



2023-24

Activity Funds

Manual

Introduction

The NZISD Activity Funds Manual has been prepared to aid in the proper handling and accounting for Activity Funds monies.

The Texas Education Agency provides some guidance and requirements on Activity Funds accounting in the Site Based Decision Making Module of the Financial Accountability Resource System Guide (FASRG) v17. See <https://tea.texas.gov/finance-and-grants/financial-accountability/financial-accountability-system-resource-guide>

This manual incorporates the guidance provided in the FASRG and sets out specific guidelines and procedures for NZISD.

Financial accounting is essential to the successful operation of schools and school districts. The accuracy of financial information depends on the proper recording of individual transactions.

The Superintendent, principal, and sponsor, as applicable, shall be responsible for the proper administration of District and campus activity funds and student activity funds in accordance with state law and local policy, District accounting practices and procedures, and the Texas Education Agency (TEA) Financial Accountability System Resource Guide. (CFD(Local))

This manual is provided to ensure that Generally Accepted Accounting Principles are followed and that sound internal controls are in place to provide protection of the Activity Funds. The procedures and guidelines provide both administrative and accounting controls to safeguard assets and ensure reliability of the financial records. Adhering to these guidelines and procedures can help to prevent the misappropriation of funds, violations of Federal, State, and district regulations, and acts of fraud or negligence.

This manual will be continually updated and improve with more detailed guidelines and information. Please contact Lori Baker, Business Manager, bakerl@nzisd.org with any questions and/or suggestions.

Activity Fund Types

Activity Funds are funds generated and accumulated by the school from the collection of student fees, school and district-approved fundraising, and other activities. These funds are held in trust by the school district and are used to promote the general welfare of the school and the educational development and morale of all students. At NZISD, there are two main categories of Activity Funds:

District Activity Funds are funds raised locally by the school or donated to the school and include school office and departmental accounts. District Activity Funds are considered by TEA to be district general funds. The expenditure of these funds must comply with state and board policy and with district regulations.

Student Activity Funds are generated by student groups, not by the district or campus. NZISD is required to provide stewardship by property accounting for these funds. Decisions about the expenditure of student Activity Funds are made by the students with the assistance of a school district employee sponsor. These funds are accounted for as fiduciary trust funds not owned by the district.

Transfer of Funds Between Activity Accounts

Periodically it may be necessary to adjust accounts due to errors in posting or to record the transfer of funds between accounts. Appropriate supporting documentation must be attached to all transfers. Examples would include a signed request by the sponsor and club president to transfer funds, invoice copy, etc. The principal must approve all transfers.

Funds may not be transferred between accounts to circumvent any restrictions placed on disbursements from a particular Activity Funds. In other words, if a particular disbursement is not allowed from a particular Activity Funds, monies may not be transferred from that account to an Activity Funds from which the disbursement is allowed.

Example:

Flowers sent to a staff member for appreciation or condolence is not an acceptable disbursement from the Student Activity Funds; therefore, monies may not be transferred from the Student Activity Funds to the Faculty and Staff Activity Funds from which payment for the flowers is acceptable.

Responsibilities for District and Student Activity Accounts

All district personnel including Principals, Sponsors, Secretaries, and Faculty will be held responsible for any District and Student Activity Funds entrusted to them. The responsible party will reimburse the account for money or property purchased with Student Activity Funds that are lost due to carelessness, fraud, or theft due to carelessness.

The Principal will approve all fundraising activities in advance and will monitor activities to ensure fundraisers are handled appropriately.

All Student Activity Funds must make cash deposits by the end of the week. **Every effort must be made to secure the cash and that no cash is held over a weekend or holiday.**

The **Superintendent's Secretary** (or designated employee) is responsible for maintaining accounting records, turning in deposits, creating purchase orders, ensuring all documentation is reported to the assisting Teachers/Sponsors, and informing Principals of problems and concerns.

The **Faculty Sponsor** of a student activity group is responsible for safeguarding and accounting for all Student Activity Funds entrusted to them. It is the obligation of the faculty sponsor to follow the procedures presented in the Cash Handling Procedures section of this manual. This includes maintaining detailed financial records, completing the **Request to Establish a New Activity Account** form in order to account for all fundraisers, and for always maintaining a positive balance in the respective account. The faculty sponsor will sign an **Activity Funds Manual Acknowledgment** form before undertaking the sponsorship of a student club or organization. If forms are not filled out, sponsors will not be allowed to conduct any fundraising activity. The forms will be filed at each campus and available for the district's annual audit.

The **Business Office** is responsible for training the district secretaries and providing an Activity Funds Manual as well as providing help with questions and concerns.

Student Activity Funds

Student Activity Funds consist of money that is received and held by the district as a trustee. Individual student groups raise these funds and their disbursement is controlled by that group as long as the decisions regarding the use of funds do not conflict with Board policy and/or legal regulations or restrictions. Student Activity Funds are accounted for by the district as agency funds in compliance with the *Texas Education Agency Financial Accountability System Resource Guide* (FASRG). 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 that supplement the educational curriculum of the district. Fundraising activities shall in general contribute to the educational experience of students and shall not conflict with the instructional program.

Student activity money shall be expended to benefit a bonafide student group that contributed to its accumulation. **A bonafide student group** is one that has been properly approved by the Principal and consists of elected student officers and a faculty sponsor(s). By default, elementary grade levels are considered a bonafide student group even though student officers are not elected. Students not only participate in the activities of the organization but also are involved in managing and directing the organization's activities. A roster of newly elected officers is to be furnished to the Principal and Superintendent's Secretary by **September 18th** of each school year.

Following is a list of general concepts for student funds:

1. Student funds consist of monies collected from students for club or classroom dues and from various school-approved money-raising activities.
2. Student funds may also be received as donations.
3. The fund's financial decisions rest with the student organization and its sponsors.
4. These funds are used to promote the general welfare of the school and the educational development and morale of all students via their respective clubs, class levels and the school as a whole.
5. Income received for a specific purpose shall be disbursed only for that purpose. If a specific purpose is not designated when the income is received, it may be spent for any lawful purpose that the club or class officers and members decide.
6. These funds are not subject to recall by central office administrators.

The sponsor of each school organization is required to ensure that adequate records are maintained. These records, which are subject to audit, should include, at a minimum, the following:

All will be required to complete:

- **Fundraiser Request Form** (Google Form <https://tinyurl.com/nzfundraise>) approved by the Principal. Athletic coaches must first have Athletic Director's approval and then the Principal approval.
- **Ledger sheet** (electronically or paper) of all collections and expenditures subject to periodic review for accuracy
- **Fundraiser Recap Form** to provide to the Principal with total revenue and expenses for the specific fundraiser. This is only necessary if the fundraiser is over a week in length and has expenditures. Examples: Boys basketball has a free throw fundraiser with no expenditures, recap not required. NHS sells foam fingers during basketball season, recap is required because it has expenditures.

Grades 6th to 12th and Clubs with Officers will ALSO be required to:

- Elect class officers by **September 18**
- Minutes of each meeting, at a minimum, attendance, approval of expenditures, discussion of fundraising activities, and approval of financial status. Keep it simple.

EXAMPLES OF AUTHORIZED STUDENT ACTIVITY GROUPS		
National Honor Society	Student Council	Yearbook
FCCLA	Class of 2XXX	Cheerleading
FFA	Sport Groups	

ACCEPTABLE EXPENDITURES OF STUDENT ACTIVITY FUNDS: SEE HOUSE BILL 2646

1. Supplies and materials to be used by student members of the group
2. Entry fees and other expenses associated with competitions and meetings
3. Travel expenses and meals consumed by the student members and their adult sponsors (See Travel Procedures Manual for more information and documentation requirements)
4. Membership in related organizations
5. Charitable contributions and scholarships
6. Expenditures related to parties and other entertainment of student members
7. Equipment to be used by the student members of the organization
8. Refreshments for Open House, Parent Night and other parent/student functions
9. Other reasonable expenditures approved by student members of the group

UNACCEPTABLE EXPENDITURES OF STUDENT ACTIVITY FUNDS

1. Any purchases not approved by the student membership of the group.
2. Any purchases other than those listed above which benefit adult sponsors and not the benefit of the student members.
3. Any purchase or expenditure benefiting only an individual student or students as opposed to all students participating in an organization, except as described above.
4. Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used on a school or district function. The Texas Tort Claims Act prohibits the use of funds in this manner.

Funds derived from the student body shall be expended in a manner benefiting all students. The management of student Activity Funds shall be in accordance with sound business practices, including established budgetary and accounting procedures.

The **Sponsor Responsibility Listing** form needs to be completed each school year by the Superintendent's Secretary for each student group utilizing the Student Activity Funds (865). Also, the **Activity Funds Manual Acknowledgement** form must be signed by the sponsor of each club or organization. These forms should be kept in a file at the campus and available for the district's annual audit. All forms can be found on the NZISD website.

Payments from Activity Fund Accounts

General Policies

All expenditures shall be paid by check or credit card and coded to the appropriate account. No checks/credit card purchases will be issued without prior authorization from the Principal.

Under no circumstances should cash collected for a fundraiser ever change hands to make a payment.

Checks will be made to a specific person, company, or organization. Checks must not be made to “cash” or to the school itself.

Purchases of a personal nature shall not be comingled with purchases made for district use. 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 must be rung up separately.

Check Requests/Purchase Orders

Before a check for a purchase or an advance may be issued, proper Purchase Order (PO) procedures must be followed:

- Purchases must be made using an NZISD-approved vendor; the PO must be approved by the the Principal. All supporting documentation must be turned in at the time of the PO creation (preferably attached to the requisition).
- Superintendent’s Secretary will enter the PO in the software system and the Principal can then approve the PO for the purchase **PRIOR** to making the purchase.

An acceptable requisition can either be a requisition form completed and signed by the faculty sponsor OR an email by the faculty sponsor to the Principal with attached supporting documentation (preferred method). Under no circumstances will payment be authorized when there are not sufficient funds in the account.

Every check request from the Student Activity Account must be documented further by some additional support. In most cases, this will be an invoice which will be presented along with the requisition.

The Approver should use professional judgment to obtain the most appropriate written evidence that the expenditure was made to the payee named on the check, in the amount indicated on the check, and that it was made for legitimate purposes.

The following list, although it is not considered all-inclusive, outlines alternate forms of support until the actual invoice is available.

1. A copy of an order form may be used when an order is placed and paid in advance. This could involve periodicals, seminar fees, etc.

2. Sometimes it is necessary to make multiple refunds due to the cancellation of field trips, overcharges, or other occasions. In such instances, a single check may be issued to the activity sponsor who will distribute the refunds to each student. A Transmittal List – **Money Disbursed to Student** form should be utilized. This form will include the student's name, the amount disbursed and the student's initials/signature to verify the amount of money received. Each person due a refund shall sign or initial the list verifying that the refund was received. The activity sponsor will return the signed **Transmittal List** to the Secretary who in turn will attach it to the original paperwork.

The following are NOT considered support for checks:

1. Statement rather than the invoice they reference.
2. Note from sponsor detailing costs without receipts or invoices attached.

This additional documentation is critical for maintaining control over the Student Activity Accounts. It is the responsibility of the sponsor or other designated employee who requests a check to provide all of the support required in this section. It is ultimately the Principal's responsibility to see to it that these requirements are met.

District Requirements for Employees Handling Cash

- All District Employees handling funds on behalf of North Zulch ISD will be required to attend a mandatory annual training session.
- All funds collected on behalf of the North Zulch ISD will adhere to all board policies referring to the collection of money.
- Each employee will be required to sign an **Activity Funds Manual Acknowledgment Form** (page 12) (page 12)
- Funds collected from all sources within the District shall be receipted by the appropriate methods:
 1. Sponsor will give a receipt to all students bringing money to the sponsor or at least have a tally sheet of money received from the students as a whole.
 2. Superintendent's Secretary will give a receipt to the sponsor bringing money to the Secretary.
- All checks deposited into a North Zulch ISD bank account must be identified by their proper organization, group, club number, etc., on the bottom part of the check in the memo space.
- A separate deposit slip should be used for each activity and/or fundraiser.
- The District will not provide check cashing services to employees, students, or community patrons.

Cash Handling – Sponsors:

1. If collecting funds for a fundraiser, field trip, or another event, the **Fundraiser Request Form** (Google Form <https://tinyurl.com/nzfundraise>) **must** be completed and approved before funds can be collected. Fundraisers **must be approved in advance** by the Principal.
2. Receipts should be issued for all collections of funds from students and staff either in the form of a receipt book or a form determined by the campus.
3. All funds collected on behalf of North Zulch ISD must be placed in a secured place at all times and turned into the Superintendent's Secretary the day the monies are received, which in turn should be deposited into the bank.
4. All funds must be delivered to the Superintendent's Secretary in the manner they were collected.
5. A **Money Collection Worksheet** must be completed when receiving funds collected on behalf of the District. Each form requires two signatures:
 - a. The Sponsor or employee collecting the funds
 - b. Another employee that verifies the funds collected or if there is a Class Treasurer or Club Treasurer
 - i. A student treasurer should always be the first signature, with sponsor being second signature
 - ii. Under no circumstances should a student be allowed to count cash without a Sponsor watching
6. After funds have been counted and verified by two employees or sponsor and student treasurer, a receipt shall be given to the sponsor from the Superintendent's Secretary verifying the deposit. A separate Money Collection Form should be used for each different activity/fundraiser.
7. A completed **Fundraiser Recap Form** must be completed by the Sponsor and delivered to the Superintendent's Secretary within five (5) working days after completion of the fundraiser.

Sponsor End of Year Checkout

It is required that the campus have all sponsor "check out" with the Superintendent's Secretary in order to clear any pending items related to student activities such as missing receipts. At this time the Superintendent's Secretary should request that all binders or files containing student activity information be submitted by personnel that no longer serve as sponsor for the following school year.

Fundraising Policies and Procedures

Fundraising activities by student groups and/or school sponsored projects shall be allowed, with prior administration approval and under the supervision of the project sponsor, for students in all grades. All fundraising projects shall be subject to the approval of the Principal.

All fundraising requests MUST BE submitted to the Principal for approval BEFORE the event take place.

The Principal shall be responsible for the proper administration of each organization's funds in accordance with state and local laws, district approved accounting practices and procedures and state approved guidelines.

Monies collected by student groups shall be disbursed only for purposes authorized by the organization or upon approval of the sponsor. The Principal or designee shall approve all disbursements. **All funds raised by student organizations must be expended for the benefit of the students.**

The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.

Sales Tax

Tax-Free Purchases

Generally, all items purchased by a school for its own use in providing education are exempt from the Texas sales tax. For its "own use" means, the organization making the purchase intends to make exclusive use of the item and will not offer it for resale. The school should provide vendors with exemption certificates if requested when making purchases.

Tax Free Sales

Meals and food products, including soft drinks and candy, are exempt from the sales tax WHEN SOLD BY:

- A public or private school, student or parent-teacher organizations in an elementary or secondary school during a regular school day by agreement with school authorities;
- Parent-teacher organizations during a fundraising sale, if the proceeds do not go to the benefit of an individual;
- A person under 18 who is a member of a nonprofit organization devoted exclusively to education, physical, or religious training, or
- A group associated with a public, private elementary, or secondary school as part of a fundraising drive sponsored by the organization for its own use.

CHECKLIST

- ☐ Activity Funds Manual Acknowledgement
- ☐ Request for Organization Fundraiser
- ☐ Money Collection Worksheet
- ☐ Requisition (preferred method is an email with attached invoice)
- ☐ Fundraiser Recap Form

North Zulch ISD Activity Funds Manual Acknowledgment Form

This Activity Funds Manual provides information regarding the policies and procedures of all campus, student, and faculty activity accounts. Campus principals and campus secretaries are required to read and review the information in this manual to have a clear understanding of its content. Once it has been reviewed the acknowledgment form listed below must be signed and returned to the North Zulch ISD Business Office. Please contact the Business Office if you have any questions regarding this manual.

It is recommended that each campus have its sponsors/teachers who work with Activity Funds read and review the Activity Funds Manual and sign the acknowledgment form. The signed forms should be kept at the campus level.

Name (printed): _____

Campus (circle one): ELEMENTARY SECONDARY

Activity Account(s):

I have received, read, and agree to follow the policies and procedures outlined in the North Zulch ISD's Activity Funds Manual. I have a clear understanding of all its content.

Signature _____ Date _____

Business Office Only: Date received _____ Initials: _____