CISD Activity Fund Handbook

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Section 1 Background and Philosophy of Activity Funds

Childress ISD (District) encourages students to participate in worthwhile student organizations and activities because such participation is vital to students' educational welfare. Students should gain skills by working effectively together in democratic groups. Student organizations and activities offer an opportunity for students to develop wholesome relationships with adults, and the teachers have an opportunity to gain valuable insights concerning the students with whom they work. Students may gain valuable experience available only as part of the planning, conducting, and evaluation of school projects. Each campus, therefore, should provide a wide variety of student organizations and activities based on the varying interests and needs of the student population of that campus.

Campus organizations occasionally have a need for financial income in addition to their normal operating budget to carry out their goals, purposes, activities, and functions. In most instances, this income is raised through school-approved money-raising activities, student/teacher dues or fees, donations, commissions, or rentals. For this reason, Texas Education Agency (TEA) created a special revenue fund (Fund 461) for campus activities and an agency fund (Fund 865) for student activities. Childress ISD has determined that any funds considered Campus Activity Funds will be accounted for within the General Fund (Fund 199).

Student Activity Funds are accounted for by the District as agency funds in compliance with TEA *Financial Accountability System Resource Guide*. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities which supplement the educational curriculum of the District. Fundraising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instruction program.

Student Activity Funds are held by the District in a trustee capacity and are to be expended in accordance with the desires of the student group generating the funds. They are to be used to promote the general welfare of each school and the educational development and morale of all students. All funds raised by student organizations are to be expended for the benefit of the students. Student Activity Funds may not be used to circumvent the controls outlined in the District’s Purchasing Procedures. Purchases must comply with the District’s purchasing procedures and relevant statutes.

Section 2 Characteristics of Student Activity Funds

The student organizations on secondary school campuses are often numerous and divergent. TEA allows these funds to be accounted for in a fund separate from those of the District as a whole. To be considered a student organization, it must have a sponsor, bylaws and officers, hold regular meetings, have written minutes, and the funds raised expended at the discretion of the students and documented in the minutes. TEA guidelines also allow a limited number of other types of accounts to be accounted for as Student Activity Funds. These include cheerleaders, pep squad, individual classes, etc.

Student Activity Funds are funds accumulated by student groups, under the supervision of a member of the professional staff, from school approved fundraising activities, student dues or fees, commissions, and/or donations. The following are examples of acceptable uses of Student Activity Funds:

* Supplies and materials to be used by the student members of the group
* Entry fees and other expenses associated with competition and meetings
* Travel expenses and meals consumed by the student members and their adult sponsors
* Membership in related organizations
* Flowers, cards, plaques or other such expressions of condolence or appreciation
* Charitable contributions and scholarships
* Expenditures related to parties and other entertainment of the student members
* Equipment to be used by the student members of the organization

Note that any equipment purchased with Student Activity Funds will become the property of Childress ISD and be included in the fixed asset inventory of the District.

Inappropriate expenditures of student activity funds include:

* Any purchase not approved by the student membership of the group
* Any purchase other than those listed above which benefits adult sponsors and does not benefit student members.

These funds are to be expended in accordance with the wishes of the student group generating the funds. The members and sponsors of the student group or club must approve these expenditures. The ultimate financial decisions should rest solely with the students, and the funds should be expended in a manner that directly benefits the student group that raised the funds. Approval can be indicated by meeting minutes, signed by the group officers and sponsor.

Student Activity Funds are classified in an agency fund (**Fund 865**) where the District serves as the trustee of these funds. These funds are centralized - meaning they are accounted for and maintained at the Central Office. These funds are not subject to recall by the Board into the General Fund for general District use.

If a student group wishes to make a donation toward a specific area of school operations, it must transfer the desired amount of money from the Student Activity Fund to the appropriate Childress ISD General Fund.

Section 3 Responsibility for Student Activity Funds

The principal, teachers and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are handled properly.

**A.** **The principal** is responsible for the overall administration of Student Activity Funds, including proper collection, disbursement, and control of all Student Activity Fund monies. This responsibility includes:

1. Providing for the safeguarding of monies at the school in a locked secured area.
2. Proper accounting and administration of fund transactions.
3. Expenditure of funds in compliance with applicable state laws, Childress ISD Board policy, and administrative guidelines.
4. Adequate training and supervision of all personnel designated by the principal to administer activity funds.
5. Ensuring that money is not overspent, causing a negative balance in their respective account, or loss due to carelessness, theft, or fraud.
6. Reviewing monthly activity account reports for accuracy and distributing reports to appropriate sponsors.

**B. The secretary** is responsible for the following:

1. Maintaining an adequate supply of forms.
2. Verifying deposit amounts and forwarding activity fund deposits to the Central Office on a timely basis.
3. Advising the principal and the Central Office of situations where faculty sponsors continue to disregard required procedures.

**C. The sponsor** of each school club/organization is responsible for the following:

1. Managing his/her respective student activity funds and maintaining adequate financial records of these funds.
2. Ensuring that money is not overspent, causing a negative balance in their respective account, or loss due to carelessness, theft, or fraud. If this occurs, the sponsor will be required to reimburse the negative balance or lost funds. If a reimbursement is necessary, those funds will not be subsequently returned to the sponsor.
3. Developing fundraising plans, monitoring the financial position of the activity fund, reviewing the accuracy of their account's monthly financial report from the principal, and the safeguarding of activity fund money until it is deposited by the secretary.
4. **The Central Office** is responsible for monitoring the activity and bank reconciliations for the Student Activity Funds. They will work with the campus staff to correct any deviations from the requirements of the policy and procedures manual and will inform the principal in the event that such deviations cannot be resolved by the secretary.

**"The educator shall honestly account for all funds committed to his or her charge and shall conduct financial business with integrity.” (Principal 1, Standard 2 of the Code of Ethics and Standard Practices for Texas Educators, State Board for Educator Certification)**

Section 4 Banking Procedures

1. All Student Activity Fund collections shall be deposited into the CISD Activity Fund bank account, and all disbursements will be made by a check drawn on this account. This account will be in the Childress ISD depository bank, which is selected by the Board of Trustees. Individual clubs or organizations are not authorized to have a separate bank account for any reason. The interest earned on this account will be transferred to the District’s General Fund bank account at the end of each month.
2. The bank reconciliation will be prepared through the Central Office monthly.
3. Booster clubs and/or TPO parent organizations are not authorized to use Childress ISD bank accounts or the District’s tax identification number for any purpose. If a Booster Club or parent organization has a bank account, it must be controlled by someone other than a Childress ISD employee and comply with the following guidelines:
   1. The name on the account must state "Booster Club" or "TPO”, etc.
   2. Physical control over the account and checks must be maintained by a non-Childress ISD employee. A parent address or post office box must be used for the current address of the organization.
   3. No District employee can be listed on the account's signature card as an authorized check signer or serve as an officer for this type of organization.

Section 5 Collection of Money

In order to maintain control over cash received, at least two people must be involved in the functions of collecting, documenting, and depositing cash. This is accomplished by having teachers or sponsors collect from the students, support the amount collected by completing the Deposit to Student Activity Fund Form and submit the cash to the secretary for a second count. **A secretary cannot accept cash that has not been counted and that is not properly supported by a completed Deposit to Student Activity Fund Form.**

The secretary should NOT be responsible for any student fundraising. When one individual collects money from students, makes receipts, and deposits the money in the bank, internal control over cash receipts has been impaired. When there is only one secretary, this employee should not perform the incompatible functions described above.

All money collected by an organization or club for fees, dues or other fund raising activities must be recorded on a Deposit to Student Activity Fund Form. This form is necessary to document the origin of the funds deposited. All gross collections must be deposited in the CISD Activity Fund bank account. No petty cash funds are allowed. Additionally, gift cards cannot be accepted as a gift to a student organization.

Money collected should not be kept overnight in a desk or file cabinet, nor should it be taken home by the sponsor. If, for some reason, all records cannot be completed and recorded before the end of the day, the funds should be locked in the campus safe or vault. The funds should remain secured until the sponsor can complete the deposit records. All money must be stored in the safe or vault pending deposit to the bank. All money must be deposited prior to holidays and weekends.

Campuses should not accept temporary bank checks or postdated checks as payment for items sold during a fundraiser or for any other type of payment.

Personal check cashing by faculty members using Student Activity Funds is prohibited. This practice is strictly prohibited because check cashing is, in effect, a loan until the check has cleared the bank. Likewise, cash should not be removed from activity fund collections and replaced with the sponsor’s personal check. In addition, cash collections may not be used to purchase supplies, refreshments or for any other purpose. Activity fund collections must be deposited intact, in the same manner in which they were received. Personnel cannot use the District’s tax-exempt status to avoid paying sales tax on personal items. If an employee makes both personal and school related purchases from a vendor at the same time, **the two purchases shall be rung up separately**.

Section 6 Deposit Procedures

When a sponsor submits activity funds to the campus secretary for deposit, these funds should be verified by the secretary in the sponsor’s presence. This is simply a prudent cash-handling procedure that protects both the secretary and the sponsor. If for some reason immediate verification is not possible, the funds should be locked in the vault until such time that both individuals are present for cash verification.

**\*\*The sponsor will bear responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the secretary. \*\***

The sponsor will complete a Deposit to Student Activity Fund Form. The campus secretary will verify that funds match what is listed on the Deposit to Student Activity Fund Form. Any differences must be reconciled before the collections are submitted to Central Office and deposited in the bank.

The campus secretary will prepare a cash receipt, with one copy given to the teacher/sponsor, one copy given to the Central Office with the deposit and Deposit to Activity Account Form, and one copy to remain in the campus receipt book. The campus receipt book is subject to review by Central Office staff at any time

The collected money, copy of receipt, and Deposit to Student Activity Fund Form will be submitted to the Central Office for deposit. The deposit slip will be prepared by the accounts payable clerk or Business Manager. The following information must be indicated on the Deposit to Student Activity Fund Form:

* Date and amount of deposit
* Organization name and student activity fund code into which deposit will be made
* Purpose of each deposit. Funds from more than one fundraiser may not be combined into one deposit.

*Central Office will deposit the funds*.

Section 7 Check Acceptance Policy

Checks accepted by Childress ISD students and sponsors for fundraisers, club functions, and dues, etc. must have the required check information listed below. Checks that are missing information will not be accepted.

*Required Check Information:*

* Checks will be accepted only for the amount of purchase- no cash back will be given.
* No post-dated checks will be accepted.
* Checks must contain: Name, Address, and Phone Number.
* Checks must clearly note purpose in the memo section.

Childress ISD *check acceptance policy* is as follows:

In the unlikely event that a check written to a campus, club, or organization is returned unpaid by the bank, the payer will be notified via letter of the return and be charged a check fee of $25.00. The use of a check for payment is acknowledgement and acceptance of this policy and its terms.

Section 8 Disbursements and Expenditures

**NO EXPENDITURE SHOULD EVER BE MADE USING UN-DEPOSITED CASH.** All expenditures from the Student Activity Fund must be paid through the Central Office with a District check.

NO CASH PRIZES can be awarded to students or faculty for any fundraiser or other event. This includes money dips, gift cards, and other cash prizes.

Staff lunches/dinners - The Texas Attorney General has ruled that purchasing small awards, plaques, flowers etc. for employees (including meals) does not violate Article III, Section 52 of the Texas Constitution, if the District determines that such "**inexpensive perquisites...will serve the public purpose of increasing employee morale and employee productivity**." Payment, however, for an employee's spouse is prohibited. **Expenses of spouses cannot be paid by the school in any instance**. This is prohibited even if the employee intends to reimburse the district for the spouse's cost because it constitutes an interest free loan.

Ensure that check requests are made in a timely manner:

* All approved check requests must be at the Central Office two working days prior to check date posted on the District website.
* It is the responsibility of the principal/sponsor to plan accordingly. Central Office **WILL NOT** issue a check the same day it is requested. **NO EXCEPTIONS**.

Childress ISD qualifies for tax exempt status. Therefore, state sales tax will not be paid or reimbursed.

**Under no circumstances will a payment be authorized when there are not sufficient funds in the account to cover the check.**

All disbursements and expenditures from Student Activity Funds must be supported by meeting minutes, indicating approval by the organization for the disbursement/expenditure. Minutes must be signed by the officers and at least one sponsor to be acceptable.

# Purchase Orders

All Student Activity Fund purchases of supplies must be completed using a purchase order and following District purchasing procedures.

***Process****:*

* Purchase order is completed, coded, and signed by the sponsor. Applicable bids/quotes or other pertinent information should be attached.
* Purchase order is approved by the campus principal and submitted to Central Office.
* Purchase order is approved by Central Office, signed, numbered, and faxed/mailed to the vendor.
* Incomplete purchase orders will be returned to the sponsor.
* Under no circumstances should items be purchased or ordered from a vendor prior to a purchase order being approved by Central Office.

It is very important to note that a purchase order is used to ORDER merchandise. It will not generate a check. Central Office will need adequate documentation before actual payment can be made to the vendor. This documentation includes a detailed vendor invoice and packing slip (if included with purchase). Monthly or other periodic/summary statements rather than invoices are NOT acceptable. The invoice must be detailed.

**Under NO circumstances should a campus create a false purchase order number.**

# Travel or Registration Fees

A purchase order is not necessary for travel or registration fees. A Pink Overnight Travel Form or Blue Day Trip Form is appropriate for travel or registration fees. When cash is distributed to students for meals/travel, each individual student must sign verifying that he/she received the cash. The list of student signatures must be submitted to Central Office. Money advanced to the sponsor, which is in excess of that used by the students, must be returned to Central Office.

# Authorization to Pay Form

An Authorization to Pay Form must be completed and submitted to Central Office for any expenditure that does not require a purchase order or travel request form as explained in A. and B. above.

All Authorization to Pay Forms should be submitted to the campus principal who will then approve and forward the request to Central Office. The original detailed invoice must be attached.

***Guidelines for Completion***

* Complete the entire Authorization to Pay Form. Incomplete forms will be returned.
* An original signature, by the principal, is required on the approval line.
* All requests must be made in a timely manner.
* All Authorization to Pay Forms must be supported with appropriate documentation (receipts, invoices, confirmations) etc.
* Sales tax will not be paid or reimbursed.

\*Failure to follow the above rules/guidelines will result in the check request being returned for correction. Note that this will delay payment.

# Payments for Services Performed

**District Employees:**

In order to comply with IRS Circular E regulations, it is necessary that all payments to District employees for any services performed in addition to their normal duties be included as supplemental pay on their next regularly scheduled paycheck. Such payments should not be made directly to an employee out of Student Activity Funds.

**Payments to Individuals not Employed by the District:**

IRS requires that school districts maintain records of payment for services or rentals to individuals or companies and issue a form 1099 to those that receive payments in excess of $600.00. (Such services and rentals include but are not limited to: judging, officiating, speaking, repair work, catering, DJ services, alterations, all rentals including chartered buses, instrument rentals, cleaners, inflatable rentals, etc.) Sponsors should ensure that there is an IRS Form W-9 on file at Central Office for the individual or company performing the service. Sponsors/employees SHOULD NOT pay non-employees for services using either their own personal check or cash and then seek reimbursement from the Student Activity Fund.

Section 9 Fundraising Procedures

A fundraising activity is defined as any activity involving the participation of a student body or a school-recognized student group undertaken for the purpose of deriving funds for a school or a school-sponsored group.

“**Fundraising activities in the name of the school**” occur when students from a club or the student body as a whole are actually the sellers of fundraising merchandise. For example, if the cheerleaders of XX High School are the actual sellers of cookie dough, then this fundraiser is a “**fundraising activity in the name of the school**.” At the elementary level, if every student on campus receives an order form to sell merchandise, this type of fundraiser is classified as a “**fundraising activity in the name of the school**.” The TEA Financial Accountability System Resource Guide Section 5.5.6 states, “**When fundraising activities are in the name of the school, all funds raised become school funds, belonging to the school sponsored group responsible for raising the money.**”

During fundraising activities where students are selling the merchandise, District personnel are responsible for collecting these funds from students to hold as a trustee. These funds are held by the District in a trustee capacity and are to be expended in accordance with the desires of the student group generating the funds. The TEA Financial Accountability Resource Guide Section 5.5 states, “**All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts**.”

TPO/Booster Club fundraisers are defined as fundraising sales/events where the TPO/Booster Club parents are the sellers of fundraising merchandise or actively participate in the fundraising event. Examples of such fundraisers include, sock hops, carnivals, t-shirt sales, school supply sales, mat sales, concession sales, raffles, silent auctions, etc. Funds raised from such fundraisers belong to the TPO/Booster Club responsible for raising these funds and must be deposited in the TPO/Booster club bank account. On campuses where all parents are members of a TPO, if every child on campus receives an order form to sell merchandise, this is classified as a “**fundraising activity in the name of the school**,” and as such, all funds collected from that fundraiser must be deposited into the General Fund of the District.

School districts are not qualified to hold raffles as fund raisers according to Texas Attorney General Opinion JM-1176 (1990), which states in its summary that "**Independent school districts are not qualified to hold charitable raffles under the Charitable Raffle Enabling Act, article 179f, V.T.C.S.**" Texas law also prohibits bingo or any other games of chance.

Fundraising activities are not confined to regular school hours; however, they are considered an extension of the school program. When fundraising activities are conducted in the name of the school, all funds raised become school funds, belonging to the school-sponsored group responsible for raising the funds.

Fundraising activities should contribute to the educational experience of students and should not conflict with the instructional program.

The campus principal must approve all fundraisers. A fundraising project cannot be implemented until the principal approves the fundraiser.

Clubs/organizations are responsible for paying for all of the costs associated with a fundraising event.

A principal's/sponsor’s first responsibility is to pay the fundraiser vendor once the funds are available and an invoice has been received. A principal/sponsor should never overspend fundraiser proceeds, thereby causing the activity account to have insufficient funds to pay the fundraiser company. Thus, money collected from a fundraiser should be deposited before payment is made to the vendor. (Please note: by law, all invoices must be paid within 30 days after they are received.)

NO CASH prizes can be awarded for any fundraiser. This includes money dips, gift cards, and other cash prizes. Bicycles, toys, electronic equipment or other prizes are valid awards/incentives for fundraising events.

Money raised by student clubs shall be used to benefit the group as a whole rather than being credited to student individual accounts. According to the IRS Publication 557, if individual accounts are used to accumulate fundraising profits for individuals, then a) the money becomes taxable to the student; and b) the people who donate in good faith are not allowed to deduct their contributions.

For example, if students are raising money for their club to pay for an out-of-town trip, the entire amount collected should be divided by the students participating in the trip regardless of the amount that each individual student raised through fundraising activities.

Section 10 Sale of Food Items

At times, fundraisers involve selling or giving away food items. According to TAC Title 4 Part 1 Chapter 26, foods of minimal nutritional value (**FMNV**) may not be sold to students on school premises by school administrators or staff (principals, coaches, teachers, etc.), student or student groups, parents or parent groups, guest speakers, or any other person, company, or organization during the school day. The school day begins with the start of the first breakfast period and continues until the end of the last instruction period of the day (last bell).

Foods identified as **FMNV** include: carbonated drinks, popsicles, flavored ice, chewing gum, hard, jellied, or marshmallow candies, fondant, licorice, spun candy, candy coated popcorn, or any other form of candy.

The District Food Service Director can answer questions relating to compliance with TAC guidelines.

Section 11 Termination of Club, Graduation, Etc.

In the event of the termination of an organization, student club, group, or graduating class, the officers or the membership should move to properly expend any available money. Proper disposition of such remaining monies can include one or more of the following:

1. The purchase of a memorial acceptable to the principal to commemorate the historical accomplishments or services rendered by that group.
2. The purchase of equipment or tangible items that would benefit future students, when such purchase is coordinated through the Central Office, and the necessary funds are transferred to the General Fund.
3. A donation to an acceptable, established local nonprofit entity that significantly perpetuates the welfare of the community in the name of the group and the school.
4. Transfer of remaining funds to another student group as determined acceptable by the campus principal, with approval of the Business Manager.

Should an organization fail to take the above action, any monies remaining shall be transferred to the District General Fund at the beginning of the school year immediately following the termination of the organization.

Any funds remaining in the Senior Class account after graduation will automatically transfer to the incoming Freshman Class for the next year.