources shall be budgeted and disbursed." Additionally, all supporting documentation must show evidence of student approval before associated student body moneys may be disbursed as budgeted.

Trust Moneys and Nonpublic Moneys

Subject to board policy, the board of directors may permit students to conduct fund-raising activities and solicitation of donations in their private capacities.

Nonassociated student body (non-ASB) program fund moneys generated and received by students for private purposes to use for scholarship, student exchange, or charitable purposes shall be held in trust and be disbursed for such purposes as the student group conducting the fund-raising activity shall determine; RCW 28A.325.030(2). An associated student body that receives both public and private moneys must maintain two separate sets of accounts in such a manner that there is a complete segregation of ASB and non-ASB activities in the accounting records (WAC 392-138-017).

If the non-ASB amount is "immaterial" (less than 5 percent of the ASB Fund total revenue) it can be accounted for in the ASB Fund, as long as the private money is easily identifiable within the accounting records. If non-ASB amounts becomes material, the district should report them in a Custodial Fund on their Annual Financial Statements (F-196).

Another type of private donation is the InvestED fund. InvestED distributes monies to public and private secondary schools so that school personnel, using their discretion, can identify and immediately respond to individual student needs. Because school districts have administrative discretion on how InvestED monies can be allocated, these resources are appropriately accounted for in a government fund, including the ASB Fund.

Accounting Methods and Procedures

Basis of Accounting

The county treasurer for each school district that has an associated student body establishes an ASB Fund. All moneys generated through the programs and activities of any associated student body are required to be deposited in the ASB Fund (WAC 392-138-115).

Disbursements from this fund are made with the approval of the board of directors of the school district and are by warrant. In no case may warrants be issued in an amount greater than the moneys on deposit with the county treasurer in the ASB Fund (WAC 392-138-125).

WAC 392-138-014 (2) reads: "Whenever two or more associated student bodies exist within a school district, the accounting records shall be maintained in such a manner as to provide a separate accounting for the transactions of each associated student body in the associated student body program fund."

The requirements of a separate accounting for each associated student body within a district and the limitation of disbursements to the money on deposit in the ASB Fund creates the need for current fund balance information. Receipts and disbursements must be recorded directly to the fund balance account. Two accounts, 560 Revenue Contra and 930 Expenditure Contra, are unique to the ASB Fund and make it possible to record receipts and disbursements directly to fund balance as well as to the revenues and expenditures accounts on a double-entry basis.

Another aspect of the ASB Fund accounting process is the existence of the imprest bank checking account option. The board of directors of a school district may authorize the use of an imprest bank checking account at the school level subject to the provisions of RCW 28A.325.030 and WAC 392-138-120.

League and Other Joint Activities

Athletic leagues and other forms of joint interdistrict and intraschool district associated student body programs may be formed as provided by WAC 392-138-130. These joint programs also include those between public and private schools. The leagues and other joint activities shall be budgeted in the same manner as all other activities of the ASB Fund. When these joint programs exist and moneys must

be managed, a managing district will be appointed, and the joint program associated student body organization will exist in that district's ASB Fund organization.

If there is a managing district, all joint activity revenues will be deposited to the credit of the joint program associated student body organization and all joint activity expenditures charged to that organization. Net revenues (if any) after joint activity expenditures are paid will be distributed to the member schools according to the joint program allocation formula. Member schools within the managing district will receive their share of the net revenues by a transfer entry. Other districts will be paid by warrant. The district receiving the payment will further allocate the payment to member schools by transfer.

Suggested System of Accounting for the ASB Fund at the School Level

Accounting Organization and Methods

Introduction

WAC 392-138-013 reads in part: "The board of directors of each school district shall... (1)(c) assign accounting functions, or portions thereof, to the school building level to be performed by a designated representative of an associated student body or centralize the accounting functions at the district administrative office level..." The model school level accounting system illustrated in this section assumes a high degree of delegation of accounting functions to the school level. This approach should prove valuable for all school districts that delegate, in any degree, accounting functions to the school level. All, part, or none of this system may be used depending on the decision of the board of directors of each school district.

The principles embodied in this system are those necessary to satisfy minimum requirements for adequate accounting and control of associated student body moneys. Any district, whatever the accounting system used, must base that system on both the required and the generally accepted school business procedures, some of which are:

- Official prenumbered documents must be used to adequately safeguard and control the financial transactions of the associated student body. All tickets, membership cards, receipts, purchase orders, checks, etc., must be prenumbered and accurately controlled to ensure the integrity of the accounting system.

- All money upon receipt must be deposited timely and **intact** to the district depository bank and then to the county treasurer for credit to the ASB Fund of the district (WAC 392-138-115).
- All disbursements must be made by warrant or by check from an authorized imprest bank checking account as provided in RCW 28A.325.030 and WAC 392-138-120.
- Supporting documents must be kept for all disbursements made.
- An imprest bank checking account reconciliation statement must be made each month.
- At least once each month the imprest bank checking account will be replenished to its original authorized amount.
- Monthly and yearly financial statements must be prepared.

Organization

There are four positions in the accounting organization of this system. They are:

- Primary Advisor
- ASB Central Treasurer
- Activity Advisor
- Student Activity Treasurer

The board of directors of each school district will designate a primary advisor to each associated student body according to the rules, policies, and procedures of the local school district. When accounting functions are delegated to the school level, the board of directors will also designate an ASB central treasurer to perform those functions. The primary advisor will designate advisors to the various student activity groups that are part of the associated student body. Each student activity group will elect a student activity treasurer. The roles, responsibilities, and duties of the positions are described below.

Primary advisor (probably the school principal): This designee of the board of directors will administer the associated student body program of a school. The duties of the primary advisor will include, but should not be limited to, the following:

- Appoint activity advisors to all student activity groups.
- Supervise the preparation of the annual financial budget.
- Submit to the board of directors for approval any new activities proposed by students.
- Review and approve the annual financial budget.
- Coordinate the implementation of the annual financial budget.

- Assure student participation in the ASB process.
- Approve all projects of student activity groups.
- Approve all purchases.
- Approve all disbursements from the imprest bank checking account.

ASB central treasurer (adult employed at the school): It is recommended that the board of directors require the ASB central treasurer to be bonded for no less than the average cash balance in the possession of this individual. This designee of the board of directors will have the following responsibilities in accounting for the revenues and disbursements of the associated student body:

- Receive all associated student body moneys and immediately deposit them intact in the district depository bank.
- Issue official prenumbered receipts (tickets, cards, etc.) for all moneys received.
- Control all tickets, membership cards, and other official prenumbered documents.
- Issue official prenumbered activity purchase orders for all purchases except those made from petty cash.
- Ensure that moneys are available for purchases.
- Ensure that all documents are properly approved.
- Maintain accounting records of financial transactions and files of supporting documents. The following records and files are recommended in this system:
 - Cash receipts journal—A chronological record of all moneys received by the associated student body.
 - Check register—A written record of all checks written on the imprest bank checking account and all replenishment deposits.
 - Activity account balance record—A separate record will be kept for each student activity group and all receipts and disbursements of the group will be posted here. The current balance of the activity group's account is shown on this record.
 - Cash receipts file—All supporting documents for cash received will be kept on file.
 - Open purchase order file—The purchase order is filed separately until the purchase and invoice are received.
 - Disbursements file—All supporting documents for the imprest bank checking account disbursements (payment orders, invoices, purchase orders, vouchers, petty cash receipts, etc.) will be kept on file.

- At least once each month prepare an imprest bank checking account replenishment request and submit it to the district central office for replenishment of the imprest bank checking account.
- Prepare monthly financial statements.
- Prepare an imprest bank checking account reconciliation statement.

Activity advisor (a faculty member): The primary advisor will appoint an activity advisor to each student activity group. The advisor will guide and supervise the activity groups and ensure compliance with WAC 392-138-011.

Student activity treasurer (elected by the student activity groups): Each student activity will have a student activity treasurer. The student activity treasurer will work under the guidance and supervision of the activity advisor to safeguard the financial resources of the student activity group.

Methods

Budgeting

In the ASB Fund each student activity group prepares a budget for the fiscal year. The budgets for all the student activity groups added together constitute the associated student body budget for the school. After the school associated student body budget is approved by the student council and the primary advisor, it is sent to the district superintendent or designee for approval and consolidation with all other associated student body budgets of the district which, when consolidated, will be the proposed ASB Fund budget for the district.

The schedule for completing the budgetary process will be as designated by the central district office and will provide for the completion of the ASB proposed budget prior to the completion of the student school year. This procedure and timing will provide for necessary student participation in the budgetary process as provided for in chapter 392-138 WAC. The district board of directors must approve the ASB Fund budget before any expenditure may be made from the ASB Fund for the fiscal year.

It is important to note that no activity may have a negative ending balance. This means no student activity group can disburse moneys unless moneys are available in the student activity group's account. If payables are involved, they must be considered in determining moneys available. If there is not enough money available, moneys will need to be transferred (if the disbursement is approved and moneys are available) before the disbursement can be made. This process is called an

interactivity transfer. This method of financial control is not mandatory but is a recommended method of controlling the use of associated student body moneys.

Imprest Bank Checking Account

The use of an imprest bank checking account may be authorized by the board of directors as provided in RCW 28A.325.030 and WAC 392-138-120. Disbursements from the imprest bank checking account must be by check and restricted to the payment of invoices bearing student approval according to the requirements of the district central office.

The imprest bank checking account will be replenished at least once each month by a warrant drawn on the ASB Fund in the amount of disbursements made during the period. A replenishment request will be prepared at such time listing each check issued during the period.

The ASB central treasurer certifies by signing the replenishment request that all disbursements listed are in accordance with the laws, rules and regulations governing associated student bodies. The replenishment request will be sent to the district central office.

Petty Cash

WAC 392-138-018 allows the board of directors to establish a petty cash fund for the making of change or when it is impracticable to make disbursements by check. The petty cash fund may be established by drawing a warrant on the ASB Fund or by writing a check drawn on the imprest bank checking account. All disbursements from the petty cash fund will be documented with receipts (WAC 392-138-125).

Interactivity Transfers

The transfer of moneys between student activity groups will be accomplished by the use of an interactivity transfer. When approval has been received from the transferor and the transferee, the ASB central treasurer will enter the transfer on the activity account balance record of the student activity groups involved. The ASB central treasurer will retain copies of interactivity transfers.

Accounting Procedures

Revenue and Expenditure Activity Classifications

Financial transactions in the Associated Student Body Fund are classified into general activities for both revenues and expenditures. These are minimum

classification categories and districts may, within these categories, record whatever level of detail is required by the district.

1000 Series—General Student Body

Activities included in this classification will be those that affect the general membership of the associated student body. General revenue-producing activities and unallocated moneys would be the primary subcategories included in this classification.

2000 Series—Athletics

Activities included in this classification will be those that comprise the athletic programs of the associated student body organizations.

3000 Series—Classes

Activities included in this classification will be those associated student body activities whose membership is comprised of students affiliated by virtue of belonging to a general school system classification, e.g., senior class.

4000 Series—Clubs

Activities included in this classification will be those associated student body activities whose members meet the membership criteria as defined by the activity group. All clubs must be approved by the board of directors of each school district to be affiliated with the associated student body organization of the school.

6000 Series—Private Moneys

This classification is used to account for private moneys. Private moneys always must be identified as such at the time of collection. There are three types of private moneys accounted for in the ASB Fund.

1. Bona fide voluntary donations identified at the time of collection to be used for scholarship, student exchange, or charitable purpose. "Bona fide voluntary donations" means collections of money freely given without commensurate goods or services being received directly or indirectly by the donor. Bona fide voluntary donations must be intentional, real, actual, genuine, and not feigned.
2. Moneys donated to the school district for scholarship and student aid purposes under the provisions of RCW 28A.320.030. The school board may place these moneys with the ASB for expenditure for these purposes only.

3. Non-associated student body moneys generated and received by students for private purposes. These are moneys raised outside of the direction or supervision of the school district, but they may be held in trust by the ASB for the private use of students. Acceptance of such moneys is at the discretion of the school board and the district must be compensated for providing such service.

The expenditure of all private moneys in the ASB must be under budgetary authority.

Revenue and Expenditure Internal Controls

Control of Revenues

Procedures for ensuring prompt checking, recording, and deposit of cash will significantly reduce the confusion and possible loss of moneys that may occur when such procedures are not in effect.

These procedures will of course vary depending on the types of revenue being controlled. The general purpose is to use methods that allow a prior determination of the amount to be received. There are many procedures that may be used to control revenues from different types of revenue-producing activities. The following partial listing of procedures for the control of general classes of revenue-producing activities should demonstrate how the various techniques might be employed:

Admissions

- Use official prenumbered tickets and take action to prevent fraudulent reuse.
- Give a definite (recorded) number of tickets and a definite amount of change to each ticket seller.
- Require each ticket seller to return all unused tickets, the full amount of change, and the exact amount of revenues promptly.
- Have responsible supervision and adequate staff to prevent undue haste.

Membership Dues

- Provide official prenumbered receipts or membership cards.
- Give each solicitor a definite (recorded) number of receipts or membership cards.
- Require the return of all unused receipts or cards and the exact amount of money due.

- An adult should be designated to supervise the membership campaign.
- Solicitors should not issue receipts or cards on credit.

Receipts from Sales, Campaigns, etc.

Whenever possible, issue official prenumbered receipts. If it is not possible to issue receipts, use other methods for the pre-audit and control of revenues. When goods or other tangible items are being sold, an inventory method may be practical.

When the ASB central treasurer receives money from these types of revenue-producing activities, the ASB central treasurer will use at least a two-part ASB central treasurer's receipt. The ASB central treasurer will file the original and one will be given to the payer.

Donations

Donations should be recorded in the minutes if received by a student activity group of the associated student body. Donations should adhere to the board policy of the district. The ASB central treasurer will issue a receipt as discussed under "Receipts from Sales" above when donations are received.

Non-associated Private Moneys

Districts may establish a board policy permitting students, in their private capacities, to raise moneys through fundraising and solicitation to be used for scholarship, student exchange, or charitable purposes. Prior to soliciting such moneys, notice identifying the intended purpose of the fundraiser must be given. Such notice must state the moneys so raised will be held in trust by the district and used only for the stated purpose (WAC 392-138-200). In addition to a board policy permitting such private fundraising, districts are strongly encouraged to adopt procedures to implement the policy.

Accounting for Revenues

When money is received by the ASB central treasurer from the sale of tickets or membership cards, a ticket sales report will be prepared by the ASB central treasurer to provide a reconciliation between the tickets or membership cards sold and the cash received.

If the ASB central treasurer from revenue-producing activities not using tickets or membership cards receives money, the ASB central treasurer will issue at least a two-part ASB central treasurer's receipt. The original will be filed in the cash receipts file and one will be given to the payer.

NOTE: If it is necessary to void a prenumbered receipt, the word VOID should be written across the face of all copies, and all copies should remain attached in the receipt book.

The amount of the deposit will be recorded in the cash receipts journal. The amounts entered in the cash receipts journal must be posted to the activity account balance record for the student activity group receiving the revenue.

The ASB central treasurer will prepare a bank deposit slip in duplicate that will be signed by the primary advisor after checking the deposit for accuracy. The money will then be deposited in the district depository bank. A copy of the bank deposit slip, after verification, will be filed with all other cash receipt documents in the cash receipts file.

Purchasing Procedures

All purchases except those made from the petty cash fund require the issuance of a purchase order. When a decision to purchase is made, the ASB central treasurer will:

- Determine whether the student activity group(s) has money in its account for the purchase.
- Determine whether the purchase needs district-level approval and therefore must be processed by the district central office.
- When the purchase may be approved at the school level, prepare a two-part activity purchase order that will be signed by the student activity treasurer, the activity advisor, the ASB central treasurer, and the primary advisor. The original of the activity purchase order will be sent to the vendor as evidence of the purchase contract. The duplicate will be filed in the ASB central treasurer's open purchase order file until the purchase and invoice are received.

Disbursements at the School Level

The ASB central treasurer will process for payment all invoices for merchandise and services received. The following procedures pertain primarily to the payment for merchandise and only those procedures for processing the invoice would directly apply to the payment for services:

- The ASB central treasurer will receive the item ordered. The treasurer will check the item and packing slip, if any, against all details on the duplicate copy of the purchase order from the open purchase order file. If any

differences appear, the treasurer will contact the vendor immediately so that required corrections be made.

- The packing slip should be attached to the purchase order or it should be otherwise indicated on the purchase order that the item has been received, and then return the purchase order to the open purchase order file until the invoice is received.
- If the invoice is received before the item, it should be attached to the purchase order and returned to the open purchase order file until the item is received.
- When the ASB central treasurer receives the invoice, it should be checked against the purchase order on file against the item received. This step includes the checking and reconciling of quantities, description detail, unit prices, extensions, discounts, dates, purchase order number, and all other significant data.
- When the invoice is found to be correct, the payment order should be prepared. The invoice will accompany the payment order when it is routed for signature. The payment order is the authorization to issue a check and will be signed by the student activity treasurer, the activity advisor, the primary advisor, and the ASB central treasurer.
- The signature of the ASB central treasurer certifies that all terms of the purchase contract have been met and the claim is due and legal.
- When the payment order has been approved, the ASB central treasurer will issue a check for the amount on the payment order. The number and date of the check will be entered on the payment order. The check will be forwarded to the vendor. The amount of the check will be entered in the check register and in the disbursements column of the activity account balance record.

Monthly Financial Reports

At the end of each month, the ASB central treasurer will reconcile the balance shown on the imprest bank checking account statement to the balance shown on the check register.

From the activity account balance records, the ASB central treasurer will prepare a monthly ASB central treasurer's report. Each activity is shown in the report and the total of the end-of-month balances is equal to the total of the activity account balance records.

The district central office will need to receive copies of these reports to reconcile district records to school records. Some financial transactions of the associated student body

may be recorded only at the district level, e.g., vouchers payable. With these reports the district can reconcile the two sets of records. This process must be completed each month to ensure that school financial records and district financial records are in agreement.

Annual Financial Reporting Requirements

School districts are legislatively mandated to post Associated Student Body (ASB) financial information to district websites no later than August 31 of each year. The information must be published for each ASB of the district and each account within the ASB Fund. If the school district website contains separate websites for schools in the district, ASB financial information must be published on the website of the applicable school of the ASB. The required information by account includes: fund balance at the beginning of the year; summary data about expenditures and revenues during the year; and the ending fund balance.

School districts must add updated annual information to the websites each August 31 and maintain the information on their website from the previous five years.

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