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# Introduction

The Activity Accounting Manual has been prepared to provide general information to campus principals, campus secretaries / bookkeepers, activity account sponsors, and student club officers about managing activity accounts. Additional information may be available within the district’s Board Policies, Administrative Procedures, or other web resources.

HB 3646, 81st Regular Legislative session, requires school districts to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district’s educational purpose and provide a commensurate benefit to the district or its students and meet the standards of Section 52, Article III, of the Texas Constitution regarding expenditure of public funds. The School Board has adopted policy [CFD Local](http://pol.tasb.org/Policy/Download/796?filename=CFD(LOCAL).pdf).

The [Financial Accountability System Resource Guide (FASRG)](http://tea.texas.gov/Finance_and_Grants/Financial_Accountability/Financial__Accountability_System_Resource_Guide/) has been used as a resource to compile this Activity Account Manual.

The District manages Campus, Student, and Faculty Activity Accounts through a hybrid (combined) method where the cash deposits are decentralized, but the disbursement of funds uses a centralized system.

If assistance is needed in any area please contact the Payroll and Activity Accounting Clerk or the Director of Accounting.

# Activity Funds

## **Campus Activity Accounts – Fund 461**

This fund classification (per FASRG) is to be used to account for transactions related to a principal’s activity accounts and other accounts such as the library, grade levels, athletics, etc.

All ***Student Activity Funds*** will be accounted for in fund 865. This shall include all student organizations and clubs that meet the definition of a bona fide club or chapter, i.e. have elected officers and by-laws. ***Faculty Hospitality Funds*** will be accounted for in fund 878.

The expenditures of Campus and Student Activity funds shall be in accordance with district policy and procedures. The following Allowable and Non-Allowable expenditures are for illustration purposes only; this is not an all-inclusive list. A final decision regarding allowability will be made at the time of the purchase order and/or payment approval.

**Allowable**

* Student trips *(UIL events must run through General Operating Fund)* related expenses such as meals, entry fees, lodging, transportation, etc. (includes student and staff expenses)
* Staff or student meals or refreshments (infrequent and nominal cost)
* Awards/incentives (non-cash) of nominal value
	+ If a gift card is donated by a vendor to be used as an award/incentive and is of nominal value, it may be distributed to students as long as the gift card is restricted from being used to purchase Non-Allowable items such as alcohol, tobacco, etc.
* Club supplies
* Contracted services such as printing, DJ services, motivational speaker, photographer, etc.

**Non-Allowable**

* Alcohol, tobacco or other controlled substance
* Payments of wages to district employees (unless special event approved by business office -- all wages must run through payroll)
* Equipment purchase and operating expenses (must be paid out of the *General Operating Fund*, but activity funds may be used by transferring funds to the *General Operating Fund*.)
* Extravagant expenditures

*For the following* ***Non-Allowable*** *campus activity expenditures, exceptions may apply to student and faculty funds:*

* Individual membership fees (if membership is voluntary)
* Individual gifts to a specific student(s) or staff member(s) i.e. flowers, Christmas turkeys, gift certificates
	+ *Exception*: Benevolence account may be used to buy approved items for specific students/families, but no cash or cash equivalent (i.e. gift cards) may be given to a specific student/family unless the gift card may be restricted from being used to purchase Non-Allowable items such as alcohol, tobacco, etc.
* Abuse of staff appreciation meals, parties for staff, including food, decorations, favors
* Donations to a person or outside organization

Campus activity funds (Fund 461) are school funds managed under the direction of the campus principal. These funds shall be referred to as “Campus Activity Funds”. There may be multiple sub-accounts within the Campus Activity Fund such as picture, library, grade levels, athletics, etc. Sub-accounts within the Campus Activity Fund are not student club or organization funds. The funds raised within the sub-accounts shall be used to benefit that respective activity under the direction of the sponsor who oversees the account, subject to the approval of the campus principal.

Campus activity funds (under the control of the principal) shall be collected, receipted, and deposited by the campus staff and all deposits and backup receipts, etc. should be turned into the admin office on a daily basis. If only a small amount of funds are collected in any one day (less than $100), the activity account deposit may be deposited the following day, but should not be held over 3 working days. Cash Transfer Form should always be completed when money changes hands. Copies of receipts should be given to both parties (Sponsor and/or Campus Secretary). Original signed receipt should be kept with the deposit slip. When students turn in money, they should be documenting amount turned in and sponsor/secretary should be double counting the money in front of the student. A Daily Cash Receipts from Students Form is available to record funds collected from students. All money should be turned in daily so it can be locked in a safe for safekeeping.

Campus activity funds are primarily used to benefit students. Typical uses include field trips, awards, incentives, meals, etc. Campus activity funds shall not be used for “gifts” to students and/or staff.

General Fund (Fund 199) and/or resources purchased with the General Fund shall not be used to generate activity funds. Campus staff (administrative/support) shall not perform campus activity fund activities during the academic day that may incur additional cost from the General Fund such as hiring of a substitute or other additional staff.

Generating activity funds shall not in any way compete with the district food service activities. Activity fund generation shall be a passive activity and shall not detract from the district’s overall primary educational purpose. The generation and expenditure of campus activity funds shall be held to the same standard and scrutiny as that of appropriated funds. The campus principal should approve all fundraisers prior to the activity beginning. After the principal has approved the fundraiser, notification of the fundraiser needs to be given to the Payroll and Activity Accounting Clerk in the business office. At this time the eligibility of the sales tax exemption will be determined. The campus will know before the fundraiser begins as to whether they will be required to collect/pay sales tax on the fundraiser sales. Activity funds shall be audited and must adhere to accepted business practices.

## **Student Activity Accounts (Student Club/Organization with Officers)-Fund 865**

Student activity accounts (Fund 865) are held in a trustee capacity by the school and they consist of funds that are the property of students or others. These funds are not campus funds, but rather trust funds belonging to the students. The funds may be used in any manner to benefit the students at the direction of the students subject to the oversight and approval of the campus principal as “trustee” over the funds.

Student Organizations

Student clubs and organizations shall be defined as a student-led group with formation documents, by-laws, and elected officers. All student clubs and organizations shall function under the sponsorship of a campus professional staff member.

Student activity funds (under the control of the principal) shall be collected, receipted, and deposited by the campus staff and all deposits and backup receipts, etc. should be turned into the admin office on a daily basis. If only a small amount of funds are collected in any one day (less than $100), the activity account deposit may be deposited the following day, but should not be held over 3 working days. Cash Transfer Form should always be completed when money changes hands. Copies of receipts should be given to both parties (Sponsor and/or Campus Secretary). Original signed receipt should be kept with the deposit slip. When students turn in money, they should be documenting amount turned in and sponsor/secretary should be double counting the money in front of the student. A Daily Cash Receipts from Students Form is available to record funds collected from students. All money should be turned in daily so it can be locked in a safe for safekeeping.

Student activity funds shall be used exclusively for the benefit of students. Typical uses include student travel, awards, banquets, supplies, DJ for a dance, end-of-the-year trips or events, club t-shirts, etc. These funds shall be used at the discretion of the student organization through designation of one or more of its officers. *Class/club meeting notes should be on file (a copy should be provided with each purchase requisition) to support student decisions regarding the expenditure of their class/club funds.*

The assigned organization sponsor (professional staff member) shall be responsible for the proper management of the student activity accounts. All expenditures and payments to vendors shall be centralized through the district’s business office.

Generating activity funds shall not in any way compete with the district food service activities. The campus principal should approve all fundraisers prior to the activity beginning. After the principal has approved the fundraiser, notification of the fundraiser needs to be given to the Payroll and Activity Accounting Clerk in the business office. At this time the eligibility of the sales tax exemption will be determined. The campus will know before the fundraiser begins as to whether they will be required to collect/pay sales tax on the fundraiser sales. Activity funds shall be audited and must adhere to accepted business practices.

Since Student Activity Accounts are trust funds that the campus manages on behalf of the student, accountability for these funds is extremely high. All activity account records must be maintained for a period of five (5) years. At the end of every school year, the Campus Principal, as part of the closeout procedures, shall collect all club records for storage on the campus for one year, then in archives for the rest of the 5 year period.

## **Faculty Activity Accounts (Hospitality Funds) – Fund 878**

Faculty activity accounts (Fund 878) are held in a trustee capacity by the school and they consist of funds that are the property of others. These funds are not campus funds, but rather trust funds belonging to the faculty. The funds may be used in any manner to benefit the faculty at the direction of the faculty subject to the oversight and approval of the campus principal as “trustee” over the funds.

Purchases with these funds are *subject to sales tax* as they represent personal purchases and not district purchases. Purchases typically include flowers for ill staff members, employee recognition awards, etc. These funds shall be deposited and expended from an Agency Fund (Fund 878).

According to the FASRG, if funds are received from teachers or other employees as contributions to a “flower fund” or “hospitality fund” those funds would be categorized and accounted for as an agency fund.

Faculty activity funds (under the oversight of the principal) shall be collected, receipted, and deposited by the campus staff and all deposits and backup receipts, etc. should be turned into the admin office on a daily basis. If only a small amount of funds are collected in any one day (less than $100), the activity account deposit may be deposited the following day, but should not be held over 3 working days. ***Cash Receipts*** (Cash Transfer Form) should always be completed when money changes hands. Copies of receipts should be given to both parties (Staff Member and Campus Secretary). Original signed receipt should be kept with the deposit slip.

# Cash Management

Daily Cash Receipts from Students Form or detailed receipt should be completed anytime money is collected from students. If the amount collected is $2 or less, the daily cash receipt form is not required. Example, sale of a pencil for $0.25 would not require a student to sign a daily cash receipt form.

Cash Transfer Form should always be completed when money changes hands. Copies of this form should be given to both parties (Sponsor and/or Campus Secretary.)

Funds should not be kept in classrooms, desks, personal wallets or purses, or at home for more than 24 hours after receipt of the funds. No cash purchases should be made – every dollar collected should be receipted and deposited to the campus secretary/bookkeeper. The campus secretary/bookkeeper shall receipt and deposit all monies on a daily basis. If the deposit cannot be made the same day, it should be in a locked campus safe.

Returned Checks

The district shall reserve the right to reject future checks from makers of returned checks.

Upon receipt of returned checks, the Payroll and Activity Accounting Clerk shall adjust the cash balance of the appropriate account(s). The Payroll and Activity Accounting Clerk will forward a copy of the returned check to the campus secretary/bookkeeper. At this point the campus should make an attempt to collect the funds for the returned check. If funds are collected, the money will be deposited back to the account that was previously adjusted. If the funds are not collected, the campus secretary/bookkeeper will notify the Payroll and Activity Accounting Clerk so that the maker’s checks will no longer be accepted by the district.

Receipts/cash transfer forms shall be completed for all money transactions. The example below illustrates the flow of money and proper receipting when a student pays for a yearbook:

1. Student pays for a yearbook.
2. Yearbook Sponsor instructs the student to complete the “Daily Cash Receipt from Students” Form and then the sponsor initials off on the amount paid by the student.
3. Yearbook Sponsor submits the “Daily Cash Receipts from Students” Form along with the money to the campus secretary (keeping a copy of the cash receipts from students form for their records).
4. Campus Secretary/Bookkeeper completes a cash transfer form which is signed by both the secretary and the yearbook sponsor after the secretary counts the money. (copy is provided to the yearbook sponsor for their records)
5. Campus Secretary/Bookkeeper prepares a bank deposit slip and makes the deposit at the bank.
6. Campus Secretary/Bookkeeper sends the deposit slip (validation receipt) and all supporting receipts/documents to the Payroll and Activity Accounting Clerk in the business office.
7. Payroll and Activity Accounting Clerk posts the deposit to the appropriate activity account (Yearbook account). *(The Bookkeeper at the high school posts the deposits for the high school accounts.)*

If this chain of money movement is “broken”, an audit exception could result. The flow of money and the Cash Transfer Form must support all money collected and deposited. All receipts issued shall follow the following guidelines:

* Both the sponsor and secretary/bookkeeper should be present when the money is counted.
* A copy of the Cash Transfer Form must be given to the person paying (sponsor).
* The original Cash Transfer Form should be attached to the deposit documentation.

# Purchasing and Payment Processing

Please refer to the Purchasing Procedures, Contract Management Procedures, and Accounts Payable Procedures for additional information. The fiscal year begins on September 1st and ends on August 31st. All goods and/or services received and invoiced during these dates must be paid from current fiscal year funds.

Business Office checks will be printed, endorsed, and released on a weekly basis. Generally, checks will be generated on Thursday afternoon of each week. At times, checks may be processed earlier or later in the week, due to holidays, staff work schedules or unforeseen events. All Activity Account check requests will be processed through the Purchasing / Accounts Payable process after they are approved by the appropriate principal or administrator and submitted to the Payroll and Activity Accounting Clerk. The check requests need to be submitted and approved by 12:00 noon on Tuesday, including all signed supporting documentation, to be paid in the regular Thursday check run. Requests received after this time will be processed the following week. Requisitions without all of the supporting documentation will not be accepted or processed. The Business Office shall determine the date that vendors will be paid, so employees should not make prior commitments to vendors about check disbursements.

A list of all sub activity accounts may be requested from the business office at any time. Campus Activity Accounts are required to use the FASRG account structure when reporting all revenue and expenditures.

Operating Costs

Examples of operating costs and items that will remain with the school/campus: Library books, stage props, an athletic fan, equipment, meals provided for all UIL events, charter bus (cost above using a school bus), or any other large purchase for items that will remain at the school/campus and not be taken home by the students or consumed at an event.

*If you have funds in an activity account that you would like to use for your operating cost or to purchase something that will remain with the school/campus (inventory item), the following steps need to be followed:*

* A purchase requisition will need to be submitted with the expense account that you plan to take the money from to move to GOF (461-36-6XXX…);
* As a second line on the requisition, you will enter account 199-00-5749-00-000-0-00-000) for the amount that you want to send to the General Fund. The amount on this line will be entered as a **negative**.
* Total amount of requisition will be zero, this will be processed and funds will be move from the activity account to the general fund.
* A budget amendment will need to be submitted to increase revenue and expenditures for the General Fund (199) budget;
* The Director of Accounting will submit the Budget Amendment to the School Board for approval.

*Please do not use this process during the month of August to ensure enough time to process the Budget Amendment prior to the end of the fiscal year. Please plan ahead and complete the process prior to the end of July or wait and order the necessary items after the first of September.*

Credit Cards

The district utilizes Citibank and Walmart credit cards for purchasing of food and supplies. Activity account expenditures may be made with district credit cards subject to Purchasing Procedures. All credit card receipts (detailed, itemized, and **signed**) shall be submitted to the business office. If a receipt is not received from the purchaser, the purchaser may be held liable for reimbursement of the entire purchase. District credit card usage may be suspended and/or revoked if receipts are not submitted on a timely basis.

Gift Cards

Campus Activity and Student Activity funds may be used to purchase gift cards that will be issued to staff or students. Please refer to the district’s **Staff & Student Incentive Award Procedures** for specific guidance. Gift cards, in any amount, are taxable to the employee and must be processed through the employee’s paycheck and included on the employee’s annual tax statement (Form W-2). Gift cards donated to the district by outside sources are also taxable to the employee according to IRS regulations.

Faculty (Hospitality) funds may be used to purchase gift cards. These funds belong to the staff and may be used in any appropriate manner, including the purchase and issuance of gift cards.

Payroll Expenditures from Activity Funds

All employees shall be paid for all work performed through the Payroll system. At no time shall a district employee be paid directly from an activity account, or with cash. If a special event is approved by business office (or on the extra duty pay schedule), then wages may be paid to an employee but must run through the payroll process.

Petty Cash Account

A petty cash account shall be established for each campus. The primary purpose of the petty cash will be for fundraising sales to make change (if necessary) and athletic events startup cash (all startup cash should be returned to petty cash the morning following the event). At all times, the petty cash account shall be balanced – the sum of the disbursed cash, and cash on hand shall equal the authorized amount.

Student Travel

Student Activity funds (fund 865) may be used to pay for student and travel expenses for organization/club-related expenses, such as Student Council, Spanish Club, etc. The Travel Procedures shall be adhered to in requesting funds for staff and student travel expenses. Travel expenses may include registration fees, meals, mileage, lodging, and transportation costs. Student Activity funds may be used to purchase on-site or off-site group meals for staff or students, as appropriate.

# Benevolent Funds

Donations to the benevolent fund are deposited into the activity bank account and are available to all campuses. The benevolence account may be used to buy approved items for specific students/families, but no cash or cash equivalent (i.e. gift cards) may be given to a specific student/family unless the gift card may be restricted from being used to purchase Non-Allowable items such as alcohol, tobacco, etc.

All benevolence account purchases must be approved by the Superintendent or Assistant Superintendent prior to the spending of any funds. Regular purchasing procedures should be followed and the Payroll and Activity Accounting Clerk will get approval from the Superintendent or Assistant Superintendent prior to processing the purchase order.

# Donations and Gifts

Refer to the Fundraising and Donation Procedures.

In addition to the donations included in the Fundraising and Donation Procedures, these are other donations that may be received:

* **Donations** should be deposited into the General Operating Fund Account. PTSO, Booster Club, or any other donations for library books, or any other item that will be part of the campus inventory, MUST be run through the GOF account. No activity checks should be written to vendors/individuals for any items purchased for the campus.
* There are few exceptions (these may be deposited directly into the activity accounts):
	+ Donations into a benevolent fund,
	+ PTSO, Booster Club, or any other donations for snacks/party supplies, consumables, items to be taken home by the students, extracurricular field trips, student banquets, etc.
	+ FFA Donations for stock shows (not a school operating cost)
* If a donation is in question as to whether it should run through the General Fund or Activity fund, please follow-up with the business office prior to making the deposit.
* Gift Card Donations should be recorded on a Gift Card Log Form and maintained in a safe until utilized by the appropriate individual(s). Gift cards are considered a cash equivalent and should be treated as cash until utilized. Detail receipts of purchases along with a copy of the Gift Card Donation Log should be submitted to the Payroll and Activity Accounting Clerk to record the revenue and expense in the proper activity account(s).

# Fundraisers

Refer to the Fundraising and Donation Procedures prior to beginning a fundraiser.

In addition to the fundraisers included in the Fundraising and Donation Procedures, these events are also treated as fundraising opportunities for the Activity Sponsors.

* **Special Events** including tournaments, relays, meets, etc. throughout the year should operate as a fundraiser for the activity account. All fees/revenue collected should be deposited into the appropriate activity account and all expenses should be processed using the purchasing procedures. Entry fees should be mailed to the Business office. If entry fees are received by the Activity Sponsor they should be given to the Campus Secretary (Bookkeeper) immediately. After all revenue has been collected and expenses paid, the business office will reconcile the event to ensure a net profit. Special events should be self-sustaining. An email will be sent to the Activity Sponsor and either the Campus Principal or Athletic Director after the reconciliation is complete.
* **Summer Camps** or activities/events throughout the year that operate similar to a summer camp shall be operated as a fundraiser for the activity account. Usually the camps/events are for younger kids and the coaches/sponsors along with the high school age youth have events or learning opportunities “camps”. A Student Roster for Summer Camps / Activities / Events form should be completed for each camp/event. All revenue should be deposited in the appropriate activity account and all expenses should be processed using the purchasing procedures. Coaches/Sponsors may be paid for the hours worked outside of their normal contracted work days as long as the camp/event has funds available. The amount paid to the Coaches/Sponsors may not exceed the maximum amount on the ***Extra Duty Pay Schedule*** and the camp/event must not have a net loss. All payments to coaches/sponsors must be paid through the payroll department.
	+ If the Coach/Sponsor of the summer camp / activity / event is not going to have any expense and not going to charge a fee for the camp, then only the “roster” section (list of participants) on the Student Roster for Summer Camps / Activities / Events form needs to be completed.

# Transfers between Activity Accounts

Funds may be transferred between Campus Activity Funds at the discretion of the campus principal. Transfer of funds between Student Activity Funds shall be approved by the members of the student club, the club sponsors and the campus principal. It is recommended that transfers between accounts be settled up prior to end of school year.

If a student organization ceases to function or exist, the unexpended funds of the organization shall be credited to the Campus Activity Account.

# Opening and Closing Activity Accounts

To establish a Student Activity Account, an organization should have an approved constitution, by-laws and elected officers. The principal shall review and confirm a list of all clubs and organizations with the elected officers to the business office on an annual basis. A request to open/close a Student Activity Account (Campus Activity Account) shall be submitted by the principal when the need arises. The assigned organization sponsor (professional staff member) shall be responsible for the proper management of the student activity accounts.

Campus Activity Account may have a sub activity request submitted by the campus principal at any time.

# Records Retention

All Activity Account records must be maintained for a period of five (5) years [TSLAC minimum retention period & district’s Local Records Retention Schedule]. This includes receipts, merchandise purchased, fundraiser information, revenue and expense statements, etc. At the end of every school year, the principal as part of the closeout procedures, shall collect all Student Activity Account records for storage on the campus for one (1) fiscal year, then at the central records location for the rest of the 5 year period.

# Roles and Responsibilities

*Club Sponsor*

* Maintains records (including all revenue collected and expenditures)
* Receives prior approval for all fundraisers from Campus Principal
* Submits funds collected to the campus secretary/bookkeeper on a daily basis
* Reconciles the activity account to monthly finance reports
* Notifies the business office (Payroll and Activity Accounting Clerk) if any discrepancies

*Campus Secretary/Bookkeeper*

* Monitors approved fundraising activities, ensures that the Payroll and Activity Accounting Clerk in the business office is aware of all fundraising events.
* Receives, counts, receipts, and deposits all funds
* Submits purchase requisitions for campus activities
* Places orders on activity purchases
* Assists sponsors
* Informs Principal of problems and concerns

*Campus Principal [Ultimate responsibility for Activity Funds]*

* Approval of all campus, student, and faculty activity fund transactions
* Safekeeping of money on campus
* Proper accounting and administration of all activity funds
* Approval of disbursements in accordance with the procedures.

# Daily Expenditure Process

***Sponsor submits a “Request for a PO-Check” or signed receipt / invoice***

***Campus Secretary / Bookkeeper submits a Requisition and Principal Approves***

***Payroll and Activity Accounting Clerk processes the PO***

***Accounts Payable Specialist processes the payment***

***Campus Secretary Places Order with Vendor / Signs off on Receiving***

The Request for a Purchase Order-Check form MUST be filled out if a reimbursement of funds is being requested by an employee for a previous purchase (i.e. Wal-Mart purchase with receipt being reimbursed to employee Jane Smith requires a Request for a Purchase Order-Check form.)

# Monthly Activity Accounting Process

Each month, after the business office completes the bank reconciliation, a summary and detailed report will be generated for each sub activity account. These reports will be distributed to the campus principal, campus secretary/bookkeeper and sponsor for each sub activity.

***If discrepancies (or negative account balance) identified by secretary/sponsor, notify Director of Accounting***

***Business office will send report to campus principal, campus secretary and sponsor***

***Activity Sponsor will review report to verify all revenue and expenditures***

# Annually (before closing out the fiscal year end)

Review your ending balance for each of the sub-activity accounts.  Funds **must** be transferred to cover any negative sub-activity accounts at this time prior to the year end audit.

Once the auditors are finished with the audit, the Director of Accounting will verify that all your sub activity account balances are rolled forward and setup in the correct sub activity account. *(If any sub activities no longer exist, please notify the Director of Accounting so that the balance may be moved to an active activity account.)*