Associated Student Body

Accounting Manual, Fraud Prevention Guide and Desk Reference

FOR CALIFORNIA K-12 PUBLIC SCHOOLS AND COMMUNITY COLLEGES

Internal Controls

Fraud Prevention

Procedures

Policies

Governance

Organization

Laws

2015

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

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Associated Student Body

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2015

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Foreword

The Fiscal Crisis and Management Assistance Team (FCMAT) is proud to present the fourth revision of the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*. Initially published in 2002, the manual continues to be a widely used resource in education. In this revision, FCMAT has added information in response to suggestions from users in the field, ASB workshop attendees, and many questions received and answered via FCMAT's online help desk. New information is also included based on updated laws and clarification related to food service and allowable fees.

Established in 1992 by the Legislature as an independent and external state-funded entity, FCMAT helps California's local educational agencies fulfill their financial and managerial responsibilities by providing fiscal advice, management assistance, professional development, software and products, resources, and other related school business services. FCMAT's work ranges from the state policy level to the operational level at schools. This manual is an example of FCMAT's direct support, assistance and leadership to educational agencies statewide, including K-12 schools, community colleges, county offices of education, and charter schools.

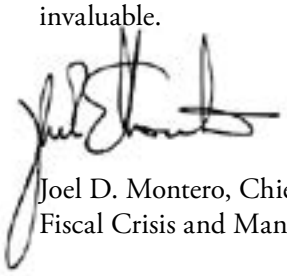
The *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* is designed for school administrators, associated student body (ASB) and activity directors, fiscal services administrators, office managers and accountants, ASB bookkeepers, secretaries, teachers, students and others who are responsible for student body activities. This manual responds to the increased demands on today's school leaders to augment funding for students and schools while maintaining fiscal accountability, transparency and accuracy.

The goal of the manual is to answer questions in many areas concerning ASBs, including laws, accounting, purchasing, student stores, vending machines, food sales, clubs, internal controls and overall roles and responsibilities. It will be especially helpful to new employees and those who have recently been assigned ASB responsibilities. Readers are guided systematically through the major steps to initiate and maintain an effective student body program for elementary, middle, junior and senior high school students, as well as community colleges.

This manual is a concise guide to successful student body business management in a complex environment. It focuses on the wide range of decision-making authority of student councils, suggests useful tools and procedures, provides practical advice, and indicates legal constraints in specific areas. Most important, the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* suggests the right questions to ask and how to assess the answers.

FCMAT will continue to publish periodic revisions to this manual. Suggestions about how to improve this document and make it more useful are always welcome.

FCMAT acknowledges the many people who have taken part in producing this manual and keeping it updated so that it remains useful in the field. Their time, dedication and shared expertise have been invaluable.



Joel D. Montero, Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Chapter 1

Chapter 1 – Introduction

California law allows students in California's public schools to raise money and make decisions about how they will spend this money. Student organizations established to raise and spend money on behalf of students are called Associated Student Body organizations, or ASBs. ASBs must be made up of current students and be located at the school where the funds are maintained. The funds raised and spent by student organizations are called associated student body funds or ASB funds. In the minds of public school officials, parents and the general public, ASB funds may be thought of as small proceeds from a few bake sales, magazine sales, dances or car washes a year. However, in many cases ASB funds have become big business for student organizations and fund much more than people realize. An ASB at a large high school or a community college may raise millions of dollars a year.

ASB organizations and the management of ASB funds present students with opportunities not only to raise and spend money, but also to learn the principles of operating a small business and acquire leadership skills while making a contribution to their school and fellow students and improving their own educational experience. As students and staff work together to plan projects and activities, students also learn project planning.

It takes work and management by many individuals to ensure that an ASB is operated correctly. This manual provides information on how to run a successful ASB organization in a user-friendly format to guide district business office support staff, principals/school administrators, ASB and activity directors, fiscal administrators, office managers and accountants, ASB bookkeepers, secretaries, students and others who are responsible for student body activities.

Intent of the ASB Manual

Each of this manual's 25 chapters covers one or more critical areas in the administration of ASB. The manual is intended to be a comprehensive guide to student organization operations and was written for those involved in ASB operations. It includes sample forms and procedures that may be copied directly from the manual or modified for an entity's own use. The manual can be used by K-12 school districts, charter schools and community colleges because all of these public entities can have ASBs in their schools. Although the manual may seem oriented to K-12 districts, all guidance related to internal controls and best business practices can also be used by charter schools and community colleges.

Because current laws do not cover everything that occurs in ASB operations, the guidance in this manual goes beyond the law and official regulations to include information based on good business practices, sound internal controls, and the practices of successful ASB operations in many districts throughout California.

Educational entities with successful ASB operations have the following:

- Comprehensive board policies and administrative regulations regarding ASB operations and funds that provide guidance beyond what is in the law, including district procedures, best practices and internal controls.
- A comprehensive and user-friendly ASB manual that provides guidance for all individuals involved in day-to-day ASB activities.
- A significant level of oversight and support from the district's business office.
- Annual training for all staff members and students who work with ASB operations.
- Standardized processes and procedures at all sites.

This manual can be used by educational entities to achieve successful ASB operations because:

- The manual covers the policies, procedures and internal controls that should exist when handling ASB funds and operations, and includes sample forms and procedures.
- The manual can be used as the basis for a district's comprehensive board policy and administrative regulations, or the governing board can adopt a policy that requires the staff to adhere to the guidance in the manual.
- The manual is sufficiently comprehensive to provide guidance for both district office and school staff if the district has not produced its own manual for ASB operations.
- The manual includes information on effective oversight and support from the district's business office staff.
- The manual can be used as the basis for annual training either by a district's business office staff or by a trainer from outside the district.
- The manual includes sample forms in most chapters to help districts as they develop their own standard forms and procedures for communication and audit purposes.

This FCMAT *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* may also be adopted to supplement a district's board policy or procedures regarding student organizations and booster auxiliary organizations. Sample board policy language for this is as follows:

> The Governing Board adopts on an ongoing basis the most recent Fiscal Crisis and Management Assistance Team (FCMAT) *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* as the _____ District's *ASB Manual* as part of district ASB board policy. In the event of any conflict between the most recent FCMAT *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* and the _____ District ASB processes or procedures, the policies and procedures established in the _____ District will prevail.

This type of language gives a district clarity and the flexibility to follow its own policies and procedures when they differ from those in the FCMAT *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*.

ASB Issues

Many issues can occur with ASB funds and operations if not managed appropriately. First, in sharp contrast to other funds that the district usually receives in the form of checks or wire transfers, most ASB funds are received in cash. It is always easier for fraud, abuse or human error to occur when dealing with cash, so internal controls are extremely important. However, internal controls over ASB funds are often overlooked or found to be inadequate.

Other issues arise as a result of decentralized student fundraising and operations by many individuals and groups throughout the district, without adequate communication, guidance and standardization. In addition, staff and students involved in ASB are often asked to use proper accounting procedures and internal controls even though they are not accountants and have probably received little or no guidance or training regarding the importance of correct procedures and controls and what could occur if they are not followed. Appropriate communication, standardization, training and oversight are critical to ensure that the correct processes and procedures are followed.

Local communities, parents and other members of the public often pay close attention to ASB issues and are typically sensitive when they occur. The media are also often quick to report on ASB issues because the funds are raised by students and for students.

The district is ultimately responsible for how ASB funds are handled and spent. Thus, board policy, procedures and internal controls must start with the district, and proper oversight and follow-up must take place to ensure that issues do not occur.

Chapter 2

Chapter 2 – Roles and Responsibilities – Administration of an ASB

Many individuals and entities are involved in administering and supervising the activities of student organizations.

The State of California

The State of California is responsible for establishing the laws and regulations that govern the activities of local educational agencies (LEAs), including student organizations. The Legislature writes the laws, and state agencies enact regulations based on those laws.

The California Department of Education (CDE) develops policies regarding any legislation or regulations enacted as a result of the law; these are codified in Title 5 of the California Code of Regulations for K-12 school districts. For community colleges, the California Community Colleges Chancellor's Office (CCCCO) functions as the oversight agency.

No one state agency monitors the operations of ASB organizations. Rather, the state relies on districts' governing boards to ensure that ASB activities are carried out within the law, based on a district's internal policies and procedures. This is reviewed during a district's annual independent audit performed by an external certified public accountant (CPA) firm.

The Governing Board

The governing board of the school district, charter school or community college is ultimately responsible for everything that happens in the district, including the activities of student organizations. Under Education Code section 48930 for K-12, and section 76060 for community colleges, the governing board has the authority to approve the formation of a student body organization within the district. This means that governing boards are not required to allow student body organizations to exist. Many districts have chosen to stop student fundraising and organizations as a last resort because of continual and severe noncompliance issues, including fraud.

In assuming the authority the Education Code gives them, governing boards establishes parameters for district operations through board policies and regulations. These policies and regulations must specify how the student body organization will be established, how the organization's activities will be supervised, and how the organization's finances will be operated and managed. The district's administration is responsible for establishing and monitoring the procedures to carry out the policies and regulations adopted by the governing board.

Students are raising funds for their own benefit and are able to make decisions about the funds (with co-approval from an administrator); however, when there is a conflict, governing board policies and regulations override ASB decisions because ultimately the funds are under the governing board's authority.

A comprehensive board policy is the cornerstone of sound practices in student organizations. This is most effectively achieved by establishing a comprehensive district ASB manual for all student organizations to follow, and referencing it in board policy that requires all staff to follow the manual's guidance. Sample board policies are provided in the appendices of this manual (Chapter 23).

The Superintendent (K-12) or President (Community Colleges)

The superintendent or president of a district is responsible for ensuring that board policies are implemented and that staff follow those policies. In addition, the superintendent or president is responsible for establishing the procedures by which staff remain in compliance with board policy. This is normally done by establishing administrative regulations.

The superintendent or president should communicate and make certain that:

- They act as the supervisor of the student body organization's activities.
- All district staff are familiar with and understand the importance of following all policies established by the governing board, including those regarding ASB.
- All district staff understand the importance of problems noted in the annual audit.
- Immediate action is taken to investigate any allegations of impropriety regarding ASB funds. Appropriate action is taken if the allegations are confirmed.

The Business Office Staff

District business office staff are responsible for general oversight of student body activities. In this capacity, the business office staff should:

- Serve as a resource and answer questions from the school staff.
- Develop and update the district's ASB manual based on input from the school staff, student organizations and district auditors. Questions asked throughout the year and the findings noted by the auditors should also be taken into consideration when updating the manual.
- Provide training at least annually on the district's ASB manual or procedures. This includes providing new staff members and student council members with copies of the district's ASB manual and training during the year.
- Make periodic visits to schools to review the procedures in operation and answer questions. It is a good practice to visit each school at least once a year and more often if the school appears to have problems or continues to have audit findings year after year.
- Obtain and review financial reports from the schools at least quarterly.
- Review the reconciled bank statements for all ASB accounts at school schools regularly, preferably monthly.
- Work with the schools' staff to respond to problems and audit findings noted by the auditors in the annual audit and develop corrective actions to resolve the issues.
- Follow up on all issues related to administration of student organizations.
- Develop accounting procedures for recording and controlling the student body organization's financial transactions.
- Periodically review procedures to make sure they conform to prescribed accounting procedures; take into consideration any input from school staff, student organizations and district auditors when updating policies and procedures.

The Principal/School Administrator

The principal/school administrator is the most important person when it comes to managing a school. Regardless of the school level or size of the school, the principal/school administrator is directly responsible for student body organization financial activities and must make sure that they conform to established laws, policies and procedures that affect the student body, including those specific to the district.

Although the principal/school administrator has ultimate responsibility for all activities at the school, including ASB, many ASB management functions may be delegated to other staff members depending on the grade level and size of the school, unless board policy or law does not allow such delegation. At elementary schools, this designee is often a teacher or secretary. In secondary schools, the designee is usually an assistant

principal or ASB advisor. The principal/school administrator must maintain final approval authority for ASB projects and activities because of the school's educational and legal obligations to its students.

Unorganized ASBs

Under the supervision of the superintendent, the principal/school administrator is responsible for the activities at the school (see Chapter 4 for full definitions of unorganized and organized ASBs). In elementary, adult education, continuation, special education, regional occupational programs (ROPs) and K-8 schools (unorganized ASB) the students do not govern themselves, so the principal/school administrator is primarily responsible for all ASB activities, including the following:

- Communicating the student organization policies and procedures to the staff and students, and enforcing the policies and procedures.
- Assigning and supervising a school staff member (often the school secretary or the attendance clerk) to perform school financial tasks related to ASB and maintain adequate records of ASB activities, including the deposit of funds.
- Receiving and reviewing the monthly bank reconciliation prepared for the ASB bank account and any other financial information and statements for the ASB funds, including budgets and financial reports.
- Deciding how many fundraising events will be held each year and, before approving them, ensuring that they are appropriate for the students and the community.
- Scheduling and receiving proper approval for fundraising events.
- Making decisions about how the funds raised will be spent, and approving the use of the funds before they are spent.
- Delegating responsibility for operating the fundraising event to a responsible adult.
- Monitoring the results of the fundraising activities.
- Ensuring that all ASB funds are raised and spent in accordance with applicable laws and the district's policies and procedures.
- Working with the district's business office to provide training, implement good business practices, ensure internal controls, and resolve audit findings.
- Working with the student organization to develop methods for securing cash collected after hours and on non-school days.
- Ensuring that proper cash control procedures are established and followed at all times.
- Reporting any suspected fraud or abuse to the district's business office.

The principal/school administrator may delegate some or all of these activities to a school employee such as a vice principal, teacher, or classified school support staff member. Because cash is involved, the principal/school administrator should ensure proper internal controls by requiring that a second school employee be involved in the following:

- Decisions about the use of ASB funds.
- Handling all cash.
- Signing checks to spend the student funds.

Organized ASBs

For middle, junior and high schools (organized ASB), the responsibilities of the principal/school administrator are different because the students are much more active in governing the ASB activities, with oversight

from the principal/school administrator and other school employees. The principal/school administrator is responsible for the following major duties, many of which are delegated to an ASB advisor:

- Communicating the student organization policies and procedures to the staff and students, and enforcing the policies and procedures.
- Ensuring that a student council is established, that it approves all new clubs, and that every club and the student council has a certificated advisor.
- Providing supervision to the ASB advisors.
- Reviewing and approving constitutions for each club on campus.
- Making certain that minutes are kept of all ASB and club meetings.
- Supervising the ASB bookkeeper or similar position. This position will perform school financial tasks related to ASB, maintain adequate records of ASB activities, deposit funds into the bank, pay invoices, reconcile monthly bank statements, and prepare monthly financial statements.
- Receiving and reviewing the monthly bank reconciliation prepared for the ASB bank account and any other financial information and statements for the ASB funds, including budgets and financial reports.
- Ensuring that all ASB funds are raised and spent in accordance with applicable laws and the district's policies and procedures, and approving the use of the funds before they are spent (the assigned ASB advisor and the student representative of the club spending the funds must also approve use of the funds).
- Deciding how many fundraising events will be held each year and, before approving them, ensuring that they are appropriate for the students and the community.
- Scheduling and receiving proper approval for fundraising events.
- Working with the district's business office to provide training, implement of good business practices, ensure internal controls and resolve audit findings.
- Working with each student organization to develop methods for securing cash collected after hours and on non-school days.
- Ensuring that proper cash control procedures are established and followed at all times.
- Reporting any suspected fraud or abuse to the district's business office.

The principal/school administrator may delegate some or all of these activities to a school employee such as a vice principal or teacher.

The ASB Advisor

In secondary schools and community colleges, each student club will have an advisor; this is in addition to the advisor who is responsible for the general student council (also called the leadership class in many high schools). Every ASB advisor, whether for a specific student club or the general student council, must be a certificated employee of the district and must be aware of all laws, policies and procedures that affect the student body, including those specific to the district, to ensure they are followed. The advisor will act as a liaison to the faculty, administration, student body and community in matters relating to ASB, and keep the principal/school administrator and staff apprised of the organization's activities.

Fraud Alert

When the ASB advisor relinquishes their responsibilities and has the ASB bookkeeper perform the ASB advisor functions, separation of duties diminishes and the opportunity for fraud increases.

For organized ASBs, an advisor's responsibilities will include:

- Providing guidance and direction, and being knowledge about how ASBs operate so legal responsibilities are understood.
- Overseeing the election/selection of officers and committee chairs, as well as ensuring that they understand and carry out their duties.
- Approving expenditures along with the student representative and the board designee.
- Ensuring that the clubs are meeting and keeping minutes.
- Reviewing with the students all budgets, financial reports and transactions.
- Working with the students when preparing the annual budget and revenue projection estimates.
- Ensuring that only valid expenditures are made and authorized from the different clubs' funds.
- Ensuring that every organized club has a constitution in place and follows it.
- Providing supervision to ensure student safety and compliance during ASB activities.
- Ensuring that student organizations secure in a school safe any cash collected after hours and on non-school days.
- Ensuring that proper cash control procedures are established and followed at all times.
- Reporting any suspected fraud or abuse to the district's business office.

As the principal/school administrator's designee, the ASB advisor frequently is directly responsible for all of the functions listed above and ensures that all required procedures are followed. The ASB advisor(s) works directly with students in clubs and the student council on a day-to-day basis, supervising the activities of the student council and the clubs and serving as a link from the student council and the clubs to the ASB bookkeeper and the principal/school administrator.

When any ASB organization or club holds fundraising events, the ASB advisor is responsible for ensuring that adequate planning and internal controls are established and that all of the funds are properly accounted for and given to the ASB bookkeeper with all the necessary paperwork at the end of the event. Because of the age of the students, the ASB advisor in an unorganized student body organization will do many more of the tasks, while the advisor in an organized ASB or at a community college will mainly oversee students doing the tasks. Regardless of the age of the students in the organization, it is important that they be involved as much as possible in the various responsibilities so that student body activities serve not only as fundraisers but also as learning opportunities.

Additional duties of the ASB advisor include the following:

- Helping students prepare the annual budget and revenue projection estimates for fundraisers.
- Ensuring that adequate internal controls are in place.
- Approving expenditures (in organized ASBs, student representative(s) and a board designee will also need to approve).
- Ensuring that all laws, policies and procedures are followed.

The ASB Bookkeeper

At each school, a staff member is responsible for maintaining the accounting records for the ASB funds and safeguarding the funds at the school until they are received at the bank. In elementary schools, the school secretary or an attendance clerk may serve as an ASB bookkeeper. Middle, junior and high schools, and community colleges, will usually have a staff person whose only responsibility is to maintain the accounting records for student organizations.

Regardless of which employee is assigned to be ASB bookkeeper, or the exact title that employee might hold, the employee responsible for ASB bookkeeping (referred to as ASB bookkeeper in this manual) is responsible for ensuring that:

- When receipted funds are properly counted, confirmed, documented and then turned over to the ASB bookkeeper, all ASB funds are safeguarded while at the school until deposited in the ASB bank account in a timely manner (within a few days of receipt).
- Adequate financial records are prepared and maintained for all ASB financial transactions in accordance with established policies and procedures.
- Expenditures are approved in advance of any spending and paid only after receiving appropriate documentation of expenditures, which should include but not be limited to preapproved purchase orders, invoices, packing slips, and student council minutes.
- The bank reconciliation is completed each month.
- Materials are provided to ASB advisors for fundraisers, and stock is kept on hand (change box, receipt books, tickets, etc.).
- Purchase orders, payments, and invoices are processed.
- Laws and the district's policies and procedures related to ASB funds are followed.
- Business policies, procedures and internal controls related to ASB, such as those for accounting, purchasing, budget, and payroll, are known and followed.
- Any suspected fraud or abuse is reported to the principal/school administrator or the district's business office.

The ASB bookkeeper position is often perceived as a simple bookkeeping position but it is more than that. The ASB bookkeeper also acts as a controller and is the gatekeeper for student funds. The ASB bookkeeper must be strong-willed enough to refuse and disallow deposits, reimbursements or other transactions when policies and procedures are not followed.

Both the ASB advisor and bookkeeper must work together and support each other in keeping their duties separate and when policies and procedures are not followed.

The Student Council

In middle, junior high and high schools, as well as community colleges, a student council (often called a general student council or leadership class) must oversee all of the student clubs in the school. The student council represents the students and has primary authority over student funds, with guidance from, and adherence to, district policy.

A successful student council will understand and respect the value of faculty and student participation; everyone needs to participate and work together for success to occur.

The main responsibilities of the student council include the following:

- Developing and adopting the annual budget for the student council/leadership class.
- Authorizing the budgets for all student clubs.
- Authorizing fundraising events for all student clubs, with additional authorization from the principal/school administrator if required in that district. In some districts, the student council is not given this authority; rather, it is notified of what the principal/school administrator has approved.

- Approving expenditures, in addition to approval from a board designee and the ASB advisor. In some districts the student council will approve expenditures from all student funds before the spending occurs; in others the general student council approves after the fact; and in others it does not approve any expenditures (for student clubs) but is informed of them. The student council must approve its own expenditures before spending occurs.
- Reviewing financial reports and bank reconciliations from all student clubs.
- Approving new clubs (in addition to approval from the principal/school administrator).
- Approving who will be student council auxiliary members for other functions, such as head of lighting and head of sound.
- Approving the student council's policies and procedures and determining how student council members will perform their duties, as well as the consequences for nonperformance of duties.

The student council in an unorganized ASB is not usually as active and does not normally adopt the annual budget, authorize fundraising events, approve expenditures, review financial reports or approve new clubs. The principal/school administrator or designee normally has full responsibility for these functions, even though the students may give input.

The Independent Auditors

The district's independent auditors, who perform the annual financial audit of the school entity, also have responsibility to audit ASB funds and student activities as part of the annual audit. The auditors scrutinize the ASB funds and, if they identify a problem or significant weakness in how ASB funds were managed during the school year, they will report the weakness to the district's chief business official. Any material findings will be included in the final annual independent financial report as an audit finding. Each finding will be accompanied by the auditor's recommendation for how to correct the weakness. The district must provide a written response to the audit finding and the auditor's recommendation, and develop an action plan to ensure that the finding does not occur again.

Audit findings should be taken seriously and the action plan followed so that the finding is not repeated in subsequent years. If a finding occurs at one school but not another, it is important that all individuals involved with ASB at all schools know what the findings were so that their own operations can be reviewed and adjusted if necessary. This helps prevent the audit finding from being repeated in future years at any school. Audit findings should be used as a tool to strengthen operations throughout the district with follow-up to ensure that issues do not recur.

The auditors can also be used as a resource throughout the year when questions, internal control concerns or unique issues arise. Because the auditors are familiar with the district's operations and with student body operations in other districts, they can provide valuable advice and insight.

If there is a suspicion that fraud may be occurring, the district can contract with the auditors or other agencies to investigate the possible fraud and provide a written report.

The Food Service/Cafeteria Program

The relationship of the ASB to a district's food service/cafeteria program is often thought of as competitive, but in reality the two programs should work together because both benefit the same students. Food regulations are numerous and often confusing to student groups. Because the food service/cafeteria program must follow most of the same regulations, its staff should be considered experts and partners who can help ensure that any food or beverage sold by students meets nutritional requirements and complies with local, state and federal laws.

Because student groups must follow specific rules, including those regarding noncompetitive sales and whether items can be prepared on site at the K-12 level, the food service/cafeteria program staff can help

ensure that all sales are in compliance and that students are being served safely and correctly. These regulations were not developed by the food service/cafeteria program but are the result of legislation. If the laws are not followed, the district can be penalized with reduced funding to the food service/cafeteria program, which affects all of the district's students.

Groups That Should Not Administer or Supervise Activities of Student Organizations

Booster Clubs, Foundations, Auxiliary Organizations and other Parent-Teacher Associations
The relationship between booster clubs, foundations, parent-teacher associations, auxiliary organizations and student organizations is often confusing. Student organizations are legally considered part of the school district and/or community college, but booster clubs, foundations, auxiliary organizations and other parent organizations are not. These nonstudent organizations are established to support the school district or community college and its students, and they may raise funds and donate these funds to the district or purchase items with their funds for donation or assistance to the district; however, they are separate legal entities. Funds raised by booster clubs, foundations, auxiliary organizations or parent-teacher groups should not be deposited into or commingled with the funds or bank accounts of the student organization or the district; rather, they should be deposited into the organization's own bank account. These organizations can donate funds to the ASB, but once they have done so, the ASB decides how to use the funds, following district policy, procedures and applicable laws. It is critical that student groups and parent groups keep their activities and funds separate even though they are supporting the same students.

More information on this subject is contained in Chapter 21.

Chapter 3

Chapter 3 – Laws and Regulations

This chapter provides a brief overview of the sections of the California Education Code, Title 5 of the California Administrative Code, California Constitution, Internal Revenue Code and the Penal Code that affect ASB operations at all levels (K through community college). An overview of the provisions of the law relating to food sales by student groups at the K-12 level is also provided. Full citations of the relevant code sections cited are included in the appendices of this manual.

In addition to state laws and regulations that must be followed, there should be local school district board policies, administrative regulations and procedures that have the effect of law in that specific school district relative to how ASBs are managed and operated. To run a successful ASB, it is important that all of the people involved with the ASB be familiar with the laws and the local district rules that govern ASBs.

State and federal laws and local district policies, procedures and administrative regulations are subject to continual review and change. This manual includes the full text of all major California state laws and regulations that directly affect ASB operations as of December 31, 2014. This list is included in the appendices. The reader may also wish to check the Internet for changes to state law. Many websites, including http://leginfo.legislature.ca.gov/faces/codes.xhtml, www.calregs.com and www.oal.ca.gov, have references or lists of California laws and regulations.

Laws and Regulations Overview

Education Code

The California Education Code is one of 29 sets of code in the state and is the primary body of law for kindergarten through community college governance. ASB management is referenced in many of the code's sections. Laws in the Education Code must go through a formal process before being chaptered or signed into law by the governor. These laws are also known as statutes.

California Code of Regulations – Title 5

A regulation is a rule adopted by a state regulatory agency to implement, interpret, or make specific the law enforced or administered by it, or to govern its procedure. The California Code of Regulations (CCR), also known as the California Administrative Code, has the force of law.

Regulations in the CCR are adopted by a state regulatory agency, approved by the California Office of Administrative Law, filed with the secretary of state and then signed by the governor. The CCR is separated into 28 sections called titles. The education section is known as Title 5.

Penal Code

The Penal Code is the primary body of law for issues related to crimes and criminal activity. The portions of the Penal Code relating to games of chance, such as lottery and bingo, are important to ASB operations.

Revenue and Taxation Code

The state Revenue and Taxation Code (RTC) identifies what constitutes a sale and what is subject to state sales tax. Based on this code, ASBs must pay sales tax on what they buy and sell, with few exceptions. Publication 18 of the California State Board of Equalization (BOE) provides guidance on the taxability of sales by nonprofit organizations, including ASBs. Publication 18 can be found on the BOE website at www.boe.ca.gov.

Internal Revenue Code

Although ASB operations are not guided by the Internal Revenue Code (IRC), if teachers or other adults are conducting fundraising independent of the ASB or an approved booster/auxiliary organization to make

donations to the ASB or to increase class budgets, that income is considered taxable. The United States Tax Law can be found online at http://www.fourmilab.ch/ustax/.

California Constitution

In the absence of a statute granting public local educational agencies (LEAs) the legal authority to make a special expenditure (i.e., for food, clothing, awards, etc.), the legality of any expenditure is determined by the "gift of public funds" provision in the California Constitution, Article 16, section 6. This constitutional provision prohibits making any gift of public money to any individual (including public employees), corporation, or other government agency. It states, " . . . the Legislature shall have no . . . power to make any gift, or authorize the making of any gift, of any public money or thing of value to any individual . . . whatever . . ."

Expenditures of school funds must be for a direct and primary public purpose to avoid being a gift. An approved public purpose must be within the scope of a school district's jurisdiction and purpose, which does not extend to purposes such as aid to the indigent or the promotion of social welfare, though these may be lawful public purposes for other agencies.

On the other hand, it is also well established that expenditures of public funds that involve a benefit to private persons (including public employees) are not gifts within the meaning of the California Constitution if those funds are expended for a public purpose. This means that public funds may be expended only if a direct and substantial public purpose is served by the expenditure and private individuals are benefited only incidentally to the promotion of the public purpose. To justify the expenditure of public funds, an LEA's governing board must determine that the expenditure will benefit the education of students within its schools. Expenditures that most directly and tangibly benefit students' education are more likely justified. Expenditures driven by personal motives are not justified even if they have been a longstanding local custom or are based on benevolent feelings.

If the LEA's governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding. Thus, if the district has a board policy stating that specific items are allowable (e.g. scholarships or donations), there is more certainty that the expenditure might be considered allowable. Unless such a policy exists, examples of items that would be usually considered a gift of public funds include flowers, candy, advertisements for private award ceremonies, and donations to charity.

Importance of Good Business Practices

The laws and regulations that govern ASB activities and funds are not sufficiently comprehensive to provide guidance for all areas in which questions arise. Thus, while this manual conforms to the laws and regulations, it also provides guidance in areas where formal legal guidance is inadequate or nonexistent. This supplementary guidance is based on sound business practices, internal controls and effective procedures used by successful LEAs throughout California. Because the additional guidance is not based on laws or regulations, local school administrations may change these recommended practices to better suit the operating environment of each individual LEA.

Governing Board Policy and Administration Regulations

Because only a limited number of laws and regulations in the Education Code, Penal Code, California Constitution and California Code of Regulations identify parameters for ASB operations, a significant amount of local flexibility is needed. The governing board has final authority over everything that occurs in the district, including ASB operations. This includes authority to decide whether ASB organizations will exist in the district, and if so, how all ASB operations and activities will be supervised, and ensuring that clear guidelines and processes are developed to enable ASB organizations to operate efficiently and effectively for the benefit of students. The recommended procedure for providing these guidelines and processes is

for the governing board to develop and adopt clear and understandable board policies and administrative regulations, as well as an ASB manual, for district staff, students and other stakeholders to follow.

Because most ASB operations relate directly to business management functions, the district's chief business official should take a lead role in ensuring that the district has appropriate board policies and administrative regulations regarding the operation and management of the organization's finances. In addition, all individuals involved with the ASB should receive training at least every two years on ASB laws, policies, regulations, internal controls and good business practices. The district's business office should take the lead in ensuring that this training is provided. ASBs must be made aware that district policy applies to them, and people involved in ASB must understand that district board policies and regulations are an additional set of laws that ASB organizations must follow. All district board policies that apply to general district operations apply to ASB as well, unless there is a policy stating otherwise.

Local school leaders should be encouraged to suggest innovative ASB practices, ASB fundraisers, and ASB management operations that will promote the general welfare, morale, and educational experiences of students. Successful ASB management is a collaborative effort between and among students, student leaders, teachers, activity directors, advisors, school site leaders, school staff, and the district's central office.

Recommended Legal Background Knowledge

LEAs must ensure that ASBs are in compliance with the areas of ASB operations specifically addressed in the law. For this reason, it is important that principals/school administrators, ASB advisors, and district administrators understand the provisions of the law, which are listed in their entirety in the appendices of this manual.

These laws and regulations cover three major areas related to ASB operations:

- General Guidance
- Fundraising Activities
- Food Sales in Schools

The following summary gives a brief overview of the sections of the California Education Code applicable to grades K-12:

General Guidance Provisions of Law – K12

Education Code § 48930	Grants the governing board the authority to allow groups of students to organize a student body organization. Also discusses the purpose and privileges of student body activities.
Education Code § 48933	Gives guidance on where the ASB organization may deposit or invest its funds. Requires that ASB funds be spent with the preapproval of three people: an employee or official of the school district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization.
Education Code § 48934	Allows ASB funds to be used to finance activities for noninstructional periods or to augment or enrich the district's programs for K–6 students.
Education Code § 48936	Provides guidance on uses of student funds, such as loans to other ASB organizations in the district or loans for permanent improvements to school district property.

Education Code § 48937	Requires the governing board to provide for the supervision and auditing of the ASB funds. Allows the governing board to use the school district staff for ongoing audits of ASB funds.
Education Code § 48938	Authorizes the governing board to appoint an employee to act as trustee for unorganized ASB funds in elementary and continuation schools, special education or regional occupational programs, or in adult classes.
Education Code § 35564	Applies only when a school district is reorganized, i.e., when two school districts are legally combined or boundaries are changed. The section provides guidance on how the ASB funds are split.

Fundraising Activities Provisions of Law – K-12

Education Code § 48931	Grants the governing board the authority to authorize the sale of food by student organizations.
Education Code § 48932	Grants the governing board the authority to authorize student organizations to conduct activities, including fundraising during and after school hours.
Education Code § 51520	Prohibits teachers or others from soliciting students during the school day or one hour before or after school unless the solicitation has been approved by the governing board and is for a charitable organization or an organization under the control of the district.
Education Code § 51521	Prohibits individuals from making solicitations on behalf of the school district or an ASB organization without the approval of the governing board.

The following summary gives a brief overview of the sections of the California Education Code that apply to community colleges:

General Guidance Provisions of Law – Community Colleges

Education Code § 76060	Grants the governing board the authority to allow groups of students of a community college to organize a student body organization. Also discusses the purpose and privileges of student body activities. More than one student body organization may be authorized by the governing board if it is found that the day students and the evening students each need their own student body association, or if geographic circumstances make having one association impractical or inconvenient. The community college may assume the responsibilities for the ASB activities if the student body association is dissolved. If this occurs, an employee who was employed to perform such ASB activities shall become a member of the classified service of the district in accordance with Section 88020.
Education Code § 76060.5	If a student body association is established, an election can be held to establish a student representation fee of $2 per semester. The election shall be open to all regularly enrolled students of the community college. An affirmative vote by the majority of the voting students is sufficient to establish the fee, except in special circumstances. The fee may be terminated by a majority vote of the students voting in an election held for this purpose, open to all regularly enrolled students of the community college. The student representative fee shall be collected by the college, deposited into a separate fund, and kept in custody by the chief fiscal officer of the college. The fee shall be expended to provide for the support of governmental affairs representatives who may be stating their positions and views before city, county and district governments. An administrative fee up to 7% may be retained by the college. A student may refuse to pay the student representation fee for religious, political, financial or moral reasons if the refusal is submitted in writing at the time the student pays their other fees.
Education Code § 76061	For a student to be elected an officer in student government, they must be enrolled at the college at the time of the election and throughout their term with a minimum of five semester units and must meet and maintain the minimum standards of scholarship prescribed for community college students.
Education Code § 76062	Grants the governing board the authority to authorize student organizations to conduct activities, including fundraising activities.
Education Code § 76063	Gives guidance on where the ASB organization may deposit or invest its funds. Requires that ASB funds be spent subject to procedures established by the student body organization and with the prior approval of three people: an employee or official of the community college district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization.

Education Code § 76064	Provides guidance on uses of student funds, such as loans to other ASB organizations in the community college or investing money for permanent improvements to community college district property.
Education Code § 76065	Requires the governing board to provide for the supervision and auditing of the ASB funds.
Education Code § 76067	Allows student political organizations affiliated with a political party on the State of California ballot to hold meetings on a community college campus and to distribute bulletins and circulars about the meetings provided that there is no endorsement of the organization by school authorities and no interference with the college district's regular education program.
Education Code § 72673	Applies when a student body organization is formed differently than described in the above Education Code provisions related to community college ASBs; the organization is instead called an auxiliary organization, with different rules and guidelines.

The following Penal Code sections apply to K-12 LEAs and to community colleges:

Penal Code § 319	Defines lotteries. A subsequent opinion from the California attorney general states, "The elements of an illegal lottery are consideration, prize and chance."
Penal Code § 320	States that any person who contrives, prepares, sets up, proposes or draws any lottery is guilty of a misdemeanor.
Penal Code § 320.5	Establishes that California public schools are not eligible to participate in lotteries or games of chance.
Penal Code § 326.5	Authorizes bingo games run by charitable organizations but states, "No minors shall be allowed to participate in any bingo game."

Applicable Taxes

In general, student organizations (and educational agencies) must pay sales and use tax for all items purchased and consumed by the organization. There are, however, some exceptions, such as when sales are irregular or intermittent. Further details are included throughout this manual.

ASB Organizations are Tax-Exempt

Because student organizations are legally part of the school district, they are exempt from income tax just as the district is because of its status as a governmental organization. The district is not a private 501(c)(3) nonprofit organization, but enjoys tax-exempt status by virtue of being a government entity.

Many external organizations that donate to a student organization will request a tax identification number because they assume that this number is needed to claim a tax deduction on their annual income tax return. The district's tax identification number is not needed for any donor to claim a deduction and should not be given out. Government organizations are not required to share their tax identification numbers. All requests for the tax identification number should be forwarded to the district's business office, unless the schools have been provided with a letter to send out when asked for this information.

Laws Governing K-12 Food Sales

Food sales are one of the most popular methods of fundraising, as well as one of the most regulated and complex in K-12 LEAs. The state and federal governments regulate food sales to protect the categorically-funded school nutrition programs and to help ensure good nutrition, which helps students learn. Beverages are considered food and are also subject to restrictions. Foods sold on campus but not as part of the school nutrition program are called 'competitive foods' as defined in the Code of Federal Regulations (CFR), Title 7, section 210.11. However, when the same food is sold by food services, these 'competitive foods' are referred to as non-program foods and will be discussed later in this chapter.

During the past decade, California has passed many laws that create stricter standards for competitive foods than federal regulations require. However, the federal Healthy, Hunger-Free Kids Act of 2010, which made major nutrition changes to the National School Lunch and School Breakfast programs, has also required schools throughout the nation to adhere to much stricter rules regarding the nutritional quality of competitive foods. These changes are the first federal update to competitive food sales in 30 years. These rules are referred to as "Smart Snacks in Schools" and became effective July 1, 2014. They are similar to previous California laws and will be incorporated into them. Whenever there is a discrepancy between state and federal law, the stricter law applies.

In addition, California Assembly Bill (AB) 626 was signed into law in October 2013 and made effective on January 1, 2014. This legislation updated California Education Code sections 49430–49434 related to competitive foods and beverages, and deleted others that were obsolete. This was an attempt to make the regulations more understandable to the public, but they are still tedious to read. Many of the resources on the California Department of Education website continue to be updated to reflect changed or new laws such as this.

A detailed chart summarizing the current California regulations is included at the end of this chapter; this should help clarify the rules for school organizations. The chart combines federal and state regulations and may be considered current California requirements as of December 31, 2014.

The regulations discussed here apply to food and beverages sold to students by students during the school day. Public schools participating in the National School Lunch Program, the School Breakfast Program, the Special Milk Program, the Food Distribution Program, or any USDA meal program must follow these regulations. The only other food sales to students outside of the USDA food program that may occur during the school day on school premises are sales by the district's food service or cafeteria program, referred to as non-program foods. The laws and regulations allow only limited food sales on campus during the school day, as summarized below. These limitations do not apply to vending machines accessible only to adults, such as in the teachers' lounge.

Charter and private schools used to be exempt from competitive food sale regulations under California law, even if they participated in the school meal programs. However, because of the new federal laws created by the Healthy, Hunger-Free Kids Act of 2010, all schools participating in the school meal programs must follow these new regulations.

Previous competitive food laws included restrictions on Foods of Minimal Nutritional Value (FMNV), which are items that consist primarily of sugar and/or corn syrup, such as candies and sweet beverages. The newly implemented federal nutrition requirements have eliminated the need for this category.

A district wellness policy must include guidelines regarding competitive food sale regulations. Districts have the option to implement even stricter standards than laws mandate. Clubs within the ASB organization that carry out food sales should have a copy of their district's wellness policy so that they can be aware of any requirements the district may have adopted that exceed what the law requires.

Vending Machines (all grade levels)

Exclusive carbonated beverage vending contracts are not allowed unless the governing board has adopted a policy after a public hearing to ensure that there are adequate internal controls over the funds, and that any funds raised benefit public education. Such contracts must comply with Education Code section 35182.5. Vending machine food sales are also restricted by other laws as outlined below. Student-accessible vending machines must often be kept locked from 30 minutes before to 30 minutes after school to comply with laws. Additional information related to vending machines is included in Chapter 10.

All Schools

The only foods and beverages allowed to be sold to students during the school day are summarized in the chart at the end of this chapter. In addition they must meet specific nutrition requirements as set forth in Education Code 49431 and 49431.5, which include low fat, low sugar and whole grain requirements.

All schools are limited to four food sales annually. A policy memorandum from the USDA in August 2014, Policy Memo SP 59-2014, "Implementation of Smart Snacks in Schools," discusses fundraiser exemptions. Federal laws give states the right to allow a certain number of exempt fundraisers, meaning fundraisers that do not have to meet the Smart Snacks limitations. The federal law explains that states must establish an upper limit on exempt fundraisers allowed on school campuses. If a state does not establish a limit, it is electing to prohibit any exemptions. California law does not allow any such exempt competitive food or beverage sales (including fundraisers) to students on school campuses during school hours. So even though such sales could be acceptable by federal standards, they are not allowed under California law. As stated previously, when regulations or laws conflict, the stricter law or regulation applies. The USDA memorandum may be accessed on the USDA website at http://www.fns.usda.gov/sites/default/files/cn/SP59-2014os.pdf. The website http://www.fns.usda.gov also has many other memos related to the smart snacks and other regulations.

California Assembly Bill 626 provides a new definition of "sold" in regard to competitive food sales. The previous definition was, 'the exchange of food & beverages for money, coupons or vouchers.' It now includes 'order forms and when any part of the exchange occurs on the school campus.' This new definition is somewhat confusing. It sounds as if any sales using coupons, order forms, etc. (such as payments in advance for items such as cookie dough or other non-allowable foods) are not permitted on school campuses regardless of the time of day. However the nutrition services department at the California Department of Education has interpreted this another way: the department states that 'sold' means the exchange of a food or beverage. Because there is no exchange of food or beverage at the time of a payment when ordering in advance, this is allowed on campuses as long as the food or beverage is delivered after school hours.

The items sold to students cannot be prepared on school premises or in private homes. The intent of this rule is that only commercially prepared and packaged foods are to be sold outside of the food service or cafeteria program. This ensures both food safety and verification that the foods sold meet the nutritional requirements.

The items sold to students also cannot be the same as those sold by the food service or cafeteria program that day at that school.

Elementary Schools

Elementary schools may hold up to four food or beverage sales annually, at which one item may be sold. Sodas and other sweetened drinks are not allowed at any time. The items sold cannot be the same as those sold by the food service or cafeteria program that day and cannot be prepared on campus or in private homes.

The sale can only occur after the end of the regular lunch period.

These restrictions do not apply to student fundraiser food and beverage sales conducted at least one half hour before the start or after the end of the school day, or to sales that occur off school premises.

For details of foods and beverages that may be sold, as well as additional resources, refer to the chart at the end of the chapter.

Middle Schools and High Schools

Middle schools and high schools may hold up to four food and/or beverage sales annually for any and all student groups; all groups may participate in these four sales, but the sales must occur on the same four days for all groups; each group does not get their own four days. One student group (usually the student council or other schoolwide group) may also sell up to three types of food or beverage items each school day. The items sold at these fundraiser events must meet the nutritional guidelines specified in the food and beverage summary chart at the end of this chapter. The items sold cannot be the same as those sold by the food service or cafeteria program that day and cannot be prepared on campus or in private homes.

These restrictions do not apply to student fundraiser food and beverage sales conducted at least one half hour before the start or after the end of the school day, or to sales that occur off school premises.

Previously, electrolyte replacement beverages in up to 20-ounce portions were allowed for middle school and high school students as long as they met certain ingredient requirements. However, under the Federal Smart Snack rules, sale of these beverages is prohibited at middle schools and limited to 12 ounces at high schools. Nutrient specifications and additional resources are provided in the chart at the end of this chapter.

Laws and Regulations

The following codes and regulations relate to food and beverage sales for ASBs, other student and adult organizations, and food service/cafeteria programs.

Education Code § 35182.5	Limits the ability to sell non-nutritious foods and beverages, including soda, through exclusive or non-exclusive vending contracts. Districts must still abide by types of foods allowed to be sold and time frames for sales of non-compliant foods.
Education Code § 49431 and 49431.2	Authorizes the governing board to allow the ASB organization to sell food on school premises. This section also permits the governing board to allow other organizations, such as the PTA, to sell food on school premises.
Education Code § 49431.5	Limits sales of beverages in elementary and middle/junior high schools.
Education Code § 49432	Explains that all public schools may post a summary of nutrition and physical activity laws and regulations, and shall post the school district's nutrition and physical activity policies, in public view in all school cafeterias or other central eating areas. The State Department of Education shall develop the summary of state law and regulations.
CA Code of Regulations, Title 5, § 15500	Limits food sales in elementary schools to one item per sale and four sales per year, with additional subsidiary restrictions on the time and nature of the food being sold.
CA Code of Regulations, Title 5, § 15501	Allows ASB organizations in junior high and high schools to sell food during or after school under the conditions outlined in this regulation.

The California Department of Education maintains a comprehensive website with information related to food and beverage sales and has a variety of manuals, guidance and other resources to help educational

agencies understand the many guidelines that must be followed. The website is http://www.cde.ca.gov/ls/nu/sn/mgmb.asp.

The CDE's web page titled "Healthy Eating & Nutrition Education" (http://www.cde.ca.gov/ls/nu/he/) has a link to the department's "Competitive Foods and Beverages" page (http://www.cde.ca.gov/ls/nu/he/compfoods.asp), which links to a wide variety of topics related to competitive food and beverage requirements.

Parent Groups

Parent groups (e.g., booster clubs, foundations, auxiliary organizations and other parent-teacher organizations) must ensure that they follow the same food and beverage restrictions as student groups (see guidelines in this chapter) when selling to students on campus during the school day. In addition, each district's unique wellness policy may contain rules and regulations that non-student groups must follow. The number of sales that these parent groups may hold each year during the school day is also usually determined by local policy and is normally limited to four per year.

With all the state and federal regulations surrounding food and beverage sales on school campuses, it may be easier for groups to sell non-food items at fundraisers, and this is highly recommended by the California Department of Education; however, as long as all regulations, including district board policy, are followed, schools may conduct food or beverage sales.

Elementary Schools

Competitive Food Sale Guidelines

Food Restrictions	Beverage Restrictions
References: Education Code 49430, 49431, 49431.7 California Code of Regulations 15575, 15577, 15578 Code of Federal Regulations sections 210.11, 220.12	References: Education Code Section 49431.5 California Code of Regulations Section 15576 Code of Federal Regulations sections 210.10, 210.11, 220.8, 220.12
An **elementary school** contains no grade higher than grade 6. **Effective** from midnight to one-half hour after school. **Applies to** ALL foods sold to students by any entity. **Sold** means the exchange of food for money, coupons, vouchers, or order forms, when any part of the exchange occurs on a school campus. **Compliant foods are:** 1. A full meal that meets the USDA school meal pattern. 2. Those that meet the following: a. ≤ 35% calories from fat (except nuts, nut butters, seeds, reduced-fat cheese, dried fruit+nut/seed combo with no added fat/sugar, fruit, non-fried veggies), **and** b. ≤ 10% calories from saturated fat (except reduced-fat cheese, dried fruit+nut/seed combo with no added fat/sugar), **and** c. ≤ 35% sugar by weight (except fruit*, non-fried veggies, dried fruit+nut/seed combo with no added fat/sugar), **and** d. < 0.5 grams trans fat per serving (no exceptions), **and** e. ≤ 230 milligrams sodium (no exceptions), **and** f. ≤ 175 calories per item/container (no exceptions) **AND** 3. **MUST** meet **ONE** of the following: a. Fruit b. Non-fried vegetable c. Dairy food d. Nuts, Seeds, Legumes, Eggs, Cheese (allowable protein foods) e. Whole grain item** If exempt food(s) combine with nonexempt food(s) or added fat/sugar they must meet ALL nutrient standards above.	An **elementary school** contains no grade higher than grade 6. **Effective** from midnight to one-half hour after school. **Applies to** ALL beverages sold to students by any entity. **Sold** means the exchange of beverages for money, coupons, vouchers, or order forms, when any part of the exchange occurs on a school campus. A compliant beverage must be marketed or labeled as a fruit and/or vegetable juice, milk, non-dairy milk, or water AND meet all criteria under that specific category. **Compliant beverages are:** 1. Fruit or Vegetable juice: a. ≥ 50% juice **and** b. No added sweeteners c. ≤ 8 fl. oz. serving size 2. Milk: a. Cow's or goat's milk, **and** b. 1% (unflavored),nonfat (flavored or unflavored), **and** c. Contains vitamins A & D, **and** d. ≥ 25% of the calcium Daily Value per 8 fl. oz., **and** e. ≤ 28 grams of total sugar per 8 fl. oz. f. ≤ 8 fl. oz. serving size 3. Non-dairy milk: a. Nutritionally equivalent to milk (see 7 *CFR* 210.10(d)(3), 220.8(i)(3)), must contain per 8 fl. oz.: • ≥ 276 mg calcium • ≥ 8 g protein • ≥ 500 IU Vit A • ≥ 100 IU Vit D • ≥ 24 mg magnesium

Food Restrictions (cont.)

*Dried blueberries cranberries, cherries, tropical fruit, chopped dates or figs that contain added sugar are exempt from fat and sugar standards.

**A whole grain item contains:

a. The statement "Diets rich in whole grain foods… and low in total fat… may help reduce the risk of heart disease…," **or**

b. The first listed ingredient is whole grain, **or**

c. A combination of whole grain ingredients is at least 51% of the total grain weight (manufacturer must verify), **or**

d. The weight of the whole grain must be at least 51% of the total grain weight of the product.

Noncompliant foods may be sold from one-half hour after the school day through midnight.

Check your district's wellness policy for stricter rules

Beverage Restrictions (cont.)

- ≥ 222 mg phosphorus
- ≥ 349 mg potassium
- ≥ 0.44 mg riboflavin
- ≥ 1.1 mcg Vit B12, **and**

a. ≤ 28 grams of total sugar per 8 fl. oz, **and**

b. ≤ 5 grams fat per 8 fl. oz.

c. ≤ 8 fl. oz. serving size

4. Water:

a. No added sweeteners

b. No serving size

Noncompliant beverages may be sold from one-half hour after school through midnight.

Check your district's wellness policy for stricter rules

Elementary School Student Organization Sales

Reference: California Code of Regulations Section 15500

Effective from midnight to one-half hour after school.

Applies to food and beverage sales by student organizations.

Student organization sales must meet **all** of the following:

1. Only **one food or beverage item** per sale.
2. The food or beverage item must be **preapproved** by the **governing board** of the school district.
3. The sale must occur **after the lunch period** has ended.
4. The food or beverage item **cannot be prepared on campus.**
5. Each school is allowed four **sales per** year.
6. The food or beverage item cannot be the same item **sold in the food service program** at that school during the same school day.

Middle and High Schools

Competitive Food Sale Guidelines

Food Restrictions	Beverage Restrictions
References: Education Code: 49430, 49431.2, 49431.7 California Code of Regulations: 15575, 15577, 15578 Code of Federal Regulations sections 210.11, 220.12	References: Education Code: 49431.5 California Code of Regulations: 15576 Code of Federal Regulations sections 210.10, 210.11, 220.8, 220.12
A **middle/junior high** contains grades 7- 8, 7-9, & 7-10. A **high school** contains any of grades 10 to 12. **Effective** from midnight to one-half hour after school. **Applies to** ALL foods sold to students by any entity. **Sold** means the exchange of food for money, coupons, vouchers, or order forms, when any part of the exchange occurs on a school campus. **Compliant foods must meet the following criteria:** 1. ***Snack*** *food items must be:* a. ≤ 35% calories from fat (except nuts, nut butters, seeds, reduced-fat cheese, dried fruit+nut/seed combo), **and** b. ≤ 10% calories from saturated fat (except reduced-fat cheese, dried fruit+nut/seed combo), **and** c. ≤ 35% sugar by weight (except fruit*, non-fried veggies, dried fruit+nut/seed combo), **and** d. < 0.5 grams trans fat per serving (no exceptions), **and** e. ≤ 230 milligrams sodium (no exceptions), **and** f. ≤ 200 calories per item/container (no exceptions) **AND** must meet one of the following g. Be a fruit, vegetable, dairy, protein, or whole grain item** (or have one of these as the first ingredient), **or** h. Contain ≥ 10% DV for calcium or potassium or Vitamin D or dietary fiber (criteria applicable through 6/30/16), **or** i. Be a combination food containing at least ¼ cup fruit or vegetable. j. Be a combination food containing at least ¼ cup fruit or vegetable	A **middle/junior high** contains grades 7-8, 7-9, & 7-10. A **high school** contains any of grades 10 to 12. **Effective** from midnight to one-half hour after school. **Applies to** ALL beverages sold to students by any entity. **Sold** means the exchange of beverages for money, coupons, vouchers, or order forms, when any part of the exchange occurs on a school campus **Compliant beverages are:** 1. Fruit or Vegetable juice: a. ≥ 50% juice, and b. No added sweeteners c. ≤ 12 fl. oz. serving size 2. Milk: a. Cow's or goat's milk, and b. 1% (unflavored), nonfat (flavored, unflavored), and c. Contains Vitamins A & D, and d. ≥ 25% of the calcium Daily Value per 8 fl. oz, and e. ≤ 28 grams of total sugar per 8 fl. oz. f. ≤ 12 fl. oz. serving size 3. Non-dairy milk: a. Nutritionally equivalent to milk (see 7 CFR 210.10(d)(3), 220.8(i)(3)), and b. ≤ 28 grams of total sugar per 8 fl. oz, and c. ≤ 5 grams fat per 8 fl. oz. d. ≤ 12 fl. oz. serving size 4. Water: a. No added sweeteners b. No serving size limit

FOOD RESTRICTIONS (cont.)

If exempt food(s) combine with nonexempt foods or added fat/sugar, they must meet ALL nutrient standards above.

*Dried blueberries cranberries, cherries, tropical fruit, chopped dates or figs that contain added sugar are exempt from fat and sugar standards. Canned fruit is allowed in 100% juice only.

** A whole grain item contains:

a. The statement "Diets rich in whole grain foods… and low in total fat… may help reduce the risk of heart disease…," or
b. A whole grain as the first ingredient, or
c. A combination of whole grain ingredients comprising at least 51% of the total grain weight (manufacturer must verify), or
d. At least 51% whole grain by weight.

Noncompliant foods may be sold from one-half hour after school until midnight

Check your district's wellness policy for stricter rules.

BEVERAGE RESTRICTIONS (cont.)

5. No-calorie Electrolyte Replacement Beverages (not allowed in middle schools)
   a. Water as first ingredient
   b. ≤ 16.8 grams added sweetener/8 fl. oz.
   c. ≤ 5 calories/8 fl. oz. (or ≤ 10 cal/20 fl. oz.)
   d. 10-150 mg Na+/8 fl. oz.
   e. 10-90 mg K+/8 fl. oz.
   f. No added caffeine
   g. ≤ 20 fl. oz. serving size
6. Low-calorie Electrolyte Replacement Beverages (not allowed in middle schools)
   a. Water as first ingredient
   b. ≤ 16.8 grams added sweetener/8 fl. oz.
   c. ≤ 40 calories/8 fl. oz.
   d. 10-150 mg Na+/8 fl. oz.
   e. 10-90 mg K+/8 fl. oz.
   f. No added caffeine
   g. ≤ 12 fl. oz. serving size

Noncompliant beverages may be sold from one-half hour after school through midnight.

Check your district's wellness policy for stricter rules.

Middle and High School Student Organization Food Sales

Effective from midnight to one-half hour after school.

Reference: California Code of Regulations Section 15501

Applies ONLY to food and beverage sales by student organizations.

1. Up to **three categories** of foods or beverages *may* be sold each day (e.g., chips, sandwiches, juices, etc.).
2. Food or beverage item(s) must be **preapproved** by governing board of school district.
3. Only **one student organization** is allowed to sell each day.
4. Food(s) or beverage(s) **cannot** be **prepared on the campus**.
5. The food or beverage categories sold **cannot** be the same as the categories **sold in the food service program** at that school during the same school day.
6. In addition to one student organization sale each day, any and **all student organizations** may sell on the **same four designated days** per year. Dates to be determined by school administration.

Click here to download this and other forms and documents.

Chapter 4

Chapter 4 – Forming an ASB

ASB Types: Organized vs. Unorganized

ASB organizations are classified as either organized or unorganized. In general, unorganized ASBs are those in which the students do not govern the ASB organization, whereas organized ASBs are those in which the students organize their activities around student clubs and a student council and have more authority to make decisions. The requirements for unorganized ASBs are usually not as complex or specific as for organized ASBs. Except where noted, guidance in this manual applies to both types of organizations.

Community colleges are able to form student organizations just as K-12 educational agencies are. The goal is the same: to raise money for extracurricular activities beyond what the educational agency can provide. However, the students are older, attend classes at many different times and days, and can be full- or part-time. They are not classified as either organized or unorganized in the California Education Code or other references on the subject. Because of the age of the students, as well as the large amount of funds raised, in FCMAT's opinion community college ASBs should operate as if they are organized ASBs and should follow all processes and procedures in this manual that are applicable to organized ASBs.

Although it is allowable for an unorganized ASB to operate as if it is an organized ASB, it is not appropriate for an organized ASB to operate as if it is unorganized. If it is decided to run the unorganized ASB as organized, it is up to the district whether that means that all rules pertaining to organized ASBs will apply, or only some (for example, the principal/school administrator could still make all decisions without students voting, but there could be a student council). If there is a student council that votes on decisions at meetings, minutes should be taken to document those decisions.

Elementary/Unorganized ASB Schools

In elementary schools the ASB organization is called unorganized because, as a rule, the students do not govern the ASB organization. Usually there is only the primary student body organization and no additional clubs with a more focused agenda. Adult education, continuation, special education, regional occupational programs (ROPs) and K-8 schools are also considered to have unorganized ASBs.

Although students in unorganized ASBs raise funds, they usually have more limited involvement in making decisions about the fundraising events and how the funds are to be spent. The governing board delegates the authority to oversee the raising and spending of funds to the principal/school administrator or another school employee, who is able to make all of the decisions related to the ASB operations and funds. Although authority is delegated to the principal/school administrator, the rules and guideline regarding fundraising and allowable expenditures remain the same as those for organized ASBs.

Secondary/Organized ASB Schools

Student organizations in middle, junior and high schools are called organized because the students organize their activities around student clubs and a student council. Community college students also organize their activities around student clubs and a student council. At both community colleges and secondary schools, there is oversight by district administrators and advisors.

Organized ASBs normally have individual clubs under the primary student body organization, each with its own focus and organizational requirements. Students in organized ASBs are primarily responsible for their organizations; the student council and student club leaders hold formal meetings, develop budgets, plan fundraisers, decide how the funds will be spent, and approve payments. The students make the decisions and have primary authority over the funds; the school administrators, ASB bookkeeper and club advisor(s) assist, advise and co-approve student decisions.

It's All About Students

Student body organizations exist for students. It's all about students:

- Fundraising
- Participating
- Doing
- Learning
- Experiencing
- Making decisions (if an organized ASB)

Staff associated with student body organizations are important to their success, but the organization exists because of students, and students must be involved every step of the way.

In organized ASBs, and unorganized ASBs with a student council, the student council is composed of the student leaders who are selected by their fellow students and who are responsible for the decisions they make and are advised on. The role of the ASB advisor and school principal/school administrator is not to make the student council's decisions but to guide and advise the student council and the individual student clubs so they follow laws, regulations and district board policy.

The principal/school administrator and advisor should understand that the will of the students should come first unless there is a specific conflict with laws or regulations, district policy, student safety, school culture, or other specific reason to deny an event, expenditure or other student council or club decision. Denial of a student council or club decision should not occur simply because the principal/school administrator or ASB advisor dislikes or disagrees with the decision; a valid reason is required.

To promote good governance, the principal/school administrator should require students who wish to form a new club at the school to submit a formal application that has the endorsement of the certificated employee (a teacher or other faculty member employed by the district) who agrees to serve as the club advisor for the entire school year. The Education Code requires that advisors be certificated employees of the local educational agency (LEA). Additional information that should be gathered includes the title, powers and duties of the officers, the manner of their election, the scope of proposed activities, and the name of the organization. The Application for Student Club form at the end of this chapter can be used for this purpose.

All clubs, even those formed for students to do activities together (e.g., chess or checkers) rather than fundraising, should be approved by the principal/school administrator, even though there are no fundraisers or other financial activity planned. This is so that there are no student club meetings on campus that the principal/school administrator has not approved or allowed, which is more of a liability issue than a financial one. The same Application for Student Club form can be used.

Some LEAs require an application for all ASB organizations annually so that there is a clear record of the current officers, members and advisor and to ensure that the most current constitution, bylaws and budget are on file. Keeping this information current is a sound practice that could be accomplished simply by using the sample Club Information Sheet form, or Application for Student Club form, provided at the end of this chapter.

The student council and each club should prepare and adopt an official constitution that is written in general terms and can be clearly understood. The constitution is a written document that defines how a council or club is organized and sets forth the fundamental laws and principles under which it will operate. It should include an organization's name and purpose, and explain who members can be, how officers are elected, how often meetings will be held, what types of committees will exist, and other related information. The constitution presents the framework within which the organization will operate and should clearly state all

of the policies and rules for student governance of the student organization or club. It will define the general purposes and outline the council or club's organization and administration.

Bylaws are rules adopted by a group for its own meeting or affairs and will usually change more often than a constitution does. Bylaws usually identify operational parameters, parliamentary authority for meetings, election speech and campaign specifications, balloting procedures, specifics on time and location of meetings, and other related items. The bylaws are often part of the constitution rather than a separate document.

At a minimum, the constitution should include the following:

- The name of the organization.
- The purpose or mission of the organization.
- The powers of the organization, and when the principal/school administrator has the right to veto.
- The type of activities that the organization will conduct.
- The membership requirements for the organization, including qualifications and eligibility requirements. Restrictions should be clearly spelled out.
- The definition of quorum.
- How the constitution is adopted and amended.
- Information on the officers and meetings.
- Information on elections including the time, methods and procedures for nomination, campaigns, and election of members.
- The titles and terms of office of the officers.
- Description and duties of officer positions.
- How officers are elected and installed, as well as qualification and eligibility requirements.
- Whether or not the club/organization will be represented on the student council.
- How representatives other than officers will be selected.
- The qualifications for eligibility on the student council.
- The term limits on the student council, procedures for removal of officers, and procedures for filling vacated offices.
- How the club advisors will be appointed.
- The time, frequency, and place for regular and special meetings.
- Whether parliamentary procedure will be followed, as well as who may veto the organization's proposals or actions.
- How and when the budget is prepared.
- How expenses are approved.
- The budget approval process and information about how the budget will be monitored and updated.
- What types of financial statements and reports will be generated and distributed.
- How committees will be appointed, a description of any standing committees, and provisions for the formation of special committees if needed.
- How clubs within the student body organization will be formed, including their purpose, method of organization and discontinuance; financial activities; and requirements for constitution and/or bylaws.

Sample constitutions and bylaws for high schools, middle schools, community colleges and clubs are included in the appendices of this manual.

Once the constitution and bylaws have been approved, they apply to that club, should be adhered to, and should be changed only as needed. All constitutions should include a procedure for how the articles and bylaws can be amended. After a change has been proposed and a draft prepared, the student body should review and discuss the issues before a final vote is taken. Proposed amendments or revisions usually require a two-thirds vote of the student body or club, but the constitution should list the specific requirement.

Student Organization and Club Trust Accounts

To become a recognized part of the student body organization, a club, like the student council, must be composed entirely of currently enrolled students. These clubs, also known as trust accounts for financial purposes, must have the approval of the student council and the principal/school administrator, at the district governing board's direction. All clubs should follow regulations in the ASB constitution related to the formation of school clubs. Any group of students may apply for permission to form a club by submitting an application (as discussed above), a proposed constitution, a budget, and any other required documents. The student council's ASB constitution and bylaws should specify what needs to occur.

There are generally three types of ASB trust accounts in schools:

- Class groups, such as the Freshman Class, or the Class of 2017
- Scholarships and memorials
- Clubs

Club Requirements

All clubs (also known as trust accounts), with the exception of scholarship accounts, must be composed of students located at that school, formed as outlined in the student council ASB constitution and district governing board's requirements. Students must play a major role in the club, and each club or class group must have the following:

- A purpose
- Regular formal meetings that include approved meeting minutes*
- An approved constitution that outlines policies, rules, and operational parameters*
- An ASB club advisor*
- Elected student officers*
- An approved budget*
- All expenditures approved in advance by authorized individuals (which individual(s) are authorized depends on whether the organization is organized or unorganized)

Education Code mandates that the club advisor be a certificated employee of the school district in which the ASB resides. All clubs operate under the same regulations and have the same requirements as the student council organization, and clubs (in an organized ASB) will report to the student council.

If a group does not meet the club requirements listed above, it is not a club and should not be accounted for or included in the ASB account. Non-ASB accounts or funds, including but not limited to pass-through or clearing accounts, may be accounted for at the school level using district accounting system resource 9000 or other district-approved chart of accounts coding set aside for local designations. Non-ASB activities should not be accounted for in the ASB financial records.

*optional for unorganized ASBs.

Sports and Athletic Clubs

For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements. Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements, or multiple sports can be organized as one athletics club, with each sport having representation in the club. The athletics club must be led by enrolled students. Each sport in the athletics club should elect at least one delegate or commissioner to be a member of the club's student leadership, thus ensuring that each sport receives representation. Each sport represented in the athletics club may then be accounted for in the ASB accounting record as a sub-account of the athletics club.

If the athletic director of the school is a certificated employee of the district, the athletic director may serve as club advisor.

Inactive Clubs

All ASB trust accounts are part of the general ASB, so if a club becomes inactive or all students in the club graduate, the remaining funds would revert to the general student council unless the club's constitution or a decision made by students before the club became inactive provides specific instructions to do otherwise. It is best if the district's ASB board policy or the ASB constitution and bylaws state what is to be done with the funds of a club that has become inactive (for example, they should be transferred to the general student council to make a decision), as well define what constitutes an inactive club (e.g., any club that has no financial activity for more than 18 months). If the board policy and constitution are silent about inactive clubs, it is appropriate for the general student council to decide on the use of the funds after a reasonable amount of time has passed (e.g., 18 months). If possible, the funds should be used for the same type of purpose for which they were originally raised. If that proves too difficult because the club is now inactive, FCMAT recommends that the funds be used in a way that will benefit the most students at the school.

Minutes of Meetings

Because there is a formal process of student governance for organized student bodies, the student council and each club must prepare and maintain a record of each meeting. These records are called minutes, and they serve as the record of each meeting and the actions taken, and demonstrate that the student council or club has followed ASB policies and procedures as well as current law. Minutes should be kept in a permanent record book or notebook for future reference. A standard format for meeting minutes is provided at the end of this chapter.

Minutes should include details of proceedings, including financial matters pertaining to the budget, approval of fundraising ventures, and expenditure authorizations. Minutes are not a verbatim transcript of every word spoken; rather, they are a concise documentation of the essential matters discussed at each meeting so there is a record of what occurred. The minutes should be clearly written so they can be read and understood in the future. Abbreviations should be avoided because future readers may not understand them.

Good Business Practices for Meeting Minutes

Although the form of minutes may vary from organization to organization, they should document at least the following information:

- Name of the club or organization holding the meeting.
- Date, time, and place of the meeting.
- Kind of meeting (regular, special, etc.)
- Names of those in attendance.
- Name of the presiding officer.
- Minutes from the previous meeting read, amended and/or approved.

- What was discussed or reported on during the meeting.
- Report on activities of standing committee(s) or special committee(s).
- What action was taken during the meeting, e.g., the budget was amended or the expenses were approved.
- The results of any votes taken, including who made a motion, who seconded the motion and anyone in opposition, if applicable.
- Reporting on any communication to the ASB.
- Listing of any unfinished business.
- Date and time of next meeting.
- What time the meeting adjourned.
- Who prepared the minutes.

Any information provided to those attending the meeting, such as purchase order lists, check registers, bylaws, project outlines and letters, should be attached to the original minutes and kept on file. The club secretary, or whoever took the minutes, should also sign the minutes when they are completed.

At the next regularly scheduled student council or club meeting, the students should review and approve the minutes of the previous meeting. The secretary should maintain a binder of all of the approved minutes for the school year. A sample ASB meeting minutes record is included at the end of this chapter. The sample can be modified for either general student council use or for a club meeting record. Also included at the end of this chapter is a document titled "Let's Get the Meeting Moving," which some districts use to help clubs understand how to run a meeting and what should be discussed.

New Schools

There is no law or other code reference regarding how to establish student body funds when a new school opens. Because there is no official guidance, it is a district decision and is handled differently across the state. FCMAT provides the following examples of how to establish student body funds at a new school if district policy is silent on the subject:

- A district might allocate startup funds for the new student body out of the district's unrestricted general fund; the new ASB may get to keep these, or may be required to pay them back once it is able to do so.
- Other student body organizations might give temporary loans to another ASB in the same district, per Education Code section 48936; these must be repaid within three years. This allows a new ASB to establish itself and repay the funds within a reasonable time.
- If some of the new school's students come from one of the district's other schools, a district may decide to transfer some student body funds with the transferring students on a per-pupil basis. If this is done, FCMAT suggests using the allocation model discussed in Education Code section 35564 as it is fair and equitable. Although this code section pertains to the allocation of organized ASB funds when a school district is reorganized, the allocation method it provides can still be used.
- Existing schools in the district could conduct a fundraiser together and then divide the funds among all district schools, including the new school.
- The new school could conduct an ASB fundraiser to generate its own startup funds, though it would need to be given a temporary allotment of cash to purchase the supplies for the fundraiser.

Because the formation of an organized ASB and election of officers at a new school should involve all of the students who will be attending the new school, the timing of the ASB formation depends on where those

students are transferring from. If they are all on one campus, an ASB can be formed before the move to the new campus. However, if students are coming from multiple schools it is more complicated. Whatever the method and timing of the ASB formation, all students should participate, and adults should not determine who will be the ASB officers.

In addition to funds, a functioning ASB requires a certificated employee of the district to act as ASB advisor, an employee or official of the school district whom the governing board has designated (Education Code section 48933), and student representatives. When all of these things are in place, the formation of the ASB can begin.

As indicated above, there are many different possible methods for funding a new school's ASB, but none of them are mandated. Thus it is best that a discussion occur at the district level because the method chosen could set a precedent if additional schools open in the future. If new schools have been opened in the past, it is important to verify what occurred in those cases for the new ASB because that might set the precedent to be followed.

Application for Student Club (for new clubs)

Name of School_____

Associated Students

Application for Student Club

(PLEASE PRINT)

Fiscal Year: _____

I. We the students of the_____ (name of the school), request permission to form a student club. A list of the students sponsoring this application is attached to this application.

II. This club will be called _____
and will have as its purpose: _____
_____
_____
_____

III. Mr./Ms._____ (name of certificated faculty member) will serve as the advisor for this club for the _____ school year.

IV. We have attached:
A copy of the proposed constitution for this club.
A copy of the proposed budget for this club for the current school year.
Title, powers and duties of the officers and the manner of their election.
Scope of proposed activities.
List of students who are interested in starting this club and interested in becoming members.

V. Submitted by:
Student Club Representative:_____
Signature, Title and Date

Club Advisor:_____
Signature, Title and Date

Approved by:

Principal/School Administrator: _____

Signature, Title and Date

ASB Student Council President: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on (date):_____

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Club Information Sheet (for clubs approved in the past)

Name of School _____

Associated Students

Club Information Sheet

(PLEASE PRINT)

Fiscal Year: _____

Name of Club: _____

Name of Club Advisor: _____

Names, elected position, and contact phone number of all ASB Club Officers:

_____

_____

_____

_____

Day and Time of Club Meetings: _____

Place of Club Meetings: _____

Please Attach:

A copy of the approved club constitution.

A copy of the approved club budget for the current school year.

Submitted by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Principal/School Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on:_____
Date

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Student Council or Club Meeting Minutes

Name of School_____

Name of Club_____

Associated Student Body Minutes

Meeting Date: _____ Meeting Time: _____ Location: _____

Kind of Meeting (circle one): Regular Special Other

The meeting was called to order by: _____

The minutes of the meeting dated _____ were read and approved (corrected and approved) on _____

Presiding Officer:_____

Roll Call by: _____

# of Members Present: _____ # of Members Absent: _____

Meeting Attendees (attach separate list):

_____

The following purchase orders were approved (list below or attach separate list):

Purchase Order Number	Vendor Name	Amount	Club	Purpose of Expenditure

Motion by:_____ Second by: _____

Vote Count:_____Number For: _____Number Opposed: _____

The following invoices were submitted for payment (list below or attach separate listing):

Check Number	Payable To	Amount	Club	Purpose of Expenditure

Motion by: _____Second by: _____

Vote Count: _____ Number For: _____ Number Opposed: _____

Other motions:

Motion by: _____ Second by: _____

Vote Count: _____ Number For: _____ Number Opposed: _____

Communication and Reports:

Old Business: _____

New Business: _____

Unfinished Business: _____

Announcements: _____

Submitted by: _____

ASB Secretary: _____
(Signature and Date)

ASB Club Advisor: _____
(Signature and Date)

Forwarded to ASB Student Council Minutes on: _____
Date

Signed official copy placed in binder for official record on: _____
Date

Click here to download this and other forms and documents.

Instructions for Structuring Meetings

LET'S GET THE MEETING MOVING!

1. **Call to Order**

   The meeting is called to order by the president, who rises and says, "The meeting will please come to order."

2. **Roll Call**

   To determine if a quorum is present.

3. **Minutes**

   The minutes of the last meeting are read, and approved if correct.
   Example: The president says, "The secretary will read the minutes of the last meeting." After the reading, the president asks, "Are there any corrections or additions to these minutes?" "If not, they stand approved as read."
   If there are corrections, the president informally directs corrections be made.
   "The minutes are approved as corrected."
   The secretary signs the minutes, "Respectfully submitted." They may be initialed by the president.

4. **Reports of Officers**

   The president makes announcements by reading the president's report.
   The secretary informs the group of any letters the group has received. Each communication should be handled by a main motion before another is read.
   The treasurer reports on receipts and expenses paid. These are "received and placed on file." No vote is taken on reports "placed on file."

5. **Reports of Committees**

   The reports of committees are called for by the president.
   Standing committees
   Special committees (temporary)
   Procedure: In each case, the president calls upon the chairperson of the committee to make the report.
   The report is read.
   After this has been done, the president says, "This report will be placed on file. Any action required in this report will be taken care of under the proper order of business."

6. **Unfinished Business**

   This is any business postponed from a previous meeting. Discussion follows the motion and then a vote is taken.

7. **New Business**

   This includes any ideas not presented previously. It is moved and discussed by the members.
   Example: President states, "We are now ready for the new business of the meeting, which includes the decision about the admission fee for the party. Will someone make a motion so that we may discuss the question?"

   Member says: "I move that the admission fee for the party be fifty cents."

Second member: "I second the motion."

President: "It has been moved and seconded that the admission fee for the party be fifty cents. Is there any discussion?" Discussion follows. One member calls "Question," which means that the president must ask, "Are you ready for the question?" (Ready to vote). Or the president acts on personal initiative and, if there are no objections, brings the matter to a vote.

8. **Announcements**

   Announcements are shared about committee meetings or other items of interest.

9. **The Program of the Meeting**

   Example: Guest speaker, movie, slide presentation, etc.

10. **Recap**

    Reminder of next steps/tasks assigned

11. **Adjournment**

    This happens after a motion to adjourn is made and carried, (or if business is finished). The presiding officer declares the meeting adjourned.

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Chapter 5

Chapter 5 – General Business Practices and Internal Controls

ASB organizations offer students the opportunity to learn about business principles and practices, as well as to raise funds to enhance their educational experience. Students can gain valuable experience learning banking policies and procedures, preparing budgets, understanding what bookkeeping entails, disbursing money, and auditing accounts. Student organizations are no different from other organizations in that they must follow sound business practices to ensure confidence in their governance and financial management and to ensure success. Just as a business is responsible to its owners and a school district is responsible to the public, student organizations are responsible to all students and must ensure that the funds generated are used effectively and accounted for in accordance with student council governing body and district policies and procedures. Sound business practices help ensure compliance, effectiveness and accountability.

The Business Operating Cycle

Businesses operate on a cycle that begins when the organization is formed. The business operating cycle consists of various phases that normally recur each year, such as posting transactions, closing the books and preparing financial reports. ASB organizations operate on a yearly cycle, just as businesses do, but as is the case with local educational agencies, the year runs from July 1 to June 30 rather than from January 1 to December 31.

Successful businesses pay close attention to the various stages of their operating cycle and ensure that good procedures are used at each stage. To ensure that the ASB organization is efficient and effective, all individuals involved in ASB must understand the ASB operating cycle and how to establish effective policies and procedures for each stage.

Establishing the Bank Account

At a minimum, each school that has an ASB organization will need a checking account at a local bank. In middle, junior high and high schools, as well as community colleges, a savings account or money market fund may also be established because of the large amounts of money raised. Education Code sections 48933 (K-12) and 76063 (community college) provide guidance concerning where the ASB organization may legally deposit or invest its funds.

Good Business Practices for Bank Account Management

Because the ASB organization is opening the bank accounts using the district's federal employer identification number, district guidelines must be followed. Best practice is for only the district's business office to open or close bank accounts. At a minimum, the district's business office should be notified when an ASB opens or closes an account. Most local educational agencies (LEAs) have a specific procedure for opening bank accounts, so those responsible for ASB operations need to be familiar with their district's policy. The district's business office should maintain an up-to-date list of all of the district's bank accounts, including ASB accounts.

ASB bank accounts should be held in the name of the ASB organization, not in the name of any individual. These bank accounts are for the exclusive use of the ASB organization, and the principal/school administrator should establish procedures to ensure that only ASB funds are deposited into these accounts. There must be at least two signatories on each account, and these signatories should not include students. Bookkeepers should also not be signatories on the accounts because they are involved with so many other steps in the process that this would prevent a proper segregation of duties for internal controls. Most districts will have at least one backup signatory, often someone in the district office, because schools usually close during summer and holidays but checks will still need to be issued during those times.

Clubs should not be permitted to open their own bank accounts; rather, they are all part of the original ASB bank account first set up when the student council account was opened.

Whenever possible, the funds should be placed in interest-bearing accounts.

As funds on hand in the ASB bank account approach the maximum amount insured by the Federal Deposit Insurance Corporation (FDIC), the ASB should consider reducing its risk of loss by opening additional bank accounts in other banking institutions. As of 2008, the maximum amount insured by the FDIC at any one banking institution was $250,000; however, this level may change and ASB advisors should consult with their bank to ensure that the ASB funds are within the insurance limits.

Internal Controls

Definition and Importance

Internal controls are the foundation of sound financial management. They include the policies and procedures that help provide reasonable assurance that the district, including ASB, achieves its objectives and goals by doing the following:

- Ensuring that operations are effective and efficient.
- Safeguarding and preserving the organization's assets.
- Promoting successful fundraising ventures.
- Protecting against improper fund disbursements.
- Ensuring that unauthorized obligations cannot be incurred.
- Providing reliable financial information.
- Reducing the risk of and promoting the detection of fraud and abuse.
- Protecting employees and volunteers.
- Ensuring compliance with applicable laws and regulations.
- Ensuring the accurate documentation of all transactions.

As shown throughout this manual, it is critical to establish effective policies and procedures—internal controls—for ASB organizations. Internal controls not only protect assets such as money and equipment, they also protect people. For example, establishing good internal controls for fundraising events significantly reduces the risk that anyone participating in the event will be accused of any impropriety. Disagreements between principals or other school administrators, advisors, faculty, parents, students and/or community members sometimes result in false accusations. These accusations can be difficult or even impossible to disprove if the organization does not have sound internal controls. Once a person is accused of wrongdoing it is difficult to clear one's reputation, even if the accusation is false.

Internal controls include segregating duties according to employees' functions so that one person is not handling a transaction from beginning to end. This is a critical part of a system of checks and balances. Functions that need to be segregated include the following:

- Those who initiate, authorize or approve transactions.
- Those who execute the transactions.
- Those who record the transaction.
- Those who reconcile the transaction.
- Those responsible for the item resulting from the transaction.

To ensure proper internal controls, the duties of custody, recording, and reconciliation should be kept separate. For example, if the ASB bookkeeper collects cash, records activity in the financial system, prepares the deposit slip and reconciles the bank account, with no one else involved in verifying these transactions, there is a definite lack of internal control because there is no separation of duties, especially if no one other than the ASB bookkeeper is also reviewing the bank statement and comparing it to the original cash receipt documentation. This lack of segregation of duties exposes the ASB to higher risk of cash skimming, delayed deposits, or other errors or irregularities.

Internal controls are also affected by the practices and attitudes of management. One should be able to answer the following questions in the affirmative:

- Does the principal/school administrator set a good example by following established policies?
- Does the ASB advisor ensure that students follow the established policies and help students understand the reasons behind the policies and procedures?
- Does the district business office provide continual assistance and staff development training for all staff members involved in ASB management?
- Does the principal/school administrator or advisor take action when an infraction occurs?

The basic components of internal controls include the following:

- Segregation of duties
- System of checks and balances
- Staff cross training
- Use of prenumbered documents
- Asset security and restricted access
- Timely reconciliations
- Inventory records
- Management review and approval
- Comprehensive annual budget
- Same expectation that all staff, including administrators, will follow all internal controls

To help ensure adequate internal controls, an LEA needs to establish, implement and maintain efficient and understandable policies and procedures based on laws, regulations and sound business principles, and communicate them to those involved (e.g. advisors and students). It is critical that employees be aware of the proper internal accounting control expectations. All individuals who are expected to carry out the policies and procedures should be trained; more than one person should be trained for each job (cross training).

It is important to provide assurance to management that the internal control system is sound. Adequate documentation of all procedures should be prepared and maintained, such as an ASB manual and standard forms, to provide proof of what is occurring. Periodic monitoring (i.e. internal audits) should be performed throughout the year, including oversight by the principal/school administrator, ASB advisor and the district business office. The annual independent audit provides both another monitoring device and a regulatory check of state and federal compliance.

If problems with internal controls are identified, action should be taken as soon as possible to correct any inefficient or problematic processes or procedures. Standardization should also not be overlooked: if something works well, it should be used districtwide rather than each school creating its own procedure.

Internal controls are the principal mechanism for preventing and/or deterring fraud or illegal acts, misappropriation of assets, and other fraudulent activities. Good internal controls do not completely eliminate the chance that errors or fraud will occur, but they reduce the risk to an acceptable level. Effective internal controls provide reasonable assurance that the district's and ASB's operations are effective and efficient, that the financial information is reliable, and that the organization operates in compliance with applicable laws and regulations. Few entities have perfect internal control structures in place, so it is imperative that management develop techniques to offset any weaknesses that exist.

Internal Controls Checklists

Two different internal controls checklists are provided for use in evaluating the internal controls for an ASB organization by each participant's function or job responsibility. These checklists should be used in addition to other internal controls, including the district office's internal audits of ASB operations at the different schools and the independent annual audit at the end of each year.

The following internal controls checklist is an easy way for those with responsibility for ASB organizations to review the responsibilities of their position. A "no" answer to any of the checklist questions indicates a possible internal control weakness that the responsible person should address. The appendix of this manual contains an additional checklist that is divided by function.

The underlying premise of effective oversight and internal controls is that the business office provides overall coordination, training, assistance, internal control review, support and monitoring that results in a "yes" response to every item listed below.

These questions are intended as a helpful guide to educational agencies. In some cases, depending on individual structure, a question for one position, office or individual school would be more appropriately answered by another position or office. What is important is that proper controls are in place and there is a clear distinction about who is responsible for what.

Internal Controls Checklist by Job Responsibility

A "No" response to any of the following questions may indicate an internal control weakness. The district should perform a self-evaluation and investigate all potential weaknesses, and ensure that controls are put into place so that the weakness will no longer result in internal control issues.

District Business Office Staff	**YES**	**NO**	**N/A**	**Comments**
1. Does the district have a comprehensive board policy and administrative regulations that provide rules and regulations for ASB governance and operations?	❑	❑	❑	_____
2. Does the district have a comprehensive ASB manual with detailed procedures?	❑	❑	❑	_____
3. Has the FCMAT ASB Account Manual, Fraud Prevention Guide and Desk Reference been adopted as part of the district's ASB policies and procedures?	❑	❑	❑	_____
4. If the district has a comprehensive manual, is it reviewed and updated, if necessary, at least annually? Does the update address areas of concern or confusion identified in the previous year's audit?	❑	❑	❑	_____
5. Does the business office provide annual ASB training for all school and district employees who work with ASB activities, and retain a signed and dated training attendance log as proof that employees received training?	❑	❑	❑	_____
6. Do members of the business office staff periodically (at least annually) visit each school to provide support and to review the ASB procedures used at the school?	❑	❑	❑	_____
7. Has the district ensured that school employees and students know whom to call in the district business office if they have questions or concerns about ASB and are unable to get answers at the school?	❑	❑	❑	_____
8. Has the business office taken immediate action to correct annual audit findings related to ASB activities? Are the school sites involved in developing action plans to ensure that the findings do not recur?	❑	❑	❑	_____

	YES	NO	N/A	Comments
9. Are all proposed fundraising events approved by the governing board or its designee at the beginning of each school year? Is this list updated throughout the year?	❑	❑	❑	_____
10. Does the business office's sales tax report include the sales and use tax for the student store and other purchases?	❑	❑	❑	_____
11. Before any disbursement is issued to any independent contractor, does the business office have on file a valid and signed IRS Form W-9, Request for Taxpayer Identification Number and Certification?	❑	❑	❑	_____
12. Does the business office issue 1099s for all independent contractors paid with ASB funds?	❑	❑	❑	_____
13. Has the business office developed standard forms, processes and systems for ASB operations districtwide?	❑	❑	❑	_____
14. Does the business office receive and review periodic financial statements from the ASB organizations and sign and date that they have reviewed the documents?	❑	❑	❑	_____
15. Does the business office review the monthly bank reconciliations from the site ASBs?	❑	❑	❑	_____
16. Does the district have access to an independent third-party fraud reporting whistleblower website and telephone hotline?	❑	❑	❑	_____

Signature _____ Date _____

Principal/School Administrator

The principal/school administrator is the primary manager and responsible person at the school site. This is where the ultimate responsibility lies for all activities on campus, from test scores and athletic events to parental satisfaction with teachers in the classroom. Many principals/school administrators delegate the responsibility and authority for ASB coordination and management to others, such as a vice principal, ASB advisor, club advisor and/or a teacher or other staff. This varies by school level and school size.

Some items listed as internal control questions for the principal/school administrator are equally important for the ASB advisor with delegated responsibilities.

Questions below that are more relevant to secondary schools or to schools with organized ASBs contain the notation [Secondary].

	YES	NO	N/A	Comments
1. At the beginning of each year, do you spend some time at a staff meeting discussing ASB issues, operations and internal controls at the school (e.g., what is allowed and what are the procedures)?	❑	❑	❑	_____
2. Do you spend time each month discussing ASB activities with the ASB bookkeeper, particularly problems that are developing?	❑	❑	❑	_____
3. Do you report any questionable or suspicious activities to the district's business office for investigation?	❑	❑	❑	_____
4. Do you verify that only ASB funds are maintained in ASB bank accounts? ASB bank accounts should not include PTA or booster club money, donations to non-ASB entities, or faculty charitable funds.	❑	❑	❑	_____
5. Is a formal application required from any students who want to establish a new club at the school? [Secondary]	❑	❑	❑	_____
6. Is each club advisor a certificated staff member of the district?	❑	❑	❑	_____
7. Do the student council and all clubs have a constitution that establishes the policies and rules for student governance of the council or club? [Secondary]	❑	❑	❑	_____
8. Are all clubs required to prepare and maintain minutes of all club meetings, with all necessary items noted? [Secondary]	❑	❑	❑	_____
9. Are the student council and each club required to prepare, adopt and monitor a budget for the fiscal year? [Secondary]	❑	❑	❑	_____

	YES	NO	N/A	Comments
10. Do you ensure that only allowable expenses are paid from ASB funds?	❑	❑	❑	_____
11. Do you use a purchase order form with one required approval signature (unorganized) or three required approval signatures? [Secondary]	❑	❑	❑	_____
12. Are purchase orders dated and approved before the item is purchased?	❑	❑	❑	_____
13. Do you ensure that students are approving expenditures and that adults (teachers, advisors or coaches) are not making the decisions? [Secondary]	❑	❑	❑	_____
14. If food is sold in the student store, has it been approved by the director of food services? [Secondary Only. Primary grades cannot sell food daily.]	❑	❑	❑	_____
15. Do you verify that all ASB bank accounts are reconciled within two weeks of receipt of the bank statement?	❑	❑	❑	_____
16. If bank account reconciliations are not performed within two weeks of receipt of the bank statement, is a reconciliation completion promise date obtained and followed up to ensure the bank reconciliation is completed?	❑	❑	❑	_____
17. Are you one of the individuals authorized to sign ASB checks? Who are the other approved signers?	❑	❑	❑	_____
18. Do you know whom the board has approved to sign contracts? Up to what amount?	❑	❑	❑	_____
19. Do you review the bank reconciliations each month and initial the bank statement as well as the reconciliation as evidence of your review?	❑	❑	❑	_____
20. If you clearly delegated specific responsibilities and authority to an ASB advisor or advisors, do you meet regularly to coordinate and collaborate regarding school site needs and activities?	❑	❑	❑	_____
21. Is there a safe at the school with limited access that is adequate to hold all cash receipts until deposit?	❑	❑	❑	_____

	YES	NO	N/A	Comments
22. Are bank deposits made within a few days of receipt, but at least weekly?	❑	❑	❑	_____
23. Do you review ASB financial reports monthly?	❑	❑	❑	_____

Signature _____ Date _____

ASB Advisor

The ASB advisor is a vital contributor to the success of ASB operations. This position is used in different ways in different LEAs statewide.

In numerous secondary schools, the principal/school administrator has delegated significant responsibility and authority to the ASB advisor. When this is the case, a number of the items identified above as internal control questions for the principal/school administrator apply to the ASB advisor.

	YES	NO	N/A	Comments
1. Do you feel that the district staff and/or the principal/school administrator have adequately explained your responsibilities?	❑	❑	❑	_____
2. Do you know where to go for help if you have questions about ASB policies or procedures?	❑	❑	❑	_____
3. Are you a certificated staff member of the district?	❑	❑	❑	_____
4. Do you ensure that careful minutes are taken at each club meeting, with all necessary items noted?	❑	❑	❑	_____
5. Do you help your club prepare and monitor an annual budget?	❑	❑	❑	_____
6. Do you monitor spending during the year to ensure that the club will not end the year with a large carryover balance or a negative balance?	❑	❑	❑	_____
7. Do you work with your club to ensure that fundraisers are appropriate and adequate controls are in place to make them successful?	❑	❑	❑	_____
8. Do you work with the students to establish and implement cash receipt control procedures for each fundraising event?	❑	❑	❑	_____
9. Is potential revenue projected for each fundraising event?	❑	❑	❑	_____

	YES	NO	N/A	Comments
10. Do you ensure that cash receipts are given to the ASB bookkeeper immediately, or as soon as possible, after the fundraising event?	❑	❑	❑	_____
11. Do you ensure that those responsible for the fundraising event have had two people count all funds raised and that both individuals sign and date the fundraising cash collection form?	❑	❑	❑	_____
12. Do you count the cash receipts in the presence of a second person, and do you both sign and date the form indicating that the counted funds are accurate?	❑	❑	❑	_____
13. Do you keep duplicate copies of cash count forms, and all other forms that are part of the financial process?	❑	❑	❑	_____
14. Do you understand what types of expenses ASB funds are allowed to be used for?	❑	❑	❑	_____
15. Are you one of the individuals who preapproves expenditures (with a student representative and the principal/school administrator) via a purchase order?	❑	❑	❑	_____
16. Do you review ASB financial reports monthly?	❑	❑	❑	_____
17. Are you one of the authorized signers of the ASB checks? Who are the other approved signers?	❑	❑	❑	_____
18. If you are the advisor for the student store, are additional internal controls in place, such as comparing sales to inventory, periodic inventory of goods, and review of pricing policy?	❑	❑	❑	_____
19. Does the district provide staff development and training opportunities for you throughout the year?	❑	❑	❑	_____

Signature _____ Date _____

ASB Bookkeeper

Many accounting functions need to be performed for ASB operations. In the best-case situation, a person with adequate time and appropriate technical skills and knowledge will be assigned to perform these functions. The staff member performing the following tasks may not have the official title of ASB Bookkeeper, but for purposes of this checklist, that is the title used for the person performing the ASB accounting functions at the school.

	YES	NO	N/A	Comments
1. Do you have sufficient time to devote to ASB recordkeeping?	❑	❑	❑	_____
2. Do you provide each club with information on the revenues and expenses to date each month? Is this also provided to the ASB advisor, principal/school administrator and ASB treasurer? [Secondary]	❑	❑	❑	_____
3. Do you understand the appropriate internal controls for cash receipts from each type of fundraising event?	❑	❑	❑	_____
4. Do you ensure that students and staff establish cash receipt control procedures for each fundraising event?	❑	❑	❑	_____
5. Do you maintain an adequate stock of supplies for cash receipt control procedures, such as prenumbered tickets, prenumbered receipt books, and duplicate carbon cash count forms?	❑	❑	❑	_____
6. Do you ensure that the advisors turn in the appropriate documentation for the fundraising event in addition to the cash collected? This documentation includes reports on tickets issued and other items.	❑	❑	❑	_____
7. Do you ensure that all cash count forms for fundraising and all events where funds are collected are counted and signed before you take custody of the deposit?	❑	❑	❑	_____
8. If a startup cash change box is issued, does the person(s) receiving the change count the startup cash in front of the ASB bookkeeper and sign indicating that the startup change is accurate?	❑	❑	❑	_____
9. Is cash deposited into the bank account within a few days after it is collected and received?	❑	❑	❑	_____
10. Are all expenses approved in advance?	❑	❑	❑	_____
11. Do you have copies of the signed purchase orders?	❑	❑	❑	_____

	YES	NO	N/A	Comments
12. Is the purchase order dated and approved prior to the purchase?	❑	❑	❑	_____
13. Are the checkbook and the check stock stored in a locked file cabinet or safe?	❑	❑	❑	_____
14. Is there a log that identifies the individuals who have access to the ASB safe?	❑	❑	❑	_____
15. Are expenses paid only with an original invoice and a document that verifies that the goods were received?	❑	❑	❑	_____
16. Are two signatures required on all checks? Are there backup signers?	❑	❑	❑	_____
17. Are checks made to vendors and employees only for reimbursements (not to cash)?	❑	❑	❑	_____
18. Is a record maintained of all equipment purchased with ASB funds?	❑	❑	❑	_____
19. Do you have a process to determine whether a worker is an employee or an independent contractor?	❑	❑	❑	_____
20. Are all employees who perform work for the ASB paid through the district's payroll and then invoiced to ASB?	❑	❑	❑	_____
21. Is an IRS Form W-9, Request for Taxpayer Identification Number and Certification, obtained from all independent contractors before any disbursements are issued to them?	❑	❑	❑	_____
22. Do you reconcile all bank accounts within two weeks of receipt of the bank statement?	❑	❑	❑	_____
23. Are all outstanding deposits and checks identified and do they clear the bank in a timely manner? (deposits should remain outstanding for no more than two or three days).	❑	❑	❑	_____
24. If any journal entries or transfer entries are part of the bank reconciliation, are those entries authorized?	❑	❑	❑	_____
25. Does the district provide staff development and training opportunities for you throughout the year?	❑	❑	❑	_____

	YES	NO	N/A	Comments
26. Is there a knowledgeable contact person in the business office to coordinate answering your questions and providing assistance?	❑	❑	❑	_____
27. Is the ASB recordkeeping computerized? If so, is the accounting software adequate to meet the needs of the district and clubs?	❑	❑	❑	_____
28. Is the computer on which the ASB accounting software resides user ID and password protected?	❑	❑	❑	_____
29. Is the ASB accounting software protected by requiring a user ID and password for access?	❑	❑	❑	_____
30. Are ASB computer and accounting software passwords safeguarded, not given out, and changed periodically?	❑	❑	❑	_____
31. Are only ASB receipts deposited into the ASB account (e.g., not library fines or principal's/school administrator's discretionary accounts)?	❑	❑	❑	_____
32. Are you being listened to when you express concerns about expenditures or other items?	❑	❑	❑	_____
33. When money is brought to you from fundraisers, are you given time to count it in the person's presence and do you both sign and date the cash count form indicating that the funds agree?	❑	❑	❑	_____

Signature _____ Date _____

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In addition to sound internal controls, access to the office where ASB transactions are processed at the school (e.g., the ASB office or bookkeeper's office) should be adequately controlled. Easy or unobstructed access to the ASB office creates the opportunity for fraud. At the same time, the ASB/bookkeeper's office needs to be accessible enough to conduct business and meet clients' needs. Access controls allow the ASB bookkeeper to control who enters the ASB office, especially during times of heavy traffic. A split door is a simple solution that allows visual access and the ability for the ASB bookkeeper to answer questions without having to grant others access to the office.

Finally, strong internal controls promote the perception that detection of fraud is more likely. Those who believe they may be caught committing fraud may be less likely to do so. Limiting access and installing surveillance cameras with warning signs offer strong visual deterrents to a potential thief.

An Information Summary, Document Checklist and Questionnaire form is provided at the end of this chapter to further help improve sound internal controls.

Maintaining ASB Records

Like any business, the ASB organization must maintain accurate records. The records are the history of what occurred during the year. Although the annual audit is usually completed within six months of the close of the school year, other groups and individuals, including the Internal Revenue Service (IRS), may have questions about or request an audit of the ASB organization a year or more after the school year has ended.

Good Business Practice for Record Retention

The business office should have a complete list of which documents need to be maintained and for how long. A variety of legal and procedural requirements, established in statute or locally by each LEA, affects the retention of records. If the business office does not have specific guidelines, it is a good practice to maintain all ASB information for at least four years from the date of the audit, unless the information is considered a permanent record. Permanent means that these records should *never* be destroyed. The principal or other administrator at each school should ensure that there is a safe place to store permanent ASB records indefinitely and nonpermanent records for four years.

A sample record retention guideline follows.

Retention Guidelines for Student Body Records

Record	Retention Period
ASB Constitution, Bylaws and Charters	Permanent
Equipment Inventory	Permanent
Club and Council Minutes	4 Years
Budgets	4 Years
Invoices and Approval Documents	4 Years
Bank Statements, Deposit Slips, Cancelled Checks and other Banking Records	4 Years
Financial Statements and other Accounting Records	4 Years

Education Code section 35254 permits the governing board of a K-12 school district to retain permanent records in electronic formats and on microfilm or photographs of the original documents. The original records may be destroyed once they have been copied via photographic, microfilm or electronic methods, except that no original record that is basic to any required audit shall be destroyed prior to the second July 1st succeeding the completion of the audit.

Temporary Loans

Temporary loans can occur within the ASB account in accordance with Education Code sections 48936 (K-12) and 76064 (community college), which describe alternative uses of student funds including loans, with or without interest, for a period not to exceed three years.

Whether a specific ASB can participate in a temporary loan depends on district policy because the Education Code that allows such loans is applicable only if a district's governing board allows temporary loans. If board policy is silent on this issue, check with the district's business official; in some such cases, board policy may need to be changed to allow this option.

Education Code sections 48936 and 76064 apply to loans between clubs; this is for ASB organizations, not loans between an ASB organization and a non-ASB organization. If a loan will occur between ASB clubs because district policy allows such loans, an agreement between the ASB clubs should be crafted and should clearly describe the consequences if the club does not repay the loan on time. The Education Code states that the loan period should not exceed three years. However, if the loan involves a class with students who will graduate in less than three years, the agreement should not extend past the students' graduation date so that future students will not be committed to repaying the outstanding obligations that former students incurred.

Both the club loaning the money and the club accepting the loan will, at a minimum, need to approve the transaction in their respective meeting minutes. The club loaning the money will need to comply with Education Code 48933 and 76063, which state that the expenditure of the funds are subject to the procedures established by the ASB and which require that ASB expenditures be preapproved by three people: an employee or official of the school district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization. The minutes are to memorialize the entire club's intent to loan the funds, including identifying to whom the loan is being made and its terms, but more than the club's permission will be needed per the Education Codes sections cited above.

The club accepting the loan should also approve the transaction because there should be evidence that the club understands that the transaction is a loan to be paid back to the loaning entity, the terms of the loan, and the consequences if it is not repaid.

Insurance

Just as the school district has insurance to protect its operations, the ASB also must have adequate insurance. The responsibility for the ASB insurance coverage rests with the district's governing board, which normally delegates the responsibility to the district's business office. The business office should help determine the types of insurance the student organization needs and ensure that the district's insurance policy contains adequate protection. Although the district can charge the ASB if any additional costs are incurred to cover the ASB, most districts pay for these costs out of their central budget rather than invoicing the ASB.

ASB organizations should have the following insurance coverage:

- Fire insurance covering the physical property purchased by the student organization.
- Theft insurance covering the funds and physical assets of the student organization.
- Workers' compensation insurance for any ASB employees.
- Fidelity bonding insurance protecting the organization against losses due to employees' or members' actions.
- Property and liability insurance protection for the organization.
- Federal Deposit Insurance Corporation (FDIC) bank account balance insurance.

Whistleblower Hotlines and Fraud Reporting Websites

All ASBs should consider establishing or becoming part of an independent third-party whistleblower hotline and/or web-based fraud reporting service. The creation and/or use of fraud reporting services is essential to establishing an understanding that there is a likelihood of being detected if fraud is committed. Fraud experts believe that the greater the perceived probability of detection, the less likely it is that fraud will occur; people who think they might get caught committing fraud are less likely to try.

Information Summary, Document Checklist and Questions

The following form has been developed to help ASBs maintain accurate information regarding general business operations and specific activities of all clubs at a school. When used in conjunction with one of the internal control checklists provided in this manual, it can help management be better aware of how a district's internal control structure and operations are set up in order to identify and correct any potential weaknesses or issues in ASB operations.

Organization

Fiscal year:July 1, 20_____ - June 30, 20 _____

School Name: _____

Principal/School Administrator: _____

ASB Bookkeeper: _____

ASB Advisor: _____

	Yes	No
Board Policy allowing ASB Operations	❑	❑
Board Policy Approved by Board of Education on: _____ Date		
Administrative Regulations Approved by Board of Education on: _____ Date		
Is there an ASB constitution/bylaws for the general ASB?	❑	❑
Is there a constitution for each club/trust account?	❑	❑
Are only ASB funds maintained in ASB bank accounts?	❑	❑

Financial & Accounting

Accounting software name: _____

Accounting software version: _____

Names of individuals who have ASB accounting software access:

_____ _____

_____ _____

_____ _____

Does each school have an ASB safe?	❑	❑

	Yes	No
Names of individuals who know the combination to the ASB safe:		
_____ _____		
_____ _____		
_____ _____		
Are there any unapproved copies of the ASB accounting software? (There should be only one working copy of the software)	❑	❑
Is the ASB accounting software backed up daily and the backup copy kept in a separate and secure location?	❑	❑
Financial Statements for each approved club		
Submitted monthly to the district office?	❑	❑
Reviewed, signed and dated by the district office?	❑	❑
Provided monthly to each club/trust?	❑	❑
All transactions, including transfers and journal entries, properly approved?	❑	❑
Bank Statements and Bank Reconciliations		
Reconciled monthly within two weeks of receipt of bank statements?	❑	❑
Reviewed and approved by the principal/ASB advisor and district office?	❑	❑
Reconciling journal and transfer entries authorized?	❑	❑
Signed and dated by the individual performing the bank reconciliation?	❑	❑
Signed and dated by the individual reviewing/approving the bank reconciliation?	❑	❑
Annual Budget		
Prepared?	❑	❑
Approved?	❑	❑
Budget vs. actual results compared/reviewed regularly?	❑	❑
Budget adjusted when actual amounts vary significantly?	❑	❑
Carryover limited so it is not excessive?	❑	❑
Minutes		
Are minutes are prepared for club meetings (organized and general ASB)?	❑	❑
Minutes Authorize		
Fundraising?	❑	❑
Purchases?	❑	❑
Establishment of clubs?	❑	❑

	Yes	No
Are the minutes approved by the club after they are reviewed for correctness?	❑	❑
Are the minutes shared with the general ASB?	❑	❑

Fundraising, Sales and Purchases

Are all club fund-raising activities approved and operated as stated in district policy?	❑	❑

Cash Count Forms and Deposits

Are fundraising cash boxes checked in/out?	❑	❑
Is the cash box startup cash counted and signed off on the cash count form by the person(s) receiving the cash box?	❑	❑
Are starting/ending cash reconciled?	❑	❑
Are all cash and funds collected pre-counted and do those responsible for the event sign off on the cash count form before cash is submitted to the ASB bookkeeper?	❑	❑
Has the fundraising club advisor kept their copy of the cash count form after signing off that the funds have been counted and before submitting the confirmed deposit to the ASB bookkeeper?	❑	❑
Has the ASB bookkeeper confirmed that the cash count form has been properly completed before accepting the funds for deposit?	❑	❑
Has the ASB bookkeeper counted the funds in the presence of the individual(s) to confirm that the funds collected are accurate, and have both the ASB bookkeeper and witnesses resolved any differences and signed the cash count form indicating that the deposit is accurate?	❑	❑

If the cash counted by the ASB bookkeeper and witness differs by less than $5, the ASB bookkeeper may adjust the deposit and both the witness and ASB bookkeeper should initial and date all cash count form changes.

If the cash counted by the ASB bookkeeper and witness differs by more than $5, the ASB bookkeeper should ask the club advisor to re-initial both the ASB bookkeeper's copy and the club advisor's copy of the cash count form.

These cash count form and deposit counting and signing procedures are an important safeguard against fraud, help protect both the ASB bookkeeper and advisor from allegations of fraud, and help establish the chain of custody in order to identify fraud.

Revenue Projection for Fundraising Activities and Other Events

Completed?	❑	❑
Approved?	❑	❑

Ticket Control (dance, etc.)

Completed?	❑	❑
Approved?	❑	❑

	Yes	No
Student Store Inventory		
Is inventory performed regularly?	❑	❑
Do students count and sign off for each of their own cash register cash-outs?	❑	❑
Are student store deposits recorded on a cash count form and witnessed and signed by the student store representative and the witness?	❑	❑
Purchases and Disbursements."		
Is a purchase order prepared for every ASB disbursement?	❑	❑
Are purchase orders dated and approved prior to the purchase?	❑	❑
Are received goods reconciled?	❑	❑
Are W-9 forms received and signed before payment is sent to any independent contractor?	❑	❑
Is the check register periodically reviewed to confirm no missing checks?	❑	❑
Are bank statement cancelled checks periodically reviewed to confirm that the payee on the check is the same as in the check register?	❑	❑
Year End		
Electronic Backup		
Accounting program data?	❑	❑
Spreadsheets and other electronic data?	❑	❑
Backup copy documented and stored safely?	❑	❑
Listings Printed		
Accounts receivable?	❑	❑
Accounts payable?	❑	❑
Student store inventory?	❑	❑
General ledger detail report?	❑	❑

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Chapter 6

Chapter 6 – Budgets and Budget Management

What Budgets Represent

The district's governing board must establish procedures to be followed in preparing and controlling student body organization budgets. A budget is a financial plan for a specific period of time that estimates annual expenses and income and allows an ASB organization to estimate at the beginning of the school year what its financial position will be at the end of the year. When preparing a budget, clubs should be reminded that neither large surpluses nor deficits are allowed when budgeting. Proper budgeting requires adherence to definite, well-understood business procedures.

For elementary and other schools with unorganized ASBs, budgets are not usually necessary (though they are encouraged as a budgeting tool and learning experience) because normally only a few fundraising events are held, and the funds are often raised before any commitments are made or any money is spent.

The operations at middle schools, junior high schools, high schools and community colleges, are different: budgets are required for each club. For example, the student council may have to make commitments and requests to enter into contracts at the beginning of the year before any funds are raised. A budget allows the organization to estimate how much income it will raise that year and compare the income to the planned expenses. It is important to establish a procedure and practice requiring budgets to be in place and approved before the club enters into any commitments or requests that contracts be entered into.

Budgets are usually prepared for a one-year period. The general student council and each individual club need to develop a budget document with their annual goals and a plan for achieving those goals by deciding the following:

- Estimated revenues: What fundraisers will we have?
- Estimated expenses: What will the fundraisers cost us to hold?
- Estimated ending reserves and club carryover: Is there enough left over to accomplish the goals we've outlined?

The budget allows students to determine if they will raise enough funds during the year to cover their anticipated expenses. Because ASB organizations also provide an opportunity for students to learn about business operations, a budget is one of the tools of business that students can learn to use. Budgeting is also a life skill needed to manage one's own personal finances.

At the beginning of each school year (or the preceding spring), the student council and each club should decide what they want to do that year. For example, the student council may decide that they want to beautify two or three parts of the campus during the year. The students estimate that the beautification projects will cost about $8,600. They determine that they will hold a fall festival, a winter dance, and a spring dance to raise the necessary funds. They want to begin the first project in December. Once the students have decided on their goals for the year, they can develop a budget that estimates the income from each fundraising event, the expenses it will take to run the fundraising events, and the expenses of the planned projects. A budget allows the students to see whether they will have enough funds to cover their expenses for the year. After preparing the budget, the students may determine that they will only be able to complete one project during the year or that they may have enough money to do more projects than they had originally planned.

FCMAT recommends that a club be prohibited from spending any funds until the club has an approved budget for the year. This is a way to ensure that all clubs have established budgets.

A budget alone is not adequate to show an expenditure as preapproved by the appropriate individuals, which is required by Education Code section 48933(b). Budgets are critical internal control and planning documents, but they are a plan, not a form of expenditure approval. A budget does not list specific vendors, itemized amounts for purchases that will be made, or who will make them; it lists estimates. A budget also does not show adequate approvals. Using a purchase order or expenditure approval form is the appropriate way for an ASB to ensure adequate preapproval with enough detail to know who is making the purchase, what the specifics of the purchase are, and from which vendor it will be made.

All club members, teachers, advisors and other staff must understand that they cannot obligate ASB funds until a purchase order is prepared and approved by the student club representative, a certificated employee of the district (who is the advisor), and a school principal or other administrator or other board designee before the purchase is made. These three required signatures are listed in Education Code section 48933(b) for K-12 and section 76063 for community colleges, and they must be obtained for an expenditure to be considered preapproved. The only way to prove that this Education Code is followed is by having a purchase order or other expenditure approval form containing all three signatures.

A sample budget can be found in the appendices in Chapter 24 of this manual. A budget is broken down into four parts.

- Part I: Estimated Revenues
- Part II: Estimated Expenses
- Part III: Ending Balance and Carryover
- Part IV: Budget Approval

Following are the steps in preparing each part of the budget:

Budget Development

Directions for budget preparation are specifically related to the suggested budget development forms included in this manual. Refer to the budget development forms (presented later in this chapter) starting with the Sample Budget form.

The student council, with assistance from the ASB advisor, plans for and prepares the budget. The ASB bookkeeper should not prepare the budget.

Part I – Estimated Revenues

The advisor for each club and the club officers should review plans for the school year and complete an estimate of actual revenue for each event. Prior year data can usually be obtained from the ASB bookkeeper or the school secretary.

1. The advisor and students should use the account numbers and account descriptions that the school establishes in its unique chart of accounts. Chapter 7, Accounting and Financial Management, includes information on how to establish a complete chart of accounts for the school. Clubs should use the titles to match the actual fundraiser events they are planning. They should not combine the projections if multiple occurrences of one type of event are planned (such as spring and fall car washes). Each fundraiser should be entered separately.

2. The first two columns in Part I are used for the appropriate account number and description.

3. The third column is a place to enter the revenues from the previous year. This information is helpful when the fundraising operations of the organization remain fairly constant from year to year. Comparing the actual revenues received in one year to the amounts budgeted for the new school year is a good way to evaluate whether the budgeted revenues are reasonable.

4. The last column in Part I is for the estimated revenues for the new school year. Before the students can estimate the revenues, they must determine where the revenue will come from. For example, does the club or student council usually receive donations each year, or will all of the revenue come from fundraising events?

5. For the revenue that will come from fundraising events, the students need to prepare an estimate of the revenue for each event. The Fundraising Event Profit form found in Chapter 13 can be used for this. The students should prepare one form for each fundraising event. In addition, the form indicating that the fundraiser has been approved should be attached. In some districts, these two forms are combined into one, which is an acceptable practice.

6. The students should prepare a Fundraising Event Profit form for all approved fundraisers, even those added later in the year and not included in the original budget.

7. After the students have completed the estimates of revenue for each fundraising event and determined the other sources of revenue, they can enter the information line by line in the revenue section.

8. Once all of the information in Part I is complete, the students should total the revenues from all sources and enter the amount on the Total Revenues line.

9. When estimating revenue it is always best to use the most conservative number. For example, if the student council has received donations of between $500 and $2,000 in the past few years, use $500 in the initial budget. The budget can always be adjusted to a higher amount later if the initial estimate was low.

Part II – Estimated Expenses

The advisor and students should use the account numbers and account descriptions that the district has established in its chart of accounts. Chapter 7, Accounting and Financial Management, includes information on how to establish a chart of accounts for the student body organization. The first two columns in Part II are for the appropriate account number and description.

1. The students should review the club's past years' expenses to determine the types of expenses the organization usually incurs each year (e.g., supplies and postage).

2. When estimating expenses, the students should include any items that the organization may reasonably have to pay during the school year, together with the cost of planned projects.

3. The students should include the expenses for each fundraising event that they estimated when preparing the Fundraising Event Profit form.

4. Once all of the information in Part II is complete, the students should total the expenses and enter the total on the Total Expenses line.

When estimating expenses it is best to budget the maximum amount an item is likely to cost and adjust the budget once the actual cost is determined.

Part III – Ending Balance and Carryover

1. The first line in Part III is to compute the difference between the estimated revenues and the estimated expenses. When the estimated revenues equal or exceed the estimated expenses, the budget is balanced or there is an excess, which is the desired result.

2. The advisor should ensure that the students prepare a balanced budget. If the club had a significant amount of carryover from the prior year, it is acceptable for the expenses to exceed the revenues by the amount of the prior year's carryover. Funds should be carried over only when there is a definite plan

and purpose for the use of the funds. Examples include long-term projects or events that span years or occur early in the next school year.

3. If the students find that the expenses exceed the revenues they have budgeted and there is no carryover from the previous year to cover the shortfall, they need to review and reduce expenditures to balance the budget or plan to hold additional fundraisers to make up the difference.

4. The second line in Part III is to enter the amount of the ending balance, if any. This amount is the carryover from the previous year.

5. On the third line in Part III, the difference between the estimated revenues and expenses on line 1 and the carryover from the prior year on line 2 are added together to determine the amount of the projected ending balance. This is the amount that the students estimate will be available at the end of the school year based on the estimates in the budget. This amount becomes the estimated carryover for the next school year, unless it is spent in the current year.

Part IV – Budget Approval
The advisor should help the students prepare the budget. Once the budget is complete, the advisor and a student representative of the club should sign and date the budget. This signature indicates that the advisor has reviewed the budget and determined that it is reasonable and realistic. A budget should not be approved if it does not show a positive ending balance (unless the club is graduating or becoming inactive; then the budget can end without a fund balance). A budget should never be approved with a negative ending fund balance. The student council or club (depending on whose budget it is) should vote on the budget and include that vote in their meeting minutes before submitting the budget to the student council/leadership class. The student council/leadership class should approve all submitted budgets for each club.

Once the budget is approved by the students, the advisor and the student council, it should be sent to the district's business office for approval. In many districts, the governing board receives all ASB budgets and they are part of a public forum at an official district board meeting. In other districts, the governing board has delegated another administrator, such as the superintendent or business manager, to review and approve all budgets. Individuals involved with the ASB should be familiar with their district's budget review and approval policy and practice.

Budget Monitoring

Budget monitoring is the process of comparing the budget to the actual revenues and expenses at a point in time to determine whether the revenues are coming in as expected and that the expenses are not exceeding the amounts authorized in the budget. The students and advisor should monitor the budget at least monthly so that there is adequate time to adjust plans if the budget is not realistic or if the planned goals will not be met because of lower than projected revenue or higher than projected expenses.

The Budget Monitoring form at the end of this chapter shows the original budget and the actual revenues and expenses on the date the form is prepared. It provides an easy way to see how the club is doing financially.

If problems are noted in either the revenue or expense categories during budget monitoring, the students can revise the budget. For example, if the students had planned their first fundraising event for October and the event had raised $1,500 less than they budgeted, they will need to revise the budget. They will need to reduce the amount of revenue in the budget and reduce the planned expenses for the year, unless there is additional revenue or carryover from the previous year to cover the shortfall or an additional revenue-creating event will be planned.

The students should revise the budget whenever any significant changes in the estimated revenues occur or any increases in expenses are expected. A rule of thumb to use for significant change is a variance of 10 percent or more. To show the changes in the budget, the students can use the same form that was used to

prepare the budget. The advisor and/or principal/school administrator should also approve all changes to the budget. Again, individuals should be familiar with board policy in their district so they can know if further approval of revised budgets is required, such as approval by the student council or the district's business office.

Carryover of Unexpended Balances

Carryover is the amount of money the club has at the end of the year after all of the revenues are deposited and all of the bills have been paid. It is also called the ending balance.

The principal/school administrator, advisor and students should ensure that the funds raised by students during a given school year are spent on behalf of those same students while they are at the same school. In one elementary school, the students raised more than $4,000 each year; however, only about $1,000 was spent each year. Within a few years, the ASB organization had an ending balance of $12,000. This practice is clearly contrary to the intent of the law. Funds should be spent for the benefit of the students who are enrolled when the funds are raised.

Reasonable carryover balances often are used to start a project in a new year (often called seed money). A club may also raise funds for a large project for which it takes more than one year to raise adequate funds. Large or excessive carryover balances without a plan of intended use should be discouraged. Thus, a good practice would include a regular review of carryover balances to be certain that the funds are spent for the benefit of the students enrolled when the funds were raised.

Good Business Practice for Budget Carryover

The governing board should include a limit on carryover in its ASB board policy. Some districts include this limit in their own district-generated ASB manual or request that it be included in the clubs' constitutions. If a district has already provided guidance about this issue, that guidance should be followed. However, if a district's board and/or administration has not included language regarding carryover balances, it is suggested that this issue be brought to their attention. A good rule of thumb guideline could be something like the following: "No student club or organization may carry over more than 20 percent of the total amount raised in a given school year without a spending plan that has been approved by the district's business office." Under this rule, for example, if the total club revenues were $4,000 in a given year, the club could carry over up to $800 without an approved plan.

There may be circumstances in which it would be appropriate for a club to carry over more than 20 percent of the funds raised that year. For example, if the club wants to participate in a band competition and parade festival overseas, it could take them two years or more to raise the funds. If the club has voted for this project, and the advisor and the school principal or other administrator have approved it, it may be appropriate for the business office to approve the carryover of funds.

The Budget Carryover Request form is the form that the student club (organized ASB) or school principal or other administrator (unorganized ASB) should submit to the district business office in April or May of each school year to request approval to carry over more than the allowed district amount (e.g. 20 percent).

What Happens when a Class Graduates?

Education Code sections 48930 (K-12) and 76060 (community college) tell us that the purpose of ASB is to conduct activities on behalf of the students, clearly indicating that the funds held in ASB can only be spent for current students. Also inferred from this is that the funds are held for current students at the same school at which the funds were raised. If cash balances exist for classes that have already graduated, those accounts need to be cleared. If there is no provision in the ASB constitution or board policy stating the fund or account to which the remaining funds should be transferred after a class graduates, it is suggested that the funds be transferred to the general ASB account at the same school. The ASB constitution or board policy should be revised to provide guidance for similar circumstances in the future.

The funds should not be transferred to the students' new school upon graduation. For example, if an 8th grade class has remaining funds when they graduate, the funds should not follow the students to their new high school. The funds need to remain at the school where they were raised. If the 8th grade students do not spend their remaining funds prior to graduation, they should gift the funds to an existing ASB club at their school, or decide how to spend it before graduation. Otherwise, the funds should revert to the general ASB at the school and the student council will decide on the use of the funds.

It is a good practice to review outstanding balances a few months before a class graduates. If there is a projected remaining balance, the class that is about to graduate should do one of the following:

1. Spend the remaining funds on allowable expenditures prior to their graduation.
2. Gift the funds to another ASB club at the same school. Many times the outgoing seniors gift the funds to the upcoming freshman class so that they have seed money to begin their freshman year.
3. Gift the funds to the general ASB at the same school (this is also what will happen if the graduating class does nothing, even if the ASB constitution and policy are silent on the issue).

Budget

Name of School_____

Name of Club_____

Budget Development

Fiscal Year: _____

Budget Adoption or Revised Budget

(Circle one)

As of: _____
Date

Part I: Revenues

Account Number	Account Description	Prior Year Budgeted Revenue	Current Year Estimated Revenue
	Total		

Part II: Expenses

Account Number	Account Description	Prior Year Budgeted Expense	Current Year Estimated Expense
	Total		

Part III: Ending Balance and Carryover

Difference between total revenues and expenses: _____

Plus carryover (ending balance) from prior year: _____

Projected ending balance: _____

Part IV: Budget Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Principal/School Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Approved by business office: _____
Signature, Title and Date

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Budget Monitoring for ASB or Club

Name of School_____

Name of Club_____

Budget Monitoring

Fiscal Year: _____

As of: _____
Date

Part I: Revenues

Account Number	Account Description	Budgeted Revenues	Revenues Received to Date
	Total		

Part II: Expenses

Account Number	Account Description	Budgeted Expense	Actual Spent to Date
	Total		

Part III: Ending Balance and Carryover

Difference between total revenues and expenses: _____

Plus carryover (ending balance) from prior year: _____

Projected ending balance: _____

Part IV: Budget Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Principal/School Administrator: _____

Signature, Title and Date

ASB Student Council President: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

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Budget Carryover Request

Name of School_____

Name of Club_____

Request to Carry Over Excess Ending Balances

Fiscal Year: _____

As of: _____
Date

I. The following organization requests approval to carry over an amount in excess of the district's approved 20 percent limit.

Club/Organization: _____

Club Advisor: _____

II. Calculation of Excess Carryover

A. Total estimated annual revenues: _____

B. Multiplied by 20 percent (Allowed Carryover %): _____

C. Equals Amount of Allowed Carryover: _____

D. Amount of Requested Carryover: _____

III. Explanation

Provide an explanation of the need to carry over amounts in excess of the 20 percent limit. Explain how student approval was obtained, and when the club will use the excess funds. Attach explanation on an additional page.

Budget Carryover Request Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Principal/School Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Approved by business office: _____
Signature, Title and Date

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Chapter 7

Chapter 7 – Accounting and Financial Management

Accounting Systems

Every ASB organization must have an accounting system to record the money raised and spent. Accounting systems are either manual or computerized. The decision of which system to use is important because the system must provide assurance that adequate and effective internal controls are in place while maintaining an accurate and detailed record. If a computerized accounting system is used, the general summary of all funds will need to be shown, as well as the distribution of assets in the bank and other places, with individual activities' account information and balances. If a manual system is used, a single columnar book, bound or loose leaf, is recommended for keeping accounts.

This chapter briefly defines the two types of systems and indicates which systems ASBs usually use. The simplest accounting system is the checkbook and manual ledger. For elementary schools and other unorganized ASBs that have only a few fundraising events each year, a checkbook may provide an adequate accounting system. In secondary schools and community colleges (organized ASBs), a more complex system is needed because many student clubs require separate accounting.

Manual Accounting Systems

The simplest and least expensive system is a checkbook and a set of ledger cards. The ledger cards are used to record the transactions by club; the revenues are posted as additions on the ledger cards and the expenses are posted as deductions. This type of system was commonly used before computers were readily available. Manual systems are now found mostly in unorganized ASBs because of the limited amount of transactions. This type of system can work, but it requires a significant amount of time to maintain, and the risk of error is high because all of the transactions are posted manually.

Even with manual sets of books, a backup of those books must be maintained. Photocopying or scanning the general ledger and subsidiary journals for archiving in a district fireproof safe is recommended.

> ***Fraud Alert***
>
> Beware of multiple copies of accounting data located on the same computer drive or anywhere else. Using the guise of needing a second set of electronic books to practice accounting entries, perpetrators will carry out any number of frauds. Multiple sets of electronic books are most commonly used to create bank reconciliations. Some perpetrators of fraud have used up to six sets of books to prepare bank reconciliations, reprint checks, provide understated club financial records, and carry out many other fraudulent transactions and reports.

Computerized Accounting Systems

Most organized ASBs use one of several computerized accounting systems developed specifically for ASB records and accounting transactions.

Although computerized accounting systems are more expensive and require ongoing support, they enable the organization to produce more accurate reports, allow stronger controls over the data, and can save an enormous amount of time when producing information. Some accounting software packages are used by organized ASBs throughout California and are designed specifically for ASBs. Other software systems range from spreadsheet applications to accounting software. Some districts have developed their own proprietary accounting software. Large schools with multiple organized ASB clubs and trust accounts are best served by computerized accounting systems that specialize in ASB operations and allow separate accounting for each club. The California Association of Directors of Activities (CADA), the professional organization for ASB advisors, can provide information about which districts use which products.

The importance of backing up data cannot be overemphasized. Whether it is stored on a district server or locally on the ASB office computer, electronic accounting information must be backed up to a secondary storage device at least weekly and preferably daily. Secondary backup storage devices such as compact disks (CDs), portable flash drives, portable hard drives and internet cloud backup services all provide efficient media for backups that can be stored in a district's fireproof safe or online. All financial data should also be backed up daily, and a copy of all ASB computer files, which may contain other valuable data, should be backed up annually.

Journal Entries and Transfers

Because so many ASBs use computerized accounting systems, greater control of journal entries and transfers is required. Journal entries and transfers should be prepared only with prior written approval from the ASB advisor, principal/school administrator, or a student representative. Such entries should never be made without someone else's knowledge and approval.

Because journal entries and transfers are made to correct or change a previous accounting entry, great care should be taken to properly document their purpose so that future questions or issues do not occur. In accordance with standard accounting practices, the detailed reason for the journal entry or cash transfer, with all supporting documentation showing why the entry is necessary, should accompany the transaction and be retained. This is true whether a journal entry is used to transfer resources between clubs, correct an error, or document an extraordinary event such as a theft or loss.

Some ASBs consider transfers less critical than journal entries, but this is not the case; both are equally significant and should be thoroughly documented and approved, because failure to do so can cause serious issues in the future.

Fraud Alert

Any journal entry that is not properly documented is a fraud indicator. While mistakes may be made, even corrections to journal entries should be printed, signed and approved. Failure to document journal entries and obtain approval allows a fraud perpetrator to completely manipulate the accounting records. In the absence of proper approval procedures, perpetrators of fraud can and will enter numerous transactions allocated over many clubs and accounts, all disguised to make the transaction so complex and tedious that it is difficult to follow.

Accounting for Theft or Loss

In cases of theft, or misplaced or lost deposits, the amount of funds and club identity may or may not be known.

- When the amount of loss and the club is known, the following options are available:
    - Corresponding increasing and decreasing journal entries may be considered to identify the club's loss, and a theft loss account may even be created to separately track the transaction. Corresponding increasing and decreasing entries will identify the loss but will have no net effect on the club's account.
    - Some clubs may want to document a theft loss as an expense and place the other side of the transaction in another account that they are willing to reduce, decreasing the club's account.
    - Some ASBs may choose to account for this type of transaction within their cash over-short account.
- When the amount of loss and the club is unknown, an increasing and decreasing estimated journal entry may be considered to minimally identify an estimated loss and may be recorded within some miscellaneous account type.

Centralized versus Decentralized Accounting

Because governing boards are ultimately responsible for everything that happens in a district, including the activities of and guidelines for student organizations, they have a fiduciary duty to ensure that sponsored

activities and accounting are performed in a correct and accountable manner. At the same time, governing boards are not ultimately responsible for ASB expenditure decisions; the students are, with assistance and co-approval from specific staff as noted in the Education Code. For expenditures to qualify as an allowable use of student funds, they must meet the following criteria:

- They must be in compliance with applicable laws and district policy.
- They must directly promote and benefit the general welfare, morals and educational experience of the students.
- They must not be used for expenses that are the district's responsibility, or expenses that have been paid for from the district's own funding sources in the past.
- They must benefit a group of students (with few exceptions).
- Students must be involved in decisions regarding how the ASB funds are to be spent (organized ASB).

The most important question that should be asked is, "Is this something the district should provide, or is it really an 'extra' that the students want?"

The district is responsible for ensuring that ASB funds are safeguarded at the school and deposited in the bank in a timely manner; for maintaining adequate ASB financial records and financial transactions; for ensuring that the district's ASB policies and procedures are followed; and for reporting any suspected fraud or abuse. These duties are usually performed by an ASB bookkeeper. In addition, an ASB advisor should supervise club activities and serve as the liaison between the club and the ASB bookkeeper and principal/ school administrator.

Who Pays for the ASB Bookkeeper?

Because governing boards have a fiduciary duty to ensure that ASB operations are performed in a correct and accountable manner, the district usually pays for the ASB bookkeeper's and ASB advisor's services because their roles ensure that ASB organizations follow board policy and handle funds appropriately. The district's governing board must ensure that ASB funds are monitored and safeguarded.

Most ASB accounting is decentralized, meaning that the accounting for student organizations is done at the schools where the clubs exist. The advantage of this is that the students can learn how accounting works, and information can usually be obtained more quickly and can be easily communicated among student clubs, advisors and the bookkeeper.

When ASB accounting is centralized, the accounting for student organizations is handled at a location other than where the clubs exist, such as at the district office. This method is more efficient in producing standardized accounting and reporting, can improve the elements of internal control, and can provide significantly improved budgetary controls. However, it is difficult for students to be as involved, and operations are not as efficient.

Chart of Accounts

Regardless of the accounting system selected or whether accounting is centralized or decentralized, each ASB needs to use a structured chart of accounts that conforms to generally accepted accounting principles and defines and differentiates categories of revenues and expenditures as well as assets and liabilities. A chart of accounts organizes all account groups or categories of money numerically. There is a common schematic for ordering the chart of accounts that, when used correctly, helps all involved parties better understand the financial health of the ASB, and its clubs. Two sample charts of accounts are included at the end of this chapter: one is suitable for a small ASB, and the second is designed for a larger ASB. A standard chart of accounts should be used for all schools and clubs.

ASB charts of accounts will have several groups of accounts within the following categories:

Assets

Assets are usually defined as anything the ASB owns or controls that has value, either tangible or intangible. Assets are a resource of the ASB and can be further segregated into current assets and fixed assets. Current assets are readily available or liquid, such as cash in a bank or in savings. Fixed assets are of a more permanent nature, such as a piece of sound system equipment.

Liabilities

Liabilities are obligations, or debts, the ASB owes to other parties (i.e., unpaid legal obligations). These include invoices to vendors for items received but not paid for, as well as sales tax balances due to the state. When a liability is paid or settled, a transfer or use of assets (i.e. cash) will occur.

Trust Accounts

Trust accounts are managed by one entity for the benefit of another, so in the case of an ASB, these are amounts that the ASB is holding on behalf of individually approved clubs. These include scholarship accounts.

Equity

Equity accounts represent the net worth of the ASB. The equity is the difference between the total assets and the total liabilities.

Revenue

Revenue is the amount of money received from the sale of goods or services, or money raised from fundraising activities. This is the money earned by the ASB.

Expenses

Expenses are the costs incurred for the purchase of goods or services. This is the money spent by the ASB.

Fund Balance

Fund balance is the amount remaining after all revenues, expenditures and carryover from the prior year are calculated and accounted for. This is unspent and uncommitted ASB money.

Sound Business Practices for Accounting System Management

The district's business office should standardize the chart of account and the accounting systems for all ASBs. This ensures that the accounts and the system are appropriate for use in ASB activities and will be consistently used throughout the district.

Computer Hardware and Software Purchases for Accounting Functions

With student council and district approval, it is legal and appropriate for an ASB to purchase computer and software systems for its operations. It is equally legal and appropriate for the district to provide the requisite hardware and software for daily business use. The decision to purchase computer systems for ASBs and to determine the funding source for this type of purchase can be made at the local level, but only with district approval of which system is purchased and how it is funded.

Financial Reporting and Closing the Books

Financial reports are the most important monitoring devices that businesses and public agencies use to determine their fiscal position. The timing and composition of these reports varies with the type and size of the entity. A range of industry standards affect how financial reports are structured, prepared and presented. A similar structure exists for the financial reporting for ASB organizations.

Periodic financial statements must be prepared to help principals and other school administrators, ASB advisors, and students understand the ASB's financial position. The size of the ASB operations and the grade level of the school often determine the type and frequency of financial reports. The governing board policy also may determine how and when financial reports are prepared. The district's business office should also receive copies of the periodic financial statements as part of their oversight responsibility.

The business year for all ASB operations is July 1 to June 30. This is formally called the fiscal year, for both ASB operations and the district.

Standard for Unorganized ASB Operations

Because the amount of money in unorganized school ASB accounts is often small, periodic financial statements are not as important. At a minimum, the ASB will have to provide summary financial information at the end of the year for the auditors. However, if an unorganized school ASB operation has annual financial activity of $25,000 or more, financial statements should be provided throughout the school year as recommended below for organized ASB operations.

Standard for Organized ASB Operations

In schools with organized ASBs, it is important that the principal/school administrator, advisors and students review their financial status periodically. Best practices for organized ASBs dictate that the financial reports showing the ASB's financial status be reviewed monthly; in no case should the financial status be reviewed less than quarterly. A monthly reporting requirement is most common and is recommended by FCMAT. This means that reports should be produced for all clubs, as well as the general ASB.

The district's business office staff should also give input into the decision about how often financial reports are produced and reviewed, who should review them, and their distribution.

Types of Financial Reports

Normally, it is the ASB bookkeeper's responsibility to produce the financial reports. The bookkeeper is responsible to many customers, each of whom has a unique set of needs and responsibilities related to those reports:

- Principal/School Administrator: The principal/school administrator must review and approve (indicated by their signature) all financial reports throughout the year and ensure that all required reports and submissions are made to the district's business office as requested.
- Student Council: For organized ASBs, the student council must review, approve and enter into their meeting minutes the monthly and annual financial reports for their own information, and for the various clubs' information.
- Individual Clubs: For organized ASBs, each club must review, approve and enter into their meeting minutes their monthly and annual financial reports.
- District Business Office: The district's business office must receive the approved financial statements at least quarterly, although monthly is recommended.

There are two basic industry-standard financial reports. They are most useful when they are prepared properly and explained clearly:

- Profit and loss statement, which compares ASB revenue to expenses
- Balance sheet, which summarizes the assets and liabilities of the ASB

Profit and Loss Statement

The profit and loss statement provides a financial picture of an organization at a specific point in time, such as the end of a month, and includes all financial activity from the beginning of the fiscal year through the end of that month. This statement compares actual revenue to actual expense. It is best used when it also includes the projected budget for the same revenues and expenses.

The comparison of the budget to the actual revenues and expenses is probably the most useful financial statement for showing how the club is doing at any point in time. In addition to preparing financial statements at various times throughout the school year (e.g.. monthly), a year-end financial report should always be prepared at the end of the fiscal year and should include a summary of the financial activities of all trust accounts and clubs.

The principal/school administrator or designee should do the following with each report:

- Review the year-end report to ensure that it balances; that is, that the revenues less expenditures equals the net profit/loss and that beginning balances are reconciled with ending balances from the prior year.
- Review and investigate any excess of expenditures over revenues, both budget and actual, at both the individual club and ASB levels, to ensure data accuracy and an understanding of the deficiency.
- Review any encumbered purchase orders that appear out of the ordinary, especially if unexpected.
- Initial and date the report as evidence of their review.

Balance Sheet

A balance sheet is an important document used by businesses, public agencies and municipalities of all sizes worldwide. It is the main indicator of fiscal solvency and a tool for making future business decisions. The balance sheet has similar value in ASB management.

The balance sheet statement lists all of the assets and liabilities of the ASB organization on a specific date. The assets are what the ASB owns, such as the following:

- Cash in the bank
- Savings deposits
- Student store inventory
- Anything else of value

The liabilities are what the ASB owes, such as the following:

- Unpaid bills to vendors for merchandise received
- Unspent balances in club accounts
- Sales tax payments due
- Other bills owed

The fund balance indicates the ASB's net resources available for future projects and activities. As periodic financial reports (including a balance sheet) are prepared during the year, the line titled "profit or loss to date" indicates the success or failure of fundraising up to that point in time. A sample balance sheet is included at the end of this chapter.

The principal/school administrator or designee should do the following:

- Review the balance sheet to determine that assets less liabilities equals equity/fund balance.

- Review assets and liabilities for reasonableness and investigate any anomalies or anything that appears out of the ordinary.
- Initial and date the report as evidence of their review.

Closing the Books

Without exception, every business, whether private enterprise or public agency, must close its books at the end of each fiscal year. At the end of June, the ASB books must also be closed for that school year, which means posting all financial transactions for that year. For organized ASBs, this is normally done by the bookkeeper. For unorganized ASBs, it is usually the school secretary or similar position.

To close the books, the following must be completed by June 30:

- Collect all undeposited money from fundraising events and deposit the funds into the bank.
- Pay all outstanding invoices for goods and services received.
- Contact the vendor for any outstanding purchase orders. Obtain an invoice for purchase orders that have been delivered by the vendor but not invoiced. Pay these invoices.
- Ensure that the ASB advisor and students take a final inventory of the student store and any vending machine stock on hand.
- Balance the inventory count with the book value of the inventory. Make adjusting entries as needed.
- Verify and balance all trust and club accounts. Coordinate this bank reconciliation with the ASB advisor and with individual club sponsors. Make adjusting entries as needed and verify data.
- Prepare the financial statements for the fiscal year.
- Distribute the financial statements according to district guidelines.

District Business Office Support

Preparing financial reports can be challenging and sometimes intimidating for students and staff involved in ASB operations. An understanding and supportive district business office staff should have the expertise and responsibility to ensure that ASB personnel are trained and offer them assistance. The annual meeting and training sessions sponsored by the district's business office should include a review of the financial reports for ASBs. Similarly, the business office should provide the ASB with technical assistance throughout the year as questions and concerns arise.

Annual Audit

The governing board must ensure that all district funds are audited annually by an external, independent auditor approved by the State Controller's office. The independent auditors report directly to the governing board. As part of that annual audit, student body funds will be reviewed and audited. The Education Code also states that the governing board shall provide for the supervision of ASB funds, and may provide for internal audits of ASB funds by school district personnel (E.C. 76065 for community colleges and 48937 for K-12). This can be done using a district internal control plan and a certified public accountant or public accountant licensed by the California State Board of Accountancy. The audits must include a study of financial procedures and controls to ensure conformance with the law, and must verify all outstanding bank accounts.

Annual audits, whether internal or external, are essential to the district's oversight responsibilities. These audits help the district's administration ensure that appropriate procedures and controls are in place. Audit findings alert the district office to weaknesses in the system that must be addressed and procedures that must be corrected. Audits also protect the district by providing a third-party defense for why policies and

procedures are necessary. Staff at all schools who work with the ASB must be made aware of all audit findings and should participate in the steps needed to ensure that they do not recur. This includes findings related to schools other than their own so that they are made aware of the issues and can prevent or correct improper procedures at their own school.

Independent auditors will follow audit procedures established by the State Controller's Office to ensure that student body financial transactions are recorded accurately in the ASB's financial records. To do so, the independent auditor should do the following:

- Review records and systems for adequacy of internal controls and conformity with generally accepted accounting principles (GAAP).
- Ensure that the bank reconciliations are performed within two weeks of receiving the bank statement.
- Read meeting minutes and note matters pertaining to the audit.
- Determine if the district's governing board has adopted rules and regulations regarding how the student body is governed.
- Verify assets, liabilities, revenues, expenditures and equity.
- Determine whether fundraisers were approved in advance by the governing board or its designee and were in the student body's best interest.
- Determine if revenue projections were completed for all fundraisiers.
- Reconcile recorded receipts with the value of what was actually charged during fundraisers (e.g. the value of items or ticket prices for entertainment).
- Check for commingling of ASB funds with non-ASB funds.
- For all fundraisers, ensure that cash controls (tickets, receipt books, tally sheets) were used and reconciled with collected cash.
- Ensure that receipts were credited to the proper club account.
- Determine that student funds were not used for expenses that are the district's responsibility.
- Ensure that all expenditures were approved in advance by the appropriate individuals.
- Determine if budgets for all clubs and the student council were prepared and appropriately approved.
- Ensure that a policy or policies require student body revenues and expenditures to be clearly distinguished from those of the district.
- Verify that cash is always double counted.
- Ensure that deposits are kept secure in a locked safe, and for no more than a few days, until they are brought to the bank.

Following are some of the annual audit findings that commonly occur in districts throughout the state:

- ASB budgets are not prepared.
- Little or no supervision over budget preparation.
- Revenue projections are not prepared.
- Revenue projection actual results are not monitored and compared to projected results.
- Prenumbered receipt books and/or receipts are not used.

- Receipt books are not logged in and out with signatures.
- Cash counts are not recounted.
- Prenumbered tickets are not used.
- The number of tickets sold is not reconciled to tickets collected.
- Deposits received are not taken to the bank for deposit within the time specified in district guidelines.
- Purchase orders (or other preapproval form) are not used.
- The actual purchase date is prior to the purchase order date.
- The three signatures required for organized ASB expenditures are not obtained prior to purchase.
- A lack of confirmation that the product purchased was received prior to payment being made.
- Checks are made out to cash.
- Check stock is visible and unsecured.
- Bank reconciliations are not prepared regularly or on time.

Because they review a sampling of transactions, auditors will not find every instance when things are not being done appropriately. Incorrect procedures not detected by the auditors should nonetheless be corrected. Issues need to be corrected before something goes wrong. This protects everyone involved with ASB. The auditors are a good resource when questions arise because they are familiar with rules, regulations, and best practices.

The ASB audit is part of the school district's audit, and the cost should be paid by the school district.

Bank Reconciliations

Timely and accurate bank account reconciliations and review are prudent and necessary. Each ASB organization will have at least one bank account with monthly statements. Bank account statements may be sent directly to the school, or to the district office, which then forwards them to the school. Normally the ASB bookkeeper is responsible for reconciling all ASB bank statements to checkbooks and general ledger accounts.

Challenges of Bank Account Reconciliations

Staff members typically report difficulties with bank account reconciliation, and auditors often find problems in this area at year end. In addition to a regular bank account reconciliation process, a reconciliation between all club balances and the total bank account balances needs to be performed; this makes the process more difficult.

For example, consider a situation in which there is a reported $5,000 balance in the combined ASB checking and savings accounts, yet the ASB bookkeeper reports total club balances of $6,000. Can this occur? If it does, who takes what action?

Some of the challenges reported by staff and auditors are listed below, and immediately following are recommended best practices that help prevent these challenges from affecting other ASB operations.

Reported challenges include the following:

- The bank account is not reconciled each month in a timely manner.
- No one reviews the bank reconciliation after it is prepared by the ASB bookkeeper.
- The total in all club accounts differs from the total of the bank accounts.
- No one prepares a monthly report showing all cash balances and all club balances.

- No one is certain if there is enough money for an upcoming activity (e.g. the senior class picnic).
- The ASB treasurer does not make a monthly report to the student council regarding all bank accounts and all club and trust account balances.

Good Business Practices for Bank Account Management and Reconciliation

For all accounts maintained by the student organization(s), reconciliations between financial institution account balances and student organization records should be performed for every period for which a statement is received (e.g. monthly). Control measures should be established to ensure that bank reconciliations are performed on time and accurately, and that sufficient separation of duties exists.

Best practices for bank account management and for bank reconciliations are as follows:

- The ASB bookkeeper should reconcile the total amount in the club accounts with the checkbook or general ledger monthly.
- The ASB treasurer should provide monthly reports on bank account balances and all club and trust account balances. This report should be entered into the student council minutes.
- The principal/school administrator or ASB advisor should ensure that the bank statement is reconciled within two weeks after the statement arrives.
- The principal/school administrator or ASB advisor should compare the bank statement and the checkbook or general ledger to ensure that the totals match the numbers on the bank reconciliation.
- The principal/school administrator or ASB advisor should verify that outstanding items are cleared in the following month.
- The principal/school administrator or ASB advisor should ensure that any journal entries made were properly approved and authorized.
- The principal/school administrator or ASB advisor should initial and date the bank reconciliation and the bank statement as evidence that they were reviewed and that the totals are identical.
- The district's business office should conduct a monthly review of ASB bank reconciliations prepared at the school sites. This should include the reviewer from the business office signing and dating the reconciliation when the review is complete.

The ASB bookkeeper performs the bank reconciliation by comparing the transactions posted by the bank to the transactions posted in the ASB books (checkbook or general ledger) for the same period.

The ASB Bank Reconciliation Worksheet at the end of this chapter has been developed for use when performing this task. Instructions for using this worksheet are as follows:

1. On line A, record the ending balance shown on the bank statement.

Fraud Alert

Even with established timelines for completing and submitting bank reconciliations, many ASBs are allowed to continue for many months before the district office makes them accountable for late reconciliations. Numerous excuses are given for late bank reconciliations, but too often they are late because the prospective thief needs time to alter the books.

When the bank reconciliation is late, offer assistance and/or provide a new deadline such as the next day. One late bank reconciliation may not be a problem; however, many financial frauds in ASBs are connected to inaccurate and late bank reconciliations. The honest person who is late with a bank reconciliation will not object to receiving assistance because they have nothing to hide. Resistance to help and continued excuses are a fraud indicator that should always be taken seriously.

2. On line B, record any deposits made by the ASB bookkeeper that don't show on the bank statement as of the ending date (i.e. that are outstanding). In addition, review the deposits in transit on last month's bank reconciliation to confirm that the bank has posted them to the ASB account.

3. On line C, total the deposits in transit.

4. On line D, record all of the checks that have been written and recorded in the student body books but have not cleared the bank as of the ending date (i.e. that are outstanding). Review the outstanding checks on last month's bank reconciliation, and post on this month's bank reconciliation those that have not yet cleared the bank. Checks that are outstanding longer than one year should be stale dated and returned to the ASB cash balance.

5. On line E, total the outstanding checks.

6. On line F, compute the reconciled bank balance. Add the amount on line A and the amount on line C, then subtract the total of the outstanding checks on line E.

7. On line G, record the amount in the ASB checkbook or general ledger. That amount must be as of the same date as the ending date on the bank statement.

8. On line H, add the interest and any other amounts added by the bank.

9. On line I, total all of the amounts from line H.

10. On line J, record the bank charges deducted by the bank. Also, record the returned checks and returned check charges.

11. On line K, total all of the bank charges.

12. On line L, compute the ending balance. Add the amount on line G and the amount on line I and deduct all bank charges on line K.

    The bank account is not considered reconciled until lines F and L show the same amount.

13. Post the interest and the bank charges to the checkbook or the general ledger.

The ASB bookkeeper finishes the bank reconciliation by balancing all the general ledger accounts, including all club and trust accounts, and provides copies of the bank reconciliations to the principal/school administrator, ASB advisor and business office.

Fraud Alert

Bank statement reconciliation fraud is as easy as recording a deposit, stealing the money, showing the deposit as outstanding, and then creating a journal entry to write off the missing funds.

Everyone reviewing bank reconciliations should be alert for deposits that are outstanding for longer than two or three days and for journal entries that clear cash from the bank reconciliation cash account.

The bookkeeper should also prepare a report of bank account and club and trust account balances for the ASB treasurer to present at the student council's monthly meeting. The ASB bookkeeper should also provide each club advisor with a monthly financial report that shows year-to-date activity and summary balances.

A more complete discussion of financial reports can be found in the Financial Reporting and Closing the Books section of the preceding chapter.

Chart of Accounts for Small ASBs

Asset Accounts • 100–199

101 Cash in Bank, Checking
103 Petty Cash
105 Cash in Bank, Savings
107 Change Account
109 Accounts Receivable
111 Student Store Inventory
113 Equipment
115 Other Assets

Liability Accounts • 200–224

201 Accounts Payable
203 Sales Tax Payable

Trust Accounts • 225-299

225 Scholarship Account A
227 Scholarship Account B
235 Class of 2015
237 Class of 2016
239 Class of 2017
241 Class of 2018
245 Club A
247 Club B
249 Club C
251 Club D

Equity Accounts • 300–399

310 Fund Balance

Revenue Accounts • 400–499

401 Student Body Card Fees
403 Student Store Sales
405 Yearbook Sales
407 Social Events & Activities
409 Vending Machine Sales
411 Interest Earned
413 Other Revenue

Expense Accounts • 500–599

501 Student Store Purchases
503 Yearbook Publication
505 Social Event Purchases
507 Vending Machine Purchases
509 Supplies and Purchases
511 Depreciation
513 Other Expenses

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Chart of Accounts for Large ASBs

Asset Accounts • 1000–1999

Current Asset Accounts • 1000–1699

Bank Accounts • 1000–1199

1001 Bank of America, Checking Account # XXXX

1003 Bank of America, Savings Account # XXXX

1005 Bank of America, Money Market Account # XXXX

1103 United California Bank, Savings Account # XXXX

1105 United California Bank, Money Market Account # XXXX

Other Current Asset Accounts • 1200–1699

1201 Petty Cash Fund

1203 Change Fund

1301 Accounts Receivable

1303 Accounts Receivable Interest

1305 Accounts Receivable Bad Checks

1307 Accounts Receivable Yearbooks

1401 Inventory Student Store

1403 Inventory Vending Machines

1405 Inventory Snack Bar

1501 Other Current Assets

Fixed Assets • 1700–1999

1701 Equipment ASB Office

1703 Equipment Student Store

1705 Other Equipment

1801 Other Fixed Assets

Liability Accounts • 2000–2999

Accounts Payable Accounts • 2000–2099

2001 Accounts Payable Vendors

2003 Accounts Payable District Salary Reimbursement

2005 Sales and Use Tax Payable

2007 Other Accounts Payable

Trust Accounts • 2100–2199

2101 JFK Memorial Scholarship

2103 Mary Smith Memorial Scholarship

2105 Ming Kim Memorial Scholarship

2105 Frank Diaz Memorial Scholarship

2107 Tony Petrali Memorial Scholarship

2109 Susan Thomas Memorial Scholarship

2111 Clearing Account – Field Trips
2113 Clearing Account – Athletics
2115 Clearing Account – Other

Student Class Accounts • 2200–2299
2201 Class of 2014
2203 Class of 2015
2205 Class of 2016
2207 Class of 2017

Club Accounts • 2300–2399
2301 Marching Band
2303 Black Student Union
2305 Latino Student Leaders
2307 Art Club
2309 Cheerleader Club
2311 California Scholarship Federation Club
2313 Filipino American Club
2315 Drill Team
2317 Orchestra Club
2319 Computer Club
2321 French Club
2323 Future Teachers Club
2325 MESA Club
2327 Spanish Club
2329 Speech Club
2331 Female Soccer Club
2333 Track Club
2335 Luau Student Association
2337 Travel Club
2339 Native American Culture Club
2341 Drama Club
2343 Football Club
2345 Basketball Club
2347 Yearbook Club

Equity Accounts • 3000–3999
3001 Fund Balance

Revenue Accounts • 4000–4999
4301 ASB Cards
4303 ASB Dance Revenue

4307 Championship Playoff Gate Receipts
4309 Yearbook Sales
4311 Yearbook Advertisements
4313 Homecoming Dance Revenue
4315 Interest Earned
4319 Donations
4321 ASB Fundraising
4323 Luau Revenue
4325 Carnival Revenue
4327 Copy Machine Commission
4329 Talent Show Revenue
4331 Car Wash Revenue
4333 Student Store Sales
4335 Student Store Over and Short
4337 Vending Machine Revenue
4339 Vending Machine Over and Short
4341 Snack Bar Sales
4343 Snack Bar Over and Short
4345 Snack Bar Commissions
4347 Inactive Clubs – Fund Close Out

Expenditure Accounts • 5000–5999

5301 Athletics – Boys
5303 Athletics – Girls
5305 Championship Playoff Expenses
5307 Athletic Equipment and Supplies
5309 Athletic Trophies
5311 Athletic Awards Program
5313 CIF League Dues
5315 Band and Music
5317 Cheerleaders
5319 ASB Dance Expense
5321 Luau Expense
5323 Carnival Expense
5325 Spring Musical Expense
5327 Talent Show Expense
5329 Yearbook Publication Expense
5331 Academic Teams Expense
5333 Audio Visual Expense
5335 Armored Car Service
5337 Community Service
5339 Over and Short

5341 Student Activities
5343 Student Government
5345 Speakers
5347 Postage
5349 Transportation
5351 Conferences
5353 Leadership Camp
5355 Student Store Purchases
5357 Student Store Returns
5359 Student Store Taxes
5361 Snack Bar Purchases
5363 Snack Bar Returns
5365 Snack Bar Taxes
5367 Vending Machine Purchase
5369 Vending Machine Returns
5371 Depreciation
5373 Other Expenses

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Balance Sheet – Small ASB

Associated Student Body

Balance Sheet
As of May 31, 2015

Assets		**Liabilities**	
Cash in Bank, Checking	$8,000	Accounts Payable	$5,000
Cash in Bank, Savings	2,500	Total Liabilities	$5,000
Petty Cash	25		
Student Store Inventory	350	**Fund Balance**	
Total Assets	**$10,875**	Fund Balance as of July 1, 2014	$3,000
		Net Gain (Loss) to Date	2,875
		Fund Balance as of May 31, 2015	**5,875**
		Total Liabilities and Fund Balance	**$10,875**

Click here to download this and other forms and documents.

ASB Items for the Annual Audit

The following items, and any other items requested, should be available for review by district auditors during the annual independent audit:

- Copy of the annual financial report that includes a list of the trust account balances.
- Copy of the ASB budget for all clubs/trust accounts and budget revisions/updates.
- Schedule of accounts receivable which lists names and amounts due as of June 30 (do not include any amounts payable by trust accounts).
- Schedule of accounts payable that lists names and amounts owed to others as of June 30 (do not include any amounts payable to trust accounts).
- Detailed analysis of any adjustments to the beginning fund balance.
- Copies of the inventory (e.g. student store, vending machines, ASB equipment and other items).
- Bank statements for checking account(s) reconciled from July of the preceding year to July of current year.
- Interest earned on passbook savings account(s) through June 30.
- List of all petty cash funds and the name of the custodian of the funds.
- Official ASB minutes for all clubs/trust accounts.
- Price lists used during the year for ASB card discount tickets and yearbooks, and the number sold at each price.
- Support for expenditures, including original detailed invoices and approved purchase requisitions.
- Support for revenues, including cash register reconciliations, ticket control, tally sheets, receipt books and deposit information.
- Equipment inventory lists.
- Written procedures for ASB functions, if available.

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Bank Reconciliation Worksheet

Name of School: _____

ASB Bank Reconciliation Worksheet

Name of Bank:_____

Account Number:_____

For the Month of: _____

A. Ending Balance
per Bank Statement _____

B. Plus Deposits in Transit:

_____

_____

_____

_____

_____

_____

_____

C. Total Deposits in Transit:_____

D. Less Outstanding Checks:

Date	Check #	Amount

G. Balance per
Accounting Records:_____

H. Plus Interest: _____

I. Plus Adjustments:

_____

_____

_____

_____

_____

_____

J. Total Adjustments:_____

K. Bank Charges:

_____

_____

_____

_____

_____

_____

_____

L. Total Bank Charges: _____

_____

_____

_____

E. Total Outstanding Checks: _____

F. Ending Balance (A + C – E): _____ M. Ending Balance (G + H + J + L): _____

Reconciliation prepared by:_____
(Name, Title, Date)

Reconciliation Reviewed by: _____
(Name, Title, Date)

Review by ASB:_____
(Name, Title, Date)

Review by District Business Office:_____
(Name, Title, Date)

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Chapter 8

Chapter 8 – Fundraising Events

Although ASB organizations may receive some donations, the primary revenue source for student organizations is fundraising events. Elementary schools usually hold traditional fundraising events such as book fairs and walkathons. At middle schools, junior high schools, high schools and community colleges, the students' involvement and the need for extra funds mean that the number and types of fundraising events are constantly expanding.

Approval of Fundraisers

California Education Code sections 48932 (K-12) and 76062 (community colleges) allow the governing board to authorize student body organizations to conduct fundraising activities. These sections of the law make it clear that the governing board is responsible for approving fundraising events. Before approving any events, the board must consider many issues such as student safety, whether the insurance company is comfortable with the event and whether the event is appropriate for the educational experience of the students. Board members may also have concerns about the number and type of fundraising events and whether these events interfere with the normal conduct of the schools. For example, it would not make sense for all of the high schools in the same district to hold a fundraiser or entertainment such as a school play or spaghetti feed on the same Friday night in September because participation would not be as high. For these reasons and as a good practice, the governing board should review and approve the ASB fundraising events at the beginning of each school year or designate an administrator to do this so that conflicts can be avoided. As the year proceeds, any additional fundraisers would also need to be approved. Another method is for the board to approve policies and administrative regulations that delineate allowable and prohibited fundraising events; the board would still need to designate an administrator to approve all fundraising events in advance.

It is also important that nondistrict organizations such as booster clubs, foundations, auxiliary organizations and other parent-teacher organizations coordinate the timing of their fundraisers with student body fundraisers so that they are not in competition with each other.

Good Business Practices for Fundraising Approval

The principal/school administrator or ASB advisor should fill out some type of documentation at the beginning of each school year indicating the number and types of fundraising events that each school's student organizations will hold that school year. Two sample forms are presented at the end of this chapter. These forms should be sent to the district's business office upon completion. Depending on board policy and/or practice, the business office can compile these forms and either prepare a resolution for the governing board to authorize the fundraising events, or send the information to the governing board's designee for approval of all listed events. If there are changes in the number or types of events during the year, the principal/school administrator should submit a revised form that the board or its designee may approve.

Districts should have rules regarding how to obtain unsold items from a student fundraiser (i.e. the students either did not turn in the money from a fundraising event or did not turn in the unsold items). The first step is to include a statement in the documents provided to students and their parents at the beginning of the fundraiser indicating that they are responsible for returning unsold items as well as all cash, and the steps that are authorized if they are not returned; the parents should sign in acknowledgement. The district office and the schools' ASBs need to have policies and rules for this that are consistent with one another so that there are no conflicts.

Revenue Projections for Individual Fundraiser Events

It is important for all student organizations, whether organized or unorganized, to have adequate internal controls over their fundraising events, properly evaluate the effectiveness of those events, and decide between often conflicting activity/fundraising requests. A revenue potential form (also known as a fundraiser versus

actual report or a reconciliation after actual report) can help with this task and account for a fundraiser's financial activity. A revenue projection/revenue reconciliation is an important internal control, and most external auditing firms will indicate audit findings if some form of a revenue projection/revenue reconciliation is not done for each fundraiser. In addition, this form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income; thus it assists with planning and budgeting. Because Education Code sections 48932 and 76062 require that the governing board approve fundraising events, this same Revenue Potential form can also be compiled and submitted to the board or board designee for approval, used to ensure that the principal/school administrator is informed and approves of all fundraising at the school, and used to keep the bookkeeper informed about when they can expect to receive funds.

Each fundraiser needs to operate within a budget; a revenue potential form can serve as a fundraiser's budget document. Without a budget, it is easy to overspend and find that all of the students' hard work of raising funds was to no avail because more funds were spent than raised. To complete the form, revenue and expenses will need to be estimated and then compared to ensure that in most cases total revenues are higher than total expenses. If they are not, then expenses will need to be decreased, or revenue will need to be increased. Some activities may be held even if they do not make a profit because they are found to be worthwhile, but funds will have to be raised elsewhere to cover the loss.

A sample Revenue Potential form is provided at the end of this chapter.

Parameters for Fundraising Events

Fundraising events should contribute to the educational experience and should not conflict with the school's educational program. Students should participate and make contributions to fundraising events voluntarily. They cannot be required to participate in fundraising events, and cannot be excluded from an activity funded by ASB funds because they did not participate in raising funds. In addition, fundraising proceeds cannot be attributed to specific students based on what they raised. The funds are raised to benefit the entire club or student group, not individual students.

As a good practice, an elementary principal/school administrator may consider obtaining written permission from guardians or parents for their students to participate in fundraising activities. This usually is not necessary for secondary students.

Door-to-Door Sales

The California Code of Regulations, Title 8, section 11706, allows minors under age 16 to engage in door-to-door sales for newspaper or magazine subscriptions, or of candy, cookies, flowers or other merchandise or commodities, only under the following conditions:

1. The minors must work in pairs, as a team, on the same or opposite side of the street.
2. The minors must be supervised by an adult, with one adult for every crew of ten or fewer minors.
3. The minors must be within the sight or sound of their adult supervisor at least once every 15 minutes.
4. The minors must be returned to their respective homes or meeting places after each day's work.

Frequency and Scheduling of Fundraising Events

The governing board and the principal/school administrator need to consider how many fundraising events the students should hold during the school year. This can be a local decision. For example, a principal/school administrator at an elementary school expressed concern that her predecessor had been holding one fundraising event each month. She felt that this level of fundraising was detracting from the educational program at the school.

For organized ASBs, scheduling fundraising events requires review, management and coordination by the student council, ASB advisor, and principal/school administrator. Clubs on campus need to know which

fundraising events are already scheduled before requesting permission to conduct another fundraiser so they do not conflict in timing or type. Only so many magazines can be sold in a community during a single month. Many districts publish an event schedule that lists all ASB fundraisers for the year at each school and that can be reviewed before scheduling any additional events. The district's business office will often maintain the event schedule because they frequently receive the paperwork submitted for board approval of the fundraiser.

Typically Allowed Fundraising Events and Revenues

In most school districts, the following types of fundraising events (or revenues) are generally considered appropriate for ASB accounts:

- Athletic events
- Concession sales
- Entertainment
- Advertising
- Publications
- Student stores
- Cultural events/international fairs
- Limited food and beverage sales
- Vending machines
- Car washes
- Book fairs
- Dances
- Merchandise sales
- Scholarships and trusts
- Gifts and grants
- Interest earned
- Sale of surplus items

Some of these fundraisers are further explained below. Suggestions and tips for good business practices are included along with potential pitfalls to avoid. The intent is to be certain that reasonable safeguards and internal controls have been built into the event to ensure that the students will benefit from the activity.

Good business practices suggest that the principal/school administrator or designee review and approve in advance any materials, performances and publications that will be part of the fundraiser. Legal questions should be referred to the district's legal counsel.

Athletic Events (usually organized ASB): A school may use any school-sponsored athletic event as a source of revenue as long as the event is in compliance with league agreements. Income can come from various sources such as ticket sales, sales of programs, and concessions. This does not mean the ASB will always be the recipient of revenues from all aspects of athletic events. The governing board decides which club, parent organization or district account will receive the different types of revenues.

One frequent problem with athletic events is that the funds are deposited into an ASB bank account, but a coach wants full control over the funds. ASB funds must benefit students, and although athletic events are an allowable ASB activity/expenditure, students must control how the funds are spent, with co-approval by

authorized adults. If it is an ASB activity, an official student club (i.e. one that has a constitution, budget, certificated club advisor, and official meetings and minutes) must sponsor the events and control the funds. The coach can be the club advisor if they are certificated and if the principal/school administrator agrees to it. If the event is non-ASB and sponsored by the district, an athletic booster club or other parent group, the decisions can be made by the adults or the coach(es), but the funds must be deposited into a separate account, (e.g. district, booster club or parent club nondistrict account), not the ASB account.

Concession Sales (usually organized ASB): Concession sales at student body activities such as athletic events or dances are another popular way for the ASB to raise funds. The students may operate the concession stands themselves or they may enter into an agreement with an outside agency to run the stand (e.g., booster club, foundation, auxiliary organization, other parent-teacher organization, or commercial vendor). If an outside agency operates the concession stand, the school will often contract with the agency to split the profits based on an agreed-upon formula. If the concession sales are after the school day, the numerous food laws regarding quantity sold and nutritional requirements are not in force. However, if the event is during the school day, these nutritional regulations must be followed for grades K-12 (see Chapter 3 for nutrition rules and regulations).

Entertainment: Entertainment includes concerts, dances, variety shows, and other events where an admission fee is charged. The principal/school administrator or designee should approve the content of any entertainment event in advance and ensure that the admission charge is a fixed amount that permits the maximum number of students to attend.

Advertising: The ASB organization may sell space in a school newspaper, yearbook, athletic or entertainment programs, athletic field billboards, or other school publications, unless the district has policy stating otherwise. The principal/school administrator or designee should approve the content of advertising to ensure that it is suitable for a student publication or event. Appropriate contracts need to be entered into and an invoicing system developed so that all applicable revenue is collected.

Publications: The ASB organization may sell publications such as yearbooks, literary magazines, and school newspapers. The principal/school administrator or designee should review the content of all school publications prior to the publication date. These publications may be sold to students and the general public. The ASB organization may want to establish a price for students that is lower (discounted price) than the price charged to the general public. The goal should be to ensure that the maximum number of students can purchase them.

Student Stores: Student stores often are set up at secondary schools to sell items that students need each day or to sell items that have the school logo on them such as hats, shirts and backpacks. Food can also be sold if all applicable laws and board policies are followed. Chapter 11 discusses student stores.

Cultural Events/International Fairs: These events usually include food and beverages, and must comply with various state laws and local district policy regarding which food and beverage items can be offered and how often such sales can occur. In general, all student clubs are allowed to participate in schoolwide events where they can raise money and showcase club goals. Rules regarding selling food and beverage items are contained in Chapter 3.

Limited Food Sales: Although food and beverage sales have always been considered a good way to raise money, the sale of these items is becoming increasingly complicated and limited because of state laws regulating food and beverage sales in grades K-12. Legal issues regarding food and beverage sales are covered in Chapter 3.

Vending Machines: Vending machines have been considered a good way to raise money with a limited investment of time, but the sale of food and beverage items is becoming increasingly limited and profits are declining. Consideration must be given to contracts and inventory control; this area is discussed further in Chapter 10.

Scholarships and Trusts: Outside donors often give schools funds to establish a scholarship. The student council may accept scholarships and trusts with the approval of the governing board or authorized designee. The acceptance should be made in writing, with all conditions the donor is requesting clearly described. A separate account should be established within the student organization's accounting system, and the requirements of the scholarship should be documented and retained at the school. A statement should also be included regarding the disposition of any remaining balance at the close of the period for which the fund is established. FCMAT recommends that the remaining balance not be given back to the donor because the donor probably received a tax deduction for the scholarship donation; rather, the remaining balance should be moved to a different ASB account or used for an additional scholarship, depending on what the disposition statement indicates is to be done.

Included at the end of Chapter 12 is a scholarship fund information sheet to be filled out when a scholarship or memorial is started so that future actions are clearly understood by all. Chapter 12 also contains additional information about scholarships.

Gifts and Grants: Money, material or equipment may be accepted by the student body organization with the approval of the governing board or designee. The items received must have a legitimate use in the school program, with consideration given to installation and maintenance costs before equipment items are accepted. This area is further described in Chapter 12.

Interest Earned: Interest may be earned on checking accounts, savings accounts and other investments that meet legal requirements per the Education Code. Interest earned may be prorated to the various student activity accounts or credited as revenue to the general student body account. Checking account balances should also be reviewed to determine whether excess funds should be invested in accounts that earn higher interest.

Sale of Surplus Items: Sometimes an ASB club may want to sell items they have purchased in the past that are no longer of use to them; or they may want to sell an item below cost; or give away an item that they purchased to sell at a profit but have been unable to sell at a price that enables them to recover the cost paid.

Education Code sections 17545 through 17547 state that the governing board of any school district may sell any personal property belonging to the district if the property is no longer required for school purposes, or if it will be disposed of due to the purchase of a replacement, or if it is unsatisfactory or no longer suitable for school use. A sale cannot occur until public notice has been given, unless the value does not exceed $2,500. When sold, the board shall sell the property to the highest responsible bidder, or shall reject all bids.

Governing boards may choose to sell personal property by means of a public auction conducted by employees of the district or other public agencies, or by contract with a private auction firm.

Based on these provisions, if the items to be designated as surplus were purchased with ASB funds, FCMAT agrees that the proceeds from any surplus sale are appropriate ASB revenue. If the funds are to be placed in ASB accounts, this would then be considered an ASB fundraising event and, per the Education Code, the governing board or their designee would need to approve this fundraising event in accordance with established policy as described in this chapter. This is the first step because a sale cannot proceed unless the governing board is willing to approve the raising of funds by selling surplus property.

If the governing board or their designee has approved the sale of surplus items as a fundraiser, or selling items at a loss, the items will need to officially be declared surplus property. The ASB is considered a part of the district because it uses the district's tax identification number, so if ASB funds were used to purchase the items originally, the Education Code provisions regarding the sale of personal property must be followed. Thus if the governing board agrees that the items are no longer required for school purposes, or are no longer needed because they will be replaced, or are unsatisfactory or no longer suitable for school use, the item or items can be designated as surplus. The items are to be sold to the highest responsible bidder, and public notice must be given before the sale unless the value does not exceed $2,500.

Because of the specifics of the Education Code and how sales shall occur, the ASB will need to work with the district's business or purchasing office to ensure that the correct steps are followed. A district's business office staff usually have experience in drafting such items for placement on the board's agenda. The fundraiser cannot occur until all of the correct steps are followed.

Fundraisers That May Not be Allowed

The following are some of the types of fundraising events that governing board members and principals or other school administrators may not or should not authorize. These items need to be reviewed and discussed at the local level if ASB groups wish to consider them.

Cannot Allow:

- Raffles or games of chance.

  In California, charities and certain other private nonprofit organizations may conduct raffles to raise funds for beneficial or charitable purposes. However, school entities, including student clubs, are not authorized to participate in raffles because they are not nonprofit organizations exempt from state tax as defined in the Franchise Tax Code. Rather, school entities are exempt from tax by virtue of being a government entity.

  It is possible for a private, nondistrict, non-ASB nonprofit group, such as a booster club, foundation, auxiliary organization or other parent-teacher organization to conduct raffles as long as the organization is a tax-exempt nonprofit organization with an approved tax identification number pursuant to Revenue and Taxation Code 23701d. The organization must have been licensed to do business in California for at least one year before holding the raffle and must register with the attorney general's Registry of Charitable Trusts before conducting the raffle, and ensure that written confirmation of the annual registration is received before holding the initial raffle. These nonprofit groups must register every 12 months and, for any given raffle, must ensure that the eligible organization uses at least 90 percent of the gross receipts from the sale of raffle tickets for charitable purposes. The group must also submit an annual report for all raffles conducted during the reporting year (September 1 through August 31) by September 1; the report must include gross receipts, expenses, net profit, and the charitable purpose for which they used the money. The raffle tickets and stubs must be numbered, and adults must supervise the drawing, which may not be conducted over the Internet.

  What is a raffle? If a participant is required to purchase a ticket to have a chance to win a prize, the drawing is a raffle and is subject to the provisions of Penal Code section 320.5 and related regulations. Penal Code section 320.5, subdivision (m) states that a raffle is exempt from registration with the attorney general's office only if all of the following are true:

  a. It involves a general and indiscriminate distribution of the tickets;

  b. The tickets are offered on the same terms and conditions as the tickets for which a donation is given; and

  c. The scheme does not require any of the participants to pay for a chance to win.

  Many school groups print tickets with the words "suggested donation" on them and call it a drawing rather than a raffle. This does not make it legal unless the group is prepared to give anyone who requests a ticket as many tickets as they want for free (no donation). And even if a district does this, it still runs the risk of someone challenging the issue because it still has the appearance of a raffle. The only way to have a legal raffle is to work with an eligible nonprofit organization that has its own tax identification number, registers with the attorney general annually, and disburses 90% of the gross profits generated by the sale of the raffle tickets to a charitable purpose, as outlined above.

Penal Code section 320.5 governs which organizations qualify and how the raffles must be conducted.

FCMAT is often asked if 50/50 raffles are legal. The quick answer is no, because 90 percent of the gross ticket sale revenue is not used for charitable purposes; instead, 50 percent of ticket-sale revenue is awarded as the prize and 50 percent is retained by the organization conducting the raffle. Penal Code section 320.5 is a criminal statute, so violations may be forwarded to the local district attorney, city attorney, or county counsel for investigation and possible prosecution. In addition, the attorney general may take legal action, under the provisions of the nonprofit corporation law, for breach of fiduciary duty or waste of charitable assets. The organization's raffle registration may also be suspended or revoked. For more information, see section 419.2(a) (2) of the raffle regulations, which can be found on the Office of the Attorney General's website at oag.ca.gov/charities/raffles.

May Not Allow:

- Activities that pose liability, safety or risk concerns

Some fundraisers may not be allowed because risk or health and safety concerns prevent the district from obtaining insurance coverage (if the insurance carrier will cover the event, then a district may decide to allow it). Examples include:

- Mechanical or animal rides.
- Use of darts, arrows, or other weapons.
- Objects thrown at people (e.g. pie toss).
- Use of water tanks into which a person is dunked.
- Destruction of cars or similar objects with hammers.
- Trampolines or mini-trampolines.

When the governing board or district staff members have concerns about potential fundraising events and questions about whether the activity will be covered by the district's insurance, they should contact the district's risk manager to determine if the district's insurance will cover any accidents that occur during the event. For example, if the senior class wanted to bring in a traveling carnival as a fundraising event, the district should consider all of the potential liabilities. Will the district's insurance cover any damage to property caused by the carnival rides? What happens if someone is injured on a ride or becomes ill from eating food served at the event? Insurance coverage should be determined when fundraising ideas are first discussed, not when a decision has already been made to hold the event. Some districts require the risk manager to sign off on all ASB fundraising events prior to formal approval to ensure that insurance coverage will not be an issue.

Should Not Allow

- Rental of district-owned equipment or facilities to outside groups

In most local educational agencies (LEAs), the equipment and facilities are considered the property of the LEA. The district's business office oversees the use of district equipment and property. If proceeds are collected for their use per the district's board policy regarding use of facilities, they are deposited into the LEA's general fund. The board policy should address who has the authority to rent district equipment or property and who has the authority to spend the rental fees collected. Most district facilities use policies describe the steps required to use district facilities and equipment. Any rental revenue collected is not considered ASB money because the students do not own the facilities and, for insurance and inventory reasons, rarely retain ownership of equipment they purchase.

- Collection of AP testing fees within ASB

  If a district reviews all of the allowable fee rules and requirements in Chapter 9 of this manual and determines that an AP exam fee is appropriate and allowable, FCMAT's opinion is that all such exam fees should be deposited into the district's accounts, from which the AP testing expenditures should also be paid. AP test costs and fees do not belong in the ASB accounts because these fees are not student fundraising activities.

Fundraising Ideas

Schools at all levels have had many successful fundraising events throughout the years. What is successful at one school may or may not be successful at another. Success is often the result of good planning and organization, support from school administration and the district business office, and communication and collaboration among all interested parties.

Board Guidance and Approval

Although everyone understands that the goal of fundraising activities is to raise money, it is more difficult to gain a full understanding of which fundraising activities are allowable and who should benefit from the proceeds. The governing board of a K-12 school district has the authority to authorize an ASB to conduct fundraising activities, and the authority to approve the fundraising events. The governing board or its administrative designee should approve fundraising events annually, and the district should have board-approved policies and administrative regulations that delineate allowable and prohibited fundraising events. Approvals for fundraising activities should clearly identify not only the activity or event but also the beneficiary of the proceeds.

Procedures for Reporting Revenue Sources Other than Fundraisers

Although the primary revenue source for student organizations is individual club fundraising events, funds are also received from other sources. It is important that student organizations recognize all of the revenue sources and establish control procedures for each. The control procedures may vary depending on the revenue source, and can include revenue from student stores, vending machines, and gifts and donations. These sources are all covered in other chapters of this manual.

Each revenue source must be identified and included in the budget of an individual club or of the ASB general student council. This ensures that the student organization is aware of the revenue and therefore will include it in periodic budget reviews. In addition, each revenue source must be allocated to a specific use.

Nonstudent Group Fundraising

Student body funds and the funds of nonstudent organizations (booster clubs, foundations, auxiliary organizations and other parent-teacher organizations) should never be commingled. Student body funds are never to be used to "front" money for nonstudent body fundraising expenses. Nonstudent organizations shall be responsible for the collection of their own money and tickets, their own bank account and audit, and other items.

Nonstudent organizations are not to solicit funds on behalf of a school or its students during the school day without prior approval by the school board or its designee for each individual fundraising event.

Unless board policy or practice states otherwise, students can help with nonstudent organization fundraisers. It is important when students are involved that the donors understand this is a nonstudent fundraiser. The state Legislature passed the disclosure law (Business and Professions Code 17510 to 17510.95) to safeguard the public against fraud, deceit and unwelcome demands, and to foster and encourage fair solicitations for charitable purposes so that donors will know what portion of the money will be used for charitable purposes. This law requires volunteers older than 18 years of age to present potential donors or buyers with information,

including the purpose of the solicitation and the address from which further information about revenues and administrative expenses may be obtained.

ASB Accounts are not Pass-Through Accounts

Many schools use the ASB account as a pass-through account or clearing account, making a deposit into ASB and then later journaling that amount out of ASB and moving it to another district account. ASB accounts are not and should not be used as pass-through or clearing accounts. Money should only be deposited into ASB accounts if it is ASB funds (raised or donated to ASB) and will be used for appropriate ASB purposes.

ASB accounts are often found to contain funds that have been deposited for a principal's or other school administrator's or teacher's discretionary account, or that have been raised from a nonstudent fundraiser. An adult's name on an account clearly indicates that the funds have been raised or will be spent based on the adult's decision, not the students'. ASB funds are to benefit the students, and to provide items and activities that augment their educational experience, not to supplement an adult's budget.

Fundraising Websites

Online fundraising is an emerging issue. The number of fundraising websites is increasing, as is their use by school district employees to raise funds for educational programs, even though there are often no district guidelines or controls related to their use. Increasingly, individual staff members are establishing their own accounts for specific classrooms, clubs or programs without fully understanding the potential issues or implications.

Donations via online fundraising websites are individual campaigns and thus are considered personal gifts and so are not taxed as income to the recipient in the United States. Anyone can raise money online using a personal fundraising campaign via a fundraising website; users often raise money for themselves or for friends they want to help.

These websites can also be used by nonprofit organizations, or to raise money for an individual's favorite charity, but only if those donations are made to a certified charity campaign; otherwise, the donations are not eligible to be claimed as a tax deduction. To be certified, donations must be made to a legally registered nonprofit or charity listed on the online fundraising site. For example, gofundme.com certified charity campaigns partner with FirstGiving, and can be set up for any 501(c)(3) registered in the U.S. If a nonprofit organization is already listed in gofundme.com's database, it can be found by searching for a specific tax identification at http://www.gofundme.com/charity-donations. If a nonprofit's 501(c)(3) tax identification is not in their system, the nonprofit will need to register with FirstGiving. Until an eligible nonprofit organization with 501(c)(3) status sends a copy of its letter of determination to NPO@firstgiving.com and the charity list is updated to include that nonprofit organization, a certified charity campaign cannot be set up on gofundme.com, and the donations are not tax-deductible to the donor, even if the funds are being donated to a district.

Most online fundraising entities deduct a fee from each donation they receive. In contrast, a donation directly to the school for programs or expenditures incurs no such fee and thus the amount the school receives is larger. If donation websites are used, donors need to understand that an amount less than their entire donation will be given to the program or club for which it is intended because a fee will be deducted first.

Districts should establish guidelines and policies that prohibit staff from starting their own campaigns to raise funds via online fundraising sites with the intent to later donate the funds to a school program or ASB, unless the district has approved the use of the online fundraising site. A district should approve the use of such a fundraising site only if the district has been listed on the site as a registered or certified charity campaign. Otherwise, the people giving the funds to the online site cannot claim a tax deduction for their donations. If the district is not listed as a registered or certified charity campaign on a donation website, the only way donations to the district can be tax-deductible is if they are donated directly to the district rather than through the online entity.

Request for Approval: Fundraising Event

Name of School: _____

Name of Club: _____

Request for Fundraiser Approval

Fiscal Year: _____

Date this form is completed: _____

Proposed event: _____

Description of fundraiser: _____

_____

_____

Requesting Club/Organization(s): _____

Proposed Date(s) of Event: _____

Club Contact Person: _____

ASB or Club Advisor: _____

Location of Proposed Activity: _____

Status of Event (circle one): ☐ New Event ☐Held Previously (Years): _____

Budget Plan for Activity (Attach Description)

Revenue Potential form completed? ❑ Yes ❑ No (attached form if completed)

Other Background Information (such as other schools or clubs that have held similar events):

_____

_____

Approval

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Student Council Recommendation ❑ Yes ❑ No

Student Council Representative: _____

Signature, Title and Date

Principal/School Administrator or Designee Recommendation: ❑ Yes ❑ No

Approved by:

Principal/School Administrator: _____

Signature, Title and Date

ASB Student Council President: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

Presented to District Office, if applicable, on: _____

Date

Reason for disapproval, if applicable: _____

_____

_____

Click here to download this and other forms and documents.

Request for Approval: Fundraising Event with Revenue Projection Information

Name of School: _____

Name of Club: _____

Request for Fundraiser Approval and Revenue Projection

Fiscal Year: _____

Note: To be approved, applications must be submitted at least four (4) weeks prior to requested date.

Applications must be approved by principal/school administrator prior to the activity/ fundraiser.

Date form submitted: _____

PROPOSED ACTIVITY:

Name of activity or type of fundraiser: _____

Location of activity: _____

Facilities needed: _____

Items to be sold: _____

Date of activity:

First choice: _____ Alternate date: _____

Time of activity: From _____a.m. /p.m. To: _____ a.m. /p.m.

Ticket selling price: $ _____

Cash box/Tickets required? ❑ Yes ❑ No

Number of items purchased for sale: _____ @ $ _____ each = $ _____

ASB purchase order required? ❑ Yes ❑ No

How much income is anticipated? $ _____ How much expense is anticipated? $ _____

How will profit be used? _____

_____

Note: Revenue analysis (fundraiser versus actual statement) is due two weeks after close of activity/fundraiser.

Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Student Council Recommendation: ❑ Yes ❑ No

Student Council Representative: _____
Signature, Title and Date

Principal/School Administrator or Designee Recommendation: ❑ Yes ❑ No

Approved by:

Principal/School Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Presented to District Office, if applicable, on: _____
Date

Reason for disapproval, if applicable: _____

_____

_____

Date approved for/recorded on master calendar (If applicable): _____

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Revenue Potential (Fundraising Budget versus Actual Statement)

Name of School: _____

Name of Club: _____

Revenue Potential/Fundraising Budget versus Actual Statement

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Completed: _____

EXPECTED REVENUE:	**BUDGET**	**ACTUAL**	**DIFFERENCE**
Sales quantity x Sales price	$	$	$
OTHER REVENUE:			
Donations, Sales of ads, etc.	$	$	$
TOTAL REVENUE (A)	**$**	**$**	**$**
EXPENSES:			
Product quantity x Cost (per invoice)	$	$	$
OTHER EXPENSES:			
Freight	$	$	$
Advertising	$	$	$
Other	$	$	$
TOTAL EXPENSES (B)	**$**	**$**	**$**

OTHER: (C)			
Items Donated or Given as Prizes – Quantity x Cost	$	$	$
TOTAL PROFIT (A-B-C)	$	$	$

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

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Student Body Fundraising Schedule – Report to Governing Board and/or Designee

Name of School: _____

Name of Club: _____

Student Body Fundraising Schedule

Fiscal Year: _____

Date Form Completed: _____

Event	Sponsoring Club	New Event	One Time Event	Ongoing Event	Date of Event	Club Advisor	Estimated Gross Revenue	Actual Net Revenue

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

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Fundraising Event Profit/Revenue Projection

Name of School: _____

Name of Club: _____

Fundraising Event Profit

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Completed: _____

Part I: Revenue	**Estimated Sales**			**Actual Sales**			**Difference**	
Revenues	**Number**	**Unit Price**	**Total (# x price)**	**Number**	**Unit Price**	**Total (# x price)**	**Units**	**Dollars**
Number of tickets sold								
Number of items sold								
Other Revenues								
Advertising								
(describe)								
(describe)								
Total All Revenue								
Shortages								
Given away (attach documentation)								
Lost (attach documentation)								
Stolen (attach documentation)								
Damaged/Returned								
Remaining Unsold								
Total all losses								
Total Revenue (Revenue - Shortages)								

Part II: Expenses	**Estimated Cost of Sales**			**Actual Cost of Sales**			**Difference**	
Expenses	**Number**	**Unit Price**	**Total (# x price)**	**Number**	**Unit Price**	**Total (# x price)**	**Units**	**Dollars**
Cost of Items Sold								
Other Expenses								
Supplies								
Advertising								
Custodial Overtime								
Fees								
(describe)								
(describe)								
Total Expenses								

Part III: Net Profit for this Activity _____

Net profit is the difference between total revenues and total expenses.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

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Revenue Projection

Name of School: _____

Name of Club: _____

Revenue Projection

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Submitted: _____

	SALES PROJECTION AND SUMMARY	Item #1	Item #2	Item #3	Item #4
	Pre-Event Information				
1	Description of items sold				
2	Number of individual units received				
3	Less items given away (attach documentation)				
4	Less items lost/stolen (attach documentation)				
5	Potential items for sale (line 2-3-4)				
6	Sale price per individual item	$	$	$	$
7	Total revenue potential (line 5 x 6)	$	$	$	$
	Post-Event Information				
8	Unsold items on hand (attach count)				
9	Calculated revenue from sales (line 8 x 6)	$	$	$	$
10	Actual proceeds from sales (see below)	$	$	$	$
11	Cash shortage or overage	$	$	$	$

	Proceeds From Sales	Item #1	Item #2	Item #3	Item #4	Total $
1	Gross cash count	$	$	$	$	$
2	Less change fund	$	$	$	$	$
3	Proceeds from sales (line 1-2)	$	$	$	$	$

Explanation of differences in cash counts/proceeds: _____

_____

_____

Explanation of differences in projected sales: _____

_____

_____

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Distribution:

Pre-event – Copy of form, with header and pre-event information completed, attached to activity request form.

Post-event – Original submitted to ASB bookkeeper, copy retained by club advisor.

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Chapter 9

Chapter 9 – Class Fees, Deposits and Other Charges – Grades K-12

There is considerable confusion regarding fees, deposits and other charges, and how they relate to K-12 education. Because many fees are deposited into ASB accounts, a discussion is merited to provide clarity. Inclusion of this topic in the ASB manual, however, does not imply that the legally permitted fees, deposit and other charges belong to ASB. In fact, most of the allowable fees belong to the school district and should be deposited accordingly. This chapter is intended to educate readers about what is allowable in grades K-12, regardless of where the money should be deposited.

Public educational agencies have had to survive budget cuts year after year because of decreasing enrollment, decreases in state funding and various other factors; therefore, these agencies continue to find different ways to increase revenues. However, public educational agencies have limited options when charging student fees, and legal guidelines are in place regarding items for which fees can be charged. Before assessing or charging a fee or deposit of any kind, a public educational agency must ensure that it is legal. There have been various lawsuits and challenges in this area because of the large number of reports from parents that schools were charging students illegal fees. The most publicized of these lawsuits resulted from a statewide investigation by the American Civil Liberties Union (ACLU), which found that more than 50 school districts listed illegal fees on their websites. After the ACLU lawsuit, various laws were passed including AB 1575 (Stats. 2012, c. 776), and the California Department of Education (CDE) updated Fiscal Management Advisory 12-01 with Fiscal Management Advisory (FMA) 12-02 in April 2013, and has provided regular updates since then, to show the most recent legislation, CDE's latest guidance, and the most recent California Supreme Court interpretations. These FMAs can be found at http://www.cde.ca.gov/re/lr/fm/.

The California constitution provides for a free public school system. Since 1874, the California Supreme Court has interpreted this to mean that students are entitled to be educated at the public's expense [Ward v. Flood, 48 Cal. 36, 51 (1874)]. Any fees charged for educational activities would clearly be in violation of this free school system guarantee, including fees for textbooks, materials and/or supplies. Title 5, California Code of Regulations, section 350, specifically states:

> A pupil enrolled in a school shall not be required to pay any fee, deposit, or other charge not specifically authorized by law.

The state board of education has also stated that pupils enrolled in public schools shall not be required to pay any fee, deposit or other charge unless it is specifically authorized by law. This understanding is based on Article IX, Section 5 of the California constitution, which provides for a free public school system, stating the following:

> The Legislature shall provide for a system of common schools by which a free school shall be kept up and supported in each district at least six months in every year, after the first year in which a school has been established.

The California Education Code (EC), as amended by Assembly Bill (AB) 1575 in 2012, states that a pupil enrolled in a public school shall not be required to pay a pupil fee for participation in an educational activity [EC Section 49011(a)]. An educational activity is defined as an activity offered by a school, school district, charter school or county office of education that constitutes an integral fundamental part of elementary and secondary education, including, but not limited to, curricular and extracurricular activities [EC Section 49010(a)].

The attorney general's office has also made it clear in many of their opinions that public educational agencies cannot levy fees as a condition of participation in any class, whether the class is elective or compulsory.

Prohibited fees include security deposits for locks, lockers, books, class apparatus, musical instruments, uniforms, or other equipment. Because of the Hartzell v. Connell case, [35 Cal. 3d 899, 910-911 (1984)], the California Supreme Court stated that students may not be charged fees for participation in either curricular or extracurricular activities. Whenever a curriculum or extracurricular program is adopted, all supplies, both necessary and supplemental, must be provided free of charge by the district because these activities are an integral component of public education. Based on a footnote in the Hartzell case, it is permissible to charge fees for school- or district-sponsored activities that are purely recreational rather than educational and at which attendance is optional, such as an after-school dance or a weekend athletic event.

A pupil fee is a fee, deposit or charge imposed on pupils, or a pupil's parents or guardians. Examples of unlawful fees are included later in this chapter. It is important to note that fee waivers do not make unlawful fees permissible; school districts and schools cannot establish a two-tiered educational system by requiring a minimum educational standard and then telling students and parents that there is also a second, higher educational standard that pupils can obtain or strive for if they pay a fee or purchase additional supplies that the school district or school does not provide. Thus it is not permissible for a class to have a project that students will be graded on, but then offer an additional project that can be done if fees are paid for the materials and/or supplies for it. All students in the class must have the same opportunity to make all of the projects and receive all applicable materials for free. Money cannot determine who gets to do what projects.

A district or school shall not offer course credit or privileges related to an educational activity in exchange for money or donations of goods or services from a pupil or a pupil's parents or guardians. In addition, a school district or school shall not remove course credit or privileges related to educational activities, or otherwise discriminate against a pupil, because the pupil's parents or guardians did not or will not provide money or donations of goods or services to the district or school. [EC Section 49011(b)]

Schools can always ask for voluntary donations of funds or property, and voluntary participation in fundraising activities, as long as a student's ability to participate in a school activity, either curricular or extracurricular, is in no way determined based on whether a donation was made [EC Section 49011(c)]. When asking for donations or fees, schools and districts should consider working with their own attorneys to ensure compliance with these important laws. Many schools send out donation requests with wording that indicates the donation is required rather than voluntary; this is in essence the same as a fee.

Allowable Fees

The prohibition on pupil fees does not include fees, deposits or other charges that have been otherwise allowed by law [E.C. section 49011(e)]. The Legislature has passed numerous laws allowing certain fees, and these are included in the Education Code, which means that they are not forbidden by the California Code of Regulations Title 5 prohibition discussed above. Thus schools are allowed, but not required, to charge the fees listed below. Although these allowable fees are discussed in this manual, it does not mean that they should be deposited into ASB accounts. Very few fees should be deposited into ASB accounts; rather, they are usually district revenues. In fact, when reviewing fees that have been deposited into ASB accounts, it is common to find that the fees collected were not legal, or that they were improperly deposited into an ASB account rather than a district account.

The following fees can be levied as authorized in the Education Code sections cited:

- Fees for transportation to and from school, if the district provides this for students by the district. These fees are allowable and do not violate the constitutional free school guarantee, according to the California Supreme Court, because it is a service, not an essential part of school activity or an educational activity [Education Code section 39807.5(b), (d), and (f)].
    - These fees can also be charged for transportation between school and regional occupational centers, programs or classes.

    - If pupils are required to ride a bus for extracurricular activities, then fees cannot be charged. But if riding the school bus to an event is optional and pupils are also allowed to use other means of transportation, then a fee can be imposed.
    - By law, school districts must exempt from transportation charges pupils of parents and guardians who are indigent as set forth in rules and regulations adopted by the board. There must also be a waiver provision based on financial need.
    - Fees may not be charged for students with disabilities whose special education individualized education program (IEP) includes transportation as a related service necessary for them to receive a free appropriate public education.
    - The fee cannot exceed the statewide average nonsubsidized cost per pupil.
- Fees for transportation of pupils to and from their places of summer employment in connection with any summer employment program for youth (Education Code section 39837).
- Charges for food served to pupils, subject to free and reduced-price meal program eligibility and other restrictions specified in law (Education Code sections 38082 and 38084).
- Fees at not less than cost for materials for adult classes, including materials necessary to make items that will become the property of the student who made the item (Education Code sections 52612, 52615 and 17552).
- Fees for an adult enrolled in any class except classes in elementary subjects and classes for which high school credit is granted when taken by a person not holding a high school diploma [Education Code section 52612(a)]. For fiscal years 2008-09 through 2014-15, the Education Code allowed flexibility in the use of the funds appropriated for adult education programs and deemed LEAs that spent these adult education funds in a flexible manner to be in compliance with applicable funding and program requirements, but this did not alter the fees allowed by Education Code section 52612 [Education Code section 42605(a) (1) and (d)].
- Fees for adult classes in English and citizenship may be charged through July 1, 2015. (Education Code section 52612(c), Cal. Stats. 2011, c. 606 (A.B. 189), Section 2).
    - Fees may be charged for materials and textbooks or a refundable deposit on loaned books in classes for adults (Education Code sections 52165 and 60410).
    - Adult students may be charged a fee for all or part of the cost of transportation (Education Code section 39801.5)
- Class materials necessary for the making of articles by persons enrolled in adult classes. The materials shall be sold at no less than the cost to the district. Any article made is then the property of the person who made it (Education Code section 17552).
- A high school district can impose charges for textbooks used in adult classes, or a refundable deposit can be imposed on loaned books (Education Code section 60410).
- Deposits for school band instruments, music, uniforms and other items for use on an excursion to a foreign country (Education Code section 38120).
- Payment for the replacement cost of district books, supplies or property loaned to a pupil that the pupil fails to return or that are willfully cut, defaced or otherwise damaged, up to an amount not to exceed $10,000, which is adjusted annually for inflation (Education Code sections 19911 and 48904).
    - When the minor and parent are unable to pay for the damages or to return the property, the school district or private school shall provide a program of voluntary work for the minor in lieu of payment of monetary damages.

    - The State Superintendent of Public Instruction (SPI) is required to annually adjust the original $10,000 liability limit specified in EC Section 48904(a) (1) to reflect the percentage change in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year.
- Tuition fees charged to pupils whose parents are actual and legal residents of an adjacent foreign country or an adjacent state. The pupils may be admitted to a school but shall be required to reimburse the district for the cost of educating the pupil. (Education Code sections 48050 and 48052).
- Tuition fees may be collected from foreign students attending a district school pursuant to an F-1 visa, equal to the full unsubsidized per-capita cost of providing education during the period of attendance [8 United States Code (USC) section 1184(m)(1)].
- Reimbursement for the direct cost of materials provided to a student for property the student has fabricated from such materials to take home for their own possession and use, provided that the reimbursement or fee does not exceed the direct cost of the materials used and provided that the school district's governing board has authorized such sales pursuant to an adopted board policy. This applies to classes such as woodshop, art or sewing in which an item is kept by the pupil, but not when the items remain at school. It also does not apply to food in home economic classes, which is eaten as part of the course work (Education Code section 17551).
    - This section does not authorize a blanket general fee to cover multiple items, nor does it mean there is an obligation to purchase the item. This section must be read together with the constitutional free school guarantee and the statutes requiring schools to provide necessary school supplies and instructional materials. Whenever students fabricate products in a class such as woodshop or sewing, the wood or cloth for such products must be furnished free of charge. If the student decides to take a particular item home, the law authorizes the district to sell that item to the student for the cost of the materials, if a board policy exists allowing this. If there is such a policy and the student does not want to take an item home, the district keeps the item and cannot charge or otherwise penalize the student.
    - The school district's board-adopted policies and guidelines should specify the conditions for implementing this section, keeping in mind the free school guarantee.
- Charges for safety glasses, for a pupil to keep, as long as the school provides them free of charge for use in specified courses or activities involving the use of hazardous substances likely to cause injury to the eyes (Education Code sections 32030-32033).
- Fees for the sale or lease of Internet appliances or personal computers to parents to provide access to the school district's educational computer network, at no more than cost, so long as the district provides network access for families who cannot afford it. An Internet appliance is a technological product that allows a person to connect to or access an online educational network. The Internet appliances and personal computers referred to in this section are deemed supplemental and not an essential part of the school district's educational program (Education Code section 17453.1).
- Fees for an optional fingerprinting program for students in kindergarten or other newly enrolled students if the fee does not exceed the actual costs associated with the program (Education Code section 32390).
- Fees for community classes in civic, vocational, literacy, health, homemaking, and technical and general education, not to exceed the cost of maintaining the community classes. These include classes such as dance, music, theatre, visual arts, handicraft, science, literature, nature study, nature contacting, aquatic sports and athletics. These classes are primarily intended for adults and are open

only to minors whom the governing board believes will profit from such classes (Education Code sections 51810, 51811 and 51815).

- Fees for after-school education and safety programs, so long as no eligible student is denied the ability to participate because of an inability to pay the fee (Education Code section 8482.6).
- Fees for the actual cost of duplicating public records, pupil records, or a prospectus of the school curriculum. There are two exceptions: First, no charge shall be made for furnishing up to two transcripts of former pupils' records or up to two verifications of various records of former pupils. Second, if the cost would effectively prevent the parent of a special education pupil from exercising the right to receive copies of pupil records, the copies shall be reproduced at no cost [Education Code sections 49063(h), 49091.14, 49065 and 56504; Government Code section 6253].
    - The phrase, "direct costs of the duplication" means that a local agency may recover only the actual cost of copying documents; it does not include ancillary tasks associated with the retrieval, inspection and handling of the file from which the copy is extracted. [*North County Parents Organization et. al. vs. Department of Education* 23 Cal App 4th (1994)]
    - School districts must specify the cost, if any, which will be charged to the parent for reproducing copies of records in a parental notice upon enrollment and in the annual notification of parents of their rights required by the Education Code 48980. [Education Code 49063(h)]
- Charges for required medical and accident insurance for athletic team members that is not paid by school district or student body funds, so long as there is a waiver for financial hardship (Education Code sections 32220-32224).

  Education Code section 32221.5 states:

  > (a) A school district that elects to operate an interscholastic athletic team or teams shall include the following statement, printed in boldface type of prominent size, in offers of insurance coverage that are sent to members of school athletic teams:
  >
  > "Under state law, school districts are required to ensure that all members of school athletic teams have accidental injury insurance that covers medical and hospital expenses. This insurance requirement can be met by the school district offering insurance or other health benefits that cover medical and hospital expenses.
  >
  > Some pupils may qualify to enroll in no-cost or low-cost local, state, or federally sponsored health insurance programs. Information about these programs may be obtained by calling _____ (Insert toll free telephone number)."

- Fees for field trips and excursions in connection with courses of instruction or school-related social, educational, cultural, athletic or school band activities, so long as no pupil is prevented from making the field trip or excursion because of a lack of sufficient funds [Education Code section 35330(b)].
    - Fees should be collected on a voluntary basis only.
    - A school must not require that a student pay an admission charge to an exhibit, fair, theater or similar activity for instruction or extracurricular purposes when a visit to such places is part of the district's educational program [Ops. Cal. Atty. Gen. No. NS-2469 (1940)].
    - No student may be left behind due to insufficient funds, nor may a student be left behind for failing or refusing to participate in fundraisers.

- Fees for medical or hospital insurance made available by the school district for field trips. [Education Code section 35331(b) (2)].
- Fees for outdoor science camp programs, as long as no pupil is denied the opportunity to participate because of nonpayment of the fee (Education Code section 35335).
- Fees for Advanced Placement and International Baccalaureate Diploma examinations for college credit, as long as (1) taking the exam is not a course requirement and (2) the exam results have no impact on a pupil's grade or credit in a course. A district may pay all or part of the cost of the AP test fee for an economically disadvantaged high school pupil or the IB test fee for a low- or middle-income pupil. (Education Code sections 52240-52243; 52920-52922.)
- Fees for childcare and development services, except that no fees shall be assessed to students enrolled in the program for severely disabled children, as stated in Education Code section 8250(d), or families receiving CalWORKs cash aid (Education Code sections 8350 and 8350.5)
- Fees for state preschool, except that no fees shall be assessed to families of students placed in state preschool by an IEP [Education Code sections 8239, 8250(d) (3), 8263(g), (h), 8265, 56000] or families receiving Cal Works cash (Education Code sections 8350 and 8350.5).
- Fees for supervision of children before and after school, except that no child who desires to participate shall be denied the opportunity to participate because of the inability to pay the fee (Education Code sections 8487 and 8488).

Prohibited Fees

California Education Code section 38118 states, "Writing and drawing paper, pens, inks, blackboard, blackboard erasers, crayons, lead pencils and other necessary supplies for the use of the schools shall be furnished under direction of the governing board of the school districts." The attorney general has issued an opinion that art material for art classes and mechanical drawing sets, cloth for use in dressmaking classes, wood for carpentry classes, gym suits for physical education classes, bluebooks necessary for final examinations, and paper on which to write a theme or report when such a theme or report is a required assignment, are necessary supplies. Therefore, if a school district requires pupils to use any of the prior mentioned items, the school district must provide them without charge so that the pupil can participate in regular classroom work in the particular subject involved. [Ops. Cal Atty. Gen. No. NS-4114 (1942)].

The attorney general's use of the term "school supplies" excludes items or materials that are essential regardless of whether the person is a student. For example, a district is not obligated to furnish corrective lenses and clothes because these items are needed regardless of whether the person is a student.

Public schools can recommend, and even make available, strictly optional materials for the students' personal benefit. The law allows parents, other individuals and school districts to purchase instructional materials from the state-adopted lists (Education Code section 60310). Also, teachers may make available a list of suppliers for tutorials, books, supplemental educational materials, or may sell inexpensive quality paperback literature for leisure reading. Teachers may encourage students to use appropriate study aids as long as these purchases are strictly optional and in no way part of the regular instructional program. Materials are not considered necessary supplies if they are not part of the adopted curriculum or part of an established extracurricular program, and there is no penalty for failure to use or purchase the materials. On the other hand, when such enrichment literature or materials are used as supplemental instructional material for a class or are an established part of an extracurricular activity, it then becomes a necessary supply which must be provided or loaned free of charge. Whether a grade is assigned or not is not the crucial point; it is the participation that counts and whether the material used in the instructional or extracurricular activity becomes a necessary school supply.

The opinions of the attorney general indicate that charges may not be levied for the following [See, e.g., Ops. Cal. Atty. Gen. No. NS 2469 (1940)].

- A security deposit, or other payment, that a pupil is required to make to obtain a lock, locker, book, class apparatus, musical instrument, uniform, or other materials or equipment. The law does allow the district to charge students for lost or damaged school property after the fact, but not before the issuance and loss.
- A deposit to guarantee that the district will be reimbursed for loss to the district in case of breakage, damage to, or loss of school property.
- An admission charge to an exhibit, fair, theater or similar activity for instruction or extracurricular purposes when a visit to such places is part of the district's educational program.
- A fee charged to a pupil as a condition for enrolling or registering for school, class or course of instruction, or as a condition for participation in a class or an extracurricular activity, regardless of whether the class or activity is elective or compulsory, or is for credit. This includes fees or tuition for attendance in a summer or vacation school, a registration fee, a fee for a catalog of courses, a fee for an examination in a subject, a late registration or program change fee, a fee for the issuance of a diploma or certificate, or a charge for lodging.
- Membership fees in a student body or any student organization as a condition for enrollment or participation in athletic or other curricular or extracurricular activities sponsored by the school (ASB cards may be sold to allow discounts or free entrance to games and social events, but not in order to join athletics or other curricular activities).
- Fees to enroll and/or participate in activities of career technical student organizations which are part of a career technical class or course of instruction offered for credit (Education Code section 52375).
- Fees for transportation associated with activities of career technical student organizations which are part of a career technical class or course of instruction offered for credit when those activities are integral to helping the pupil achieve the career objectives of the class or course (Education Code section 52373).
    - The exception to this is when the transportation is between the regular full-time day schools the pupil would attend and the regular full-time occupational training classes they attend that are provided by a regional occupational center or program (Education Code section 39807.5).
- Charges for textbooks and workbooks, except for classes for adults (Education Code sections 60070 and 60410).
- Charging an apprentice or their parents or guardian for admission or attendance in any class, pursuant to section 3074 of the Labor Code (Education Code section 48053).
- A purchase that a pupil is required to make to obtain materials, supplies, equipment, or uniforms associated with an educational activity [Education Code section 49010(b) (2)].
    - Charging for school supplies, materials and equipment needed to participate in educational activities (including classes).
    - Charging for mandated standardized gym suits for physical education classes. A student's grade cannot be affected by not wearing the standardized clothes.
- Fees to enroll and/or participate in activities of career technical student organizations which are part of a career technical class or course of instruction offered for credit. This section shall apply to activities which occur both during and outside of the regular school day (Education Code section 52375).
- Fees to process an interdistrict transfer request from a pupil residing in another district [Ops. Cal. Atty. Gen. No. 04-501 (2004)].

- Reimbursement for lost average daily attendance (ADA) revenue for absences from school [Ops. Cal. Atty. Gen. No. 96-1004 (1997)]. The original opinion referred to ADA lost for unexcused absences only. Since then, the law has changed such that ADA cannot be earned for unexcused or excused absences [EC Section 48205(d), amended by Cal. Stats. 1999, c. 312 (S.B. 1208), Section 1]. Presumably the previous opinion likewise applies to ADA lost because of excused absences.

On April 20, 1984, the *Hartzell vs. Connell* California Supreme Court decision raised serious questions about the imposition of nonstatutory fees for extracurricular activities. The lead opinion on this matter is that fees may be charged for activities that are recreational, but not for those that are educational. Because extracurricular activities are described in the opinion as an integral component of public education, they are a part of the educational program and thus must be free. The court further stated,

> [The] imposition of fees as a precondition for participation in nonstatutory educational programs offered by public high school districts on a noncredit basis violates the free school guarantee. The constitutional defect in such fees can neither be corrected by providing waivers to indigent students nor justified by pleading financial hardship.

It is also the opinion of the CDE and the *Hartzell vs. Connell* decision that a school district may not charge a fee or require students to purchase necessary materials even if the district maintains a special fund to assist students with financial need or waives such a fee or charge for students with financial need, because the fee or charge still remains a condition for all other students not being assisted financially. **A fee waiver policy for any students, including those deemed needy, does not make the fee permissible** [Hartzell v. Connell, 35 Cal. 3d 899, 912-913 (1984)]. Requiring low-income students and their families to apply for a waiver is considered discriminatory. The requirement to fill out a waiver discourages many students from attempting to enroll in a class because they are embarrassed to ask for a waiver, but also do not want to put their family in financial distress.

A district cannot require students to purchase or pay for a cap and gown as a condition of participation in a graduation ceremony, because the California Supreme Court has found that the high school graduation ceremony is "an integral part of the educational process" because it recognizes cumulative academic achievement. Because the graduation ceremony is an educational activity, pursuant to Education Code section 49010(a), a pupil fee cannot be charged. The CDE has recommended that a district that requires students to wear a cap and gown at the ceremony inform students that: (1) the district will provide caps and gowns for graduating seniors for use during the ceremony, and (2) students also have the option to purchase an appropriate cap and gown from a vendor. No student should be required to self-identify as indigent in order to receive a cap and gown from the district.

Regarding gym or physical education clothes, Education Code section 49066(c) states, "No grade of a pupil participating in a physical education class may be adversely affected due to the fact that the pupil does not wear standardized physical education apparel where the failure to wear such apparel arises from circumstances beyond the control of the pupil," such as lack of sufficient funds. The California Department of Education has stated the position that a school district may require students to purchase their own gym clothes of a district-specified design and color so long as the design and color are of a type sold for general wear outside of school. Once the required gym uniforms become specialized in terms of logos, school name or other similar characteristics not found on clothing for general use outside of school, they are considered school supplies and the district must provide them free of charge.

The subject of fees, deposits and other charges is complicated and can attract increased attention, especially when state funding declines and school agencies try to generate additional revenues. School agencies considering any type of fee not specifically authorized by statute should ask whether it relates to an activity that is an integral component of public education. If the agency is not sure whether a specific fee should be

charged, it should obtain a legal opinion on the matter as this is likely much less costly than a lawsuit against the district as a result of illegal fees.

FCMAT strongly recommends that school districts, county offices of education and charter schools take the following steps to ensure compliance with pupil fee laws:

1. Review the CDE's fiscal management advisory guidance.
2. Provide additional training to administrators, teachers and staff to ensure compliance with pupil fee laws.
3. Remind teachers to update websites and course syllabi to ensure compliance with pupil fee laws.
4. Remind athletic coaches and other extracurricular activity advisors to update policies, websites and written handouts to ensure compliance with pupil fee laws.

Charter Schools

Education Code section 47605(d) prohibits a charter school from charging tuition, but does not mention fees or other charges. Although charter schools are exempt from most laws governing school districts per Education Code section 47610, the California Constitution cannot be rendered inapplicable by the Legislature. Therefore, the California constitution's guarantee of a free public education (Article IX, Section 5) also applies to charter schools. In 2012, AB 1575 made it clear that the prohibition on pupil fees applies to charter schools [Education Code sections 49010(a), 49011(d)].

Charter schools may only charge those fees specifically authorized in Education Code sections that have been made applicable to charter schools. For example, charter schools can charge fees for food and field trips because those Education Code sections apply to charter schools [Education Code section 35330(d) (field trips); Education Code section 49430.7(a) (2) (food)]. However, charter schools cannot charge the "other fees authorized by law" that districts can, except for fees related to activities that are not an integral component of public education.

Chapter 10

Chapter 10 – Vending Machines

Vending machines are set up and managed in various ways in school agencies. In some cases ASBs operate the vending machines and in others the district, food service/cafeteria programs, booster clubs, foundations, auxiliary organizations or other parent-teacher organizations operate them. Vending machines are found on school campuses, in district offices and at athletic events.

Purpose of Vending Machines

Vending machines have two purposes: to provide a product or supply that students and staff can use, and to raise funds by providing a profit on the sale of those products.

Products Sold in Vending Machines

A variety of items may be sold using vending machines, ranging from beverages and foods to school supplies such as pens and pencils. Food and beverage vending machine sales must comply with state laws, which have greatly reduced the variety of drinks and snacks that can be offered, and which prohibit selling items that compete with the food service/cafeteria program.

The California Childhood Obesity Prevention Act of 2003 and Education Code section 35182.5 regulate the use of vending machines and establish limits on the sale of specific food and beverage items in grades K-12 including the following:

Elementary Schools

- Bans during the entire school day the sale of all food and beverages not defined as healthy.
    - Vending machines may be used to sell only healthy food and beverages.
- Bans during the entire school day the sale of all food and beverages considered in competition with the food service/cafeteria program.
- Permits the sale of healthy beverages, which include water, non-fat or 1% milk, 100% fruit juice, and fruit-based drinks with no less than 50% fruit juice and no added sweeteners.
- Allows the sale of unhealthy food and beverages for fundraising under two circumstances: sale by pupils off school grounds, and sale by pupils on school grounds at least 30 minutes after the end of the school day.

Junior High, Middle and High Schools

- Bans during the entire school day the sale of all food and beverages not defined as healthy.
    - Vending machines may be used to sell only healthy food and beverages.
- Limits the type of foods and beverages and the number of sales allowed each day.
- Permits the sale of healthy beverages, which include water, non-fat or 1% milk, 100% fruit juice, and fruit-based drinks with no less than 50% fruit juice and no added sweeteners.
    - *High school only*: electrolyte replacement beverages with no more than 16.8 grams of added sweetener per eight-ounce serving and limited to a 12-ounce portion. Not allowed at middle or junior high schools.
    - The sale of these permissible drinks can occur from one half hour before school to one half hour after the end of the school day. These items may be sold during the school day, including during meal times, if they comply with the competitive food sales laws mentioned in the food services section applying to secondary schools. There is an allowance for one organization a day to sell no more than three types of approved foods or beverages. If revenue from a vending

machine is going to a student organization, the vending machine may be the one per day allowable sales entity; the organization could not do this and sell food daily from a student store.

- Prior to the Healthy, Hunger-Free Kids Act of 2010, school organizations were allowed to partner with food service/cafeteria programs and share profits. This is no longer allowed. Profits from Child Nutrition Programs must accrue only to that fund, and profits from other organizations need to be coded to their specific funds.*
- Allows the sale of unhealthy food and beverages for fundraising under two circumstances: sale by pupils off school grounds, and sale by pupils on school grounds at least 30 minutes after the end of the school day.

* For detailed information regarding revenue from the sale of non-program food (child nutrition departments) and competitive sales (all other organizations) see the reference in Management Bulletin #SNP-12-2014 at http://www.cde.ca.gov/ls/nu/sn/mbsnp122014.asp

Issues for Vending Machines

The school board should create a policy to provide direction and parameters regarding how vending machines may be used in the district. The areas for policy direction should include the following:

1. How and where vending machines may be placed, indicating the responsibility or sponsorship through the following:
    - ASB.
    - Food service/cafeteria program.
    - Booster club, foundation, auxiliary organization or other parent-teacher organization.
    - Shared or joint sponsorship between two or more organizations or groups.
2. Products permitted:
    - Exclusive product selection or endorsement, in compliance with the Education Code.
    - Nutritional value of products, in compliance with state and federal regulations (SB 12 and SB 965; Education Code sections 49431 and 49431.5).
3. Contract arrangements:
    - Installation, maintenance, quality, quantity, commission rates, and selection of vendor and products, in compliance with the Education Code and Public Contract Code.
    - Adherence to competitive bid requirements.
    - Contract terms and conditions.
    - Contract review parameters and signatory authorization.
4. Financial management:
    - Periodic financial statements.
    - Internal control procedures, in compliance with the Education Code.
    - Inventory management.
    - Audit guidelines.

Good Business Practices Related to Vending Machine Operations

Because of the many different ideas and options for vending machine operations, it is suggested that the district's business office first meet with principal or other school administrators and advisors to determine which options and practices would best meet the needs of the students and programs. To ensure successful operations, best practices unique to individual district and school needs should be identified. Board policies and administrative regulations may include items such as the following:

- Overall guidelines for key vending machine management.
- Administrative regulations describing who does what when.
- Administrative regulations regarding new ideas and where to get help with new situations as they arise.

The procedures described on the following pages are also strongly recommended to ensure successful vending machine operations for ASB organizations.

The good business practices presented indicate when the business office should take the lead and when primary responsibility rests with the school site.

Good Business Practices for Business Office Leadership

The district's business office should do the following:

- Actively support school site ASB vending machine management by hosting annual meetings to discuss vending machine operations.
- Review board policies and administrative regulations annually with school ASB leaders. In collaboration with the school ASB leaders, the district's business office should propose and draft new policies or regulations to facilitate practices that benefit student organizations.
- Provide annual training on all aspects of ASB financial management, including vending machine operations.
- Assign a specific staff member to be the contact for all ASB financial management questions.
- Review bids, specifications and requests for proposals on all vending machine options and operations.
- Review all contracts of agreement, including annual contract renewals, for legal sufficiency and for maximum profit margin with minimal risk to student funds.

Good Business Practices for School Site ASB Leadership

The school should do the following:

- Develop a collaborative relationship with the district's business office staff member assigned to work with ASB operations.
- Attend and actively participate in annual meetings and trainings hosted by the district's business office.
- Be familiar with board policies, administrative regulations and district procedures related to vending machine operations.
- Bring all questions to the attention of the district's business office, and request assistance with all problems.
- Determine which items will provide maximum benefit to students.

- Learn the rules and practices of sound inventory management. For example, monitor the inventory turnover and shelf life of individual products; conduct inventory counts regularly; store inventory stock in a secure place; and have two people count cash and stock/restock vending machines.
- Review and update the sale price of products to ensure an adequate profit margin for students.
- Consider inventory needs during holidays and other times when school is not in session.
- Do not use vending machine items as a reward or payment for services (e.g., handing out free items to students who chalk the lines on the football field before games).
- Remember rules and good business practices related to risk management, such as not allowing students to drive to the store to replenish vending machine inventories.

Vending Machine Operations

An ASB may set up vending machines several ways, depending on how and where the machine is to be used. The four main options for vending machine management are as follows:

- Option I – The ASB purchases, stocks, operates and manages the machines.
- Option II – The ASB leases or rents the machines, and stocks, operates and manages them.
- Option III – A contracted third party owns, operates and manages the machines, and pays a commission to the ASB.
- Option IV – The district's food service/cafeteria program or the district itself operates the vending machines; the ASB is not involved with the vending machines.

For options I, II and III above, in which the ASB operates the vending machines, the following explanations will help districts determine the most successful option for a particular situation or operation.

Vending Machine Management – Option I

The ASB organization may purchase the vending machines. In this case, the ASB organization is responsible for keeping the machines filled and handling the money. Stock is purchased, stored, and inventoried by the ASB. Included with this option are maintenance and repair costs. At some point, the ASB would probably need to set aside funds to replace the vending machine if the desire is to continue fundraising.

The ASB has sole discretion to establish product prices and thus determine profit margin, within any district policy limits. Liability insurance for loss or damage, particularly vandalism, would be a cost of owning and using the machine as a fundraiser.

Under this option, the club sponsoring the vending machine would count as the one group conducting daily sales, so no other club could sell food and/or beverages daily.

Vending Machine Management – Option II

The ASB organization may contract with a vending machine company to rent or lease the vending machine. In this case, the ASB organization is responsible for keeping the machines filled and handling the money. This would include purchasing, storing and keeping inventory records of the stock.

The primary difference between options I and II is that under option II the ASB does not own the vending machines and probably would not have the primary responsibility for any machine repair, maintenance or replacement. The lease or rental agreement with the vendor would specify machine repair and replacement terms, including each party's risk management responsibilities.

Under this option, the club sponsoring the vending machine would count as the one group conducting daily sales, so no other club could sell food and/or beverages daily.

Vending Machine Management – Option III

The ASB organization may contract with a vending machine company to install a machine at a school, fill the machine and take the money out of the machine. The contract must indicate the terms of the agreement. The ASB would receive a commission, usually based on the vending machine sales.

The district should consider including provisions in its contract that answer the following questions:

- How much will the ASB organization receive from the sale of each item?
- If the vending machine company raises the price of the product, does the ASB receive a portion of the increase?
- What products will be stocked?
- What happens if the machine is vandalized?
- Who is responsible for giving refunds to students when the machine loses money that is deposited or when the change feature of the machine malfunctions?

The contract should also include a provision that allows members of the ASB organization and the school staff to periodically observe the company's personnel emptying the machine. This allows the ASB to verify that it is receiving the correct amount of revenue.

Under this option, the club sponsoring the vending machine would not count as the one group conducting daily sales, so another club could sell food and/or beverages daily.

Advantages and Disadvantages of Various Vending Machine Operations

Option III is obviously the easiest for the ASB organization, but it also results in less income.

Under the first two options, the ASB organization must purchase the items to sell, be responsible for the procedures (internal controls) for taking the money out of the machine, and restock the machine. Each of these functions takes time when performed in accordance with good business practices.

If the ASB is responsible for stocking the machine and handling the money, the organization needs to establish procedures for the following:

- Managing stock
- Emptying machines

In addition, if the ASB is responsible for the machines, the food laws regarding how many groups can sell food and beverages and how often will apply. For example, a vending machine that is available every day during school hours will count as the one group doing daily sales (see the Food and Beverage and Competitive Food Sales charts in Chapter 3 for an outline of the various laws) if the group stocks and manages the machine.

Following is an outline of good business practices and proven procedures for managing stock and emptying machines.

Procedures for Managing Vending Machine Stock

If the ASB organization is responsible for stocking the machine, it should buy items in large quantities whenever possible because this usually provides a lower cost per item. However, food and beverages have a limited shelf life, so a two- or three-month supply is recommended as reasonable for these items. Recommended procedures for maintaining stock are as follows:

1. Store all items in a secure area where the access is limited.

2. Maintain a log of all items held in the storeroom (see the sample Vending Machine Inventory Log at the end of this chapter). Record the items in columns A and B of the log when they are purchased.

3. Compute the cost per item for the items purchased, and record it in the cost per item column.

4. In column C of the Vending Machine Inventory Log, record the items taken from the storeroom.

5. Use the inventory balance column on the Vending Machine Inventory Log to maintain a total of the number of items that should be in the storeroom at any time. Update this column each time items are purchased or taken from the storeroom. This is accomplished by adding items purchased to the amount on the previous line in the inventory balance column and deducting items taken out of stock from the previous line in the inventory balance column.

6. Take a physical inventory, or count, of the items in the storeroom once a month. Compare the number of items in the storeroom to the amount remaining in the inventory balance column of the Vending Machine Inventory Log.

7. Record the inventory in the last two columns of the log to provide a record that the inventory was taken. Two people should always count the inventory and initial the box marked "Initials." The ASB advisor and the students should determine the reasons for any discrepancies between the amount shown in the inventory balance column and the count of the items remaining, which is shown in the "number of items in inventory" column.

8. The ASB advisor should contact the principal/school administrator and the business office for assistance if any significant discrepancies are noted or if help is needed with inventory management.

Fraud Alert

A common fraud is to remove coins and cash from the vending machine funds collected. The funds pilfered are usually in the $5-$40 range depending on the number of vending machines and frequency of collection. This type of fraud is easy to reduce by reviewing the vending machine inventory count sheets and periodically recounting vending machine inventory to confirm that the counts are correct.

Procedures for Emptying Vending Machines

When it is time to take the money out of the vending machine, the machine is also restocked. The number of times the students will perform this procedure will depend on the volume of sales. The following are recommended procedures for restocking and counting the money.

1. Two students or school staff members should have this responsibility; no one should restock or take money out of the vending machine alone.

2. One person counts the money and records it on the ASB Cash Count form (see sample form at the end of Chapter 13). The total amount of money taken from the machine is recorded on line F of the Vending Machine Control Sheet.

3. The second person counts the number of items remaining in the machine and records this information on line B of the Vending Machine Control Sheet.

4. The second person takes the inventory needed to stock the machine from the storeroom where the stock is kept.

5. The second person stocks the machine and completes the information on line H of the Vending Machine Control Sheet.

6. When each person has completed their work, they trade duties and verify the counts made by the other person. Each person then signs the Vending Machine Control Sheet.

7. Line A is entered from line I of the Vending Machine Control Sheet that was completed the last time the machine was stocked.
8. Lines C, D, E, F, G, and I are entered and computed.
9. Any significant discrepancy on line G is reported to the ASB advisor and the principal/school administrator, and is investigated immediately by the ASB advisor. The business office also is advised immediately.
10. The ASB advisor signs the Vending Machine Control Sheet upon completion of the process.
11. The information on the Vending Machine Control Sheet is used as the beginning point the next time the machine is emptied and restocked.
12. If the school has more than one vending machine, separate control sheets are used for each machine.

These procedures can vary depending on the type of vending machine the ASB has. If the machine has automated product counters, the students would verify the accuracy of that data.

Vending Machine Control Sheet

Name of School: _____

Name of Club: _____

Vending Machine Control Sheet

Fiscal Year: _____

Machine Number: _____ Machine Location: _____

Number of items in the machine at the last count	A	_____
(Report Line I from the previous report here on Line A)		
Date this report prepared: _____		
Date of the last report:_____		
Number of items in the machine on_____ (Date)	B	_____
Total number of items sold *(A minus B)*:	C	_____
Price of items sold:	D	_____
Cost of items sold *(C times D)*:	E	_____
Amount of cash taken from the machine: *(This amount comes from the ASB Cash Count form)*	F	_____
Difference between the amounts sold and cash count:	G	_____
Number of items added to the machine:	H	_____
Total number of items in the machine *(B plus H)*:	I	_____

Report prepared by:_____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

Click here to download this and other forms and documents.

Vending Machine Inventory Log

Name of School: _____

Name of Club: _____

Vending Machine Inventory Log

Fiscal Year: _____

Date this report prepared:

Machine Number: _____

Machine Location: _____

This inventory log is for the following item (soda, juice, etc.): _____

Date	Total Cost of Items Purchased	Number of Items Purchased	Cost per Item	Number of Items Taken from Stock	Inventory Balance	Date of Inventory Count	Number of Items in Inventory	Initials of Persons doing Inventory

Report prepared by:_____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on (date):_____

Date

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Chapter 11

Chapter 11 – The Student Store

The student store is a popular fundraising mechanism at secondary schools and community colleges. A student store is usually operated by students and sells items that students use during the school day, such as pencils, paper, binders, limited snacks and beverages that meet state nutritional standards, and items that have the school logo such as hats, scarves and sweatshirts. Student stores raise funds for the student organizations while also providing a valuable service for students.

ASB Store Operations

The student store is usually operated as a fundraising event for the entire student body. For this reason, the student council usually sponsors and operates the store, though a group of clubs may also operate the student store. Guidelines and procedures will need to be developed regarding how revenues from the store are allocated, budgeted and spent. These decisions should be documented in meeting minutes and in the ASB's internal procedures at each school where stores are operated.

The sales volume and the profit level of a student store usually depend on the following:

- The size of the school
- The physical size of the store
- The number of products available
- The days and hours of operation
- Student leadership and the counseling role of the ASB advisor and bookkeeper

Student store hours of operation should be decided jointly at each school by the student organization, ASB advisor and principal/school administrator.

The student store is a fundraiser that augments the ASB organization and should operate only inasmuch as it enhances the students' educational experience. Because of the unique objective of a student store, considerations must extend beyond profit per square foot. Conflicts with class schedules, operational challenges, and appropriate supervision are all considerations that may point toward a smaller and more efficient student store operation rather than a larger one.

Organized versus Unorganized

In organized ASBs, the student organization must actively participate in decisions about student store operations and how the revenue is generated and used. In an unorganized ASB, the students are much less active and take a lesser role in decisions regarding the store. In both organized and unorganized ASBs, however, a careful cost-benefit analysis will be required for decisions. Cost evaluations should take into account more than simply dollars spent; the analysis should include staff time, management effort, effects on facilities and the student population, and other considerations.

Food Sales

Because of the laws and restrictions related to the sale of food and beverages at K-12 schools, the ASB advisor and the students should always seek counsel from the district's food service/cafeteria program director to determine which food and beverage items can be sold in the student store. This will ensure compliance with state regulatory code and with the district's goals related to student nutrition.

Food and beverage sales cannot compete with the school lunch program. California Administrative Code section 15501 authorizes only one student organization at middle and high schools to sell food and beverage items daily. The code must be followed, so if these types of items are sold daily in the student store, that

constitutes the one student organization authorized by the code. The district's food service/cafeteria program can help ensure an understanding of and compliance with all district, state and federal regulations.

Chapter 3 provides more detailed legal guidance on food and beverage sales by ASB organizations.

Clothing Sales

Non-mandated clothes for physical education classes are often sold in student stores. This is a convenient place for such sales because it eliminates the need for cash boxes, tracking procedures and inventory security at other locations at the school. Most organized ASBs will also sell other clothing items with the school name or mascot on them. These are also appropriate sale items for the student store.

Regarding gym or physical education clothes, Education Code section 49066 states, "No grade of a pupil participating in a physical education class may be adversely affected due to the fact that the pupil does not wear standardized physical education apparel where the failure to wear such apparel arises from circumstances beyond the control of the pupil," such as lack of sufficient funds. The school district may require students to purchase their own gym clothes of a district-specified design and color if they are of a type sold for general wear outside of school and can be purchased anywhere, not just at the student store or the district. Once the required gym uniforms become specialized in terms of logos, school name or other similar characteristics not found on clothing for general use outside of school, they are considered school supplies and the district must provide the uniforms free of charge. Therefore, if physical education clothes with the school mascot and name on them are sold, their purchase cannot be mandated.

School Supplies

Student stores can sell school supplies such as pencils, pens, folders and other items. However, no item carried in the store can be mandatory for students because this would constitute a fee for public education, which is not allowed by law.

Event Sales

Events such as yearbook sales and payments for senior trips, school dances and similar items can all be carried out through the student store. The internal controls for the store must allow proper tracking and accounting of these types of sales. Once the controls are established, having the store carry out the sales can greatly simplify the administrative burden these events can create.

Sound Business Practices for Student Stores

Although a student store is more complex and usually has many more transactions than most of the fundraising events held by students, transactions should be recorded in ASB accounts just like other fundraisers. The accounting methods, internal controls and rules used for other transactions and fundraisers should be followed for the store, including the requirement of prior student council approval for all purchases. Responsible administrative staff should review these methods, internal controls and rules at least once a year to ensure they are adequate.

Like any privately owned store, student store operations are susceptible to theft. The following good business practices for internal controls apply specifically to a student store and can help reduce the risk of theft.

Fraud Alert

Student stores are often a fun and fast-paced location that offer many opportunities for friends of those operating the store to enter and remove inventory undetected. When this occurs and is discovered, those working in the store are often blamed for inventory shortages. In addition, because student stores are a cash intensive operation, it is very common for petty thieves to simply not ring up sales and pocket the cash. The strongest deterrent to unexplained inventory shortages or theft is a video surveillance system. If the ASB cannot afford a surveillance system, consider purchasing signs that state that there is a surveillance system. Sometimes the perception of detection is enough to deter theft.

Location and Security

The principal/school administrator should provide a space for the student store with a layout that prevents theft, damage or other loss of items for sale and items used to support the store's operations. Items should be secured during the school day and on evenings, weekends and holidays when the student store is closed. This should apply to both inventory and cash receipts.

Stock and Pricing Policies

The ASB advisor and ASB bookkeeper will need to work with the students to maintain a detailed record of all items purchased for the student store. The ASB advisor should also work with students to determine what types of items to purchase for the store and an appropriate sales price for each item. Past sales should be evaluated each year to determine any changes in pricing or in items stocked. This is an opportunity for students to learn about retail operations.

Cash Handling

Unless the volume of the store is very low, it is a good idea to purchase and use a cash register.

As sales are made each day, the students should maintain a record of the number and types of items sold and the amount of cash received. Some cash registers have a feature that tracks the types of items sold and the cash collected. If there is no cash register, or if the cash register does not have this tracking feature, the students will need a manual tally sheet or ticket control of the items sold throughout the day. The Student Store Daily Sales form at the end of this chapter can facilitate daily reconciliation of items sold with cash collected.

Fraud Alert

Student store cash is easily taken. Students who operate cash registers and sell inventory, as well as advisors who handle the cash, can easily be accused of theft because they have access and opportunity to remove cash.

Each student should count their own cash with a witness and reconcile cash and inventory at the end of each shift. Advisors should only count cash with a witness, and both the advisor and the witness should sign two copies of the Cash Count form. After the cash is counted, the deposit should be sealed and the advisor and the witness should take it to the ASB bookkeeper for deposit.

As items are sold, the student records the sale on the Student Store Daily Sales form. At the end of the day, the marks are totaled and multiplied by the sale price of each item. The total value of all sales is then compared to the cash collected. The ASB advisor and the students should immediately determine the reason for any significant differences reported on the Student Store Daily Sales form. Procedures should be established for daily reconciliation of cash registers/cash box collections and total sales receipts. Scheduled deposits should be made and nightly security established for all cash on hand. An ASB Cash Count form (found in Chapter 13) and register tapes should accompany all deposits.

Inventory Count and Management

At least once a month, students should take a physical inventory of all items in the student store and compare the physical number remaining to the calculated number remaining. The Student Store Daily Inventory Log form at the end of this chapter is designed for this task.

Two students should count the inventory and record their counts on separate inventory forms. The students should then compare the two counts and recount any that do not agree.

After the count is complete, the students should compute the amount remaining in inventory using the Student Store Monthly Inventory Calculation form. This form is used to compare the monthly physical inventory of goods to the number of items that should be in the store based on the recorded daily sales and receipts.

The students and the ASB advisor should investigate any significant differences noted on this form. The ASB advisor and the principal/school administrator should seek the assistance and counsel of the district's business office if they cannot determine and correct the cause of discrepancies in student store inventory.

Accounting

Procedures need to be established to ensure that the daily receipts are allocated to the proper ASB account. This is important for student stores that conduct event sales for which the receipts go to a specific fund or club instead of into a general fund for the student organization.

Training and Practices

A discussion of student store operations should be a standing agenda item at the periodic meeting of the district's business office and ASB leaders. This discussion should include practices, successes and areas where assistance is advisable. Everyone benefits when there is a successful ASB student store operation: the district, the school and, most important, the students.

Sales and Use Tax

Although school districts are exempt from federal and state income taxes, they must pay California sales tax on gross sales. ASB organizations are exempt from collecting sales tax when the sales are irregular or intermittent, such as sales at football games or annual rummage sales. Because student store sales are neither irregular nor intermittent, they are not exempt.

Sales tax is normally paid when goods are purchased at retail, so when the goods are resold, sales tax is due on the difference between the purchase price and the resale price.

The district's business office files a sales tax return periodically for the sales tax it has collected. It is most efficient for the district to include on the same return any sales tax due on student store sales. The district's business office staff should obtain the necessary information from the student store sales and report the sales tax when it is due. This also ensures greater accuracy when preparing the sales tax form.

Use tax must be paid on items purchased from a retailer but for which sales tax was not paid at the time of purchase. This usually occurs when goods are purchased from out-of-state vendors. Just as the district's business office files a periodic sales tax return, it also files a use tax return. It is most efficient to include the student store's information on the district's use tax return.

Additional information about both sales and use taxes can be found on the State Board of Equalization website at www.boe.ca.gov.

Student Store Daily Sales

Name of School: _____

Name of Club: _____

Student Store Daily Sales

Fiscal Year: _____

Date this report prepared: _____

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Reconciliation of daily sales to the cash collections:

Total dollar value of units sold: _____

Total cash collected: _____

Difference: _____

Explanation:_____

_____

_____

Report prepared by:_____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Click here to download this and other forms and documents.

Student Store Daily Inventory Log

Name of School: _____

Name of Club: _____

Student Store Daily Inventory Log

Fiscal Year: _____

Date this report prepared: _____

Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						

Report prepared by:_____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

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Student Store Monthly Inventory Calculation

Name of School: _____

Name of Club: _____

Student Store Monthly Inventory Calculation

Fiscal Year: _____

Inventory for the month of:_____

Date this report prepared: _____

Item: (e.g. pencil, paper, etc.)						
Inventory Count from Last Month	A					
Items Added During the Month						
	B					
	C					
	D					
	E					
	F					
Total (A+B+C+D+E+F)	G					
Less Total of Items Sold (From Daily Sales Forms)	H					
Difference (G minus H)	I					
Inventory Count (From Student Store Inventory)	J					
Difference (I minus J)	K					

Report prepared by:_____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

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Name of School: _____

Name of Club: _____

Student Store Sales and Inventory Reconciliation Worksheet

Fiscal Year: _____

Date this report prepared: _____

Beginning inventory at sales value: _____

Plus: Purchases made during period at sales value:

(For example, if you purchased 20 drinks at varying prices from Costco and sell them all for $1 each, Your addition to inventory would be $20).

Purchase values (maintain records for review including purchase invoice and item pricing): _____

Less: Deposits made during the period from sales: _____

Plus: Sales taxes included in deposits from sales: _____

Less: Documented surplus, destroyed, stolen, etc. inventory at sales value (maintain detailed records): _____

Equals: Inventory sales value to account for at end of period: _____

Physical count of inventory on hand at sales value: _____

Difference: _____

Explanation regarding difference: _____

_____

Report prepared by:_____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

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Chapter 12

Chapter 12 – Gifts and Donations

Gifts and donations from parents, students, community members and business entities are vital contributions to California public schools. These gifts are made in a variety of ways and for a variety of purposes. Although ASBs are frequently the recipients of gifts and donations, donations should be deposited into the school site's district donation account, not accounted for through ASB, unless they supplement ASB fundraising. ASB accounts are set up primarily for fundraising revenue and the spending of that revenue. If donations are the only revenue source, it is not necessary to set up an ASB club and account; a district's donation account can be used.

Donations can in no way be mandated or made a prerequisite to participating in a club, activity, program or event.

Typically, gifts and donations are made to the district or student body for one or more of three uses:

- For use at a specific school
- For use in a specific program
- For student activities

Gifts and donations may be in the form of cash, scholarships, equipment or supplies. When a donation is made at the school, it is important for the principal/school administrator or designee to determine whether the donation is meant for the school entity for exclusive use at that school, or if the donor intends the donation to be given to the ASB organization. The donor may not understand the importance of identifying specifically for whom the donation is intended, so it is important for the employee who accepts the donation to be able to explain the difference and ensure that the funds are accounted for correctly. Only funds raised by or donated to the ASB should be deposited into the ASB account to be used for ASB purposes.

There is a significant and practical difference between a donation to the school entity or school site and a donation to the ASB organization. In the former case, funds are allocated to a school or program, there is more latitude regarding what the funds can be used for, and adults always decide how the funds will be spent. In the latter case, funds are deposited into ASB accounts and students decide how the funds will be spent to enhance their educational experience, with the adults' assistance and co-approval (unless this is for an unorganized ASB). In the case of an unorganized ASB, although adults will make all decisions regarding use of the ASB funds, the allowable uses are more restrictive than for non-ASB funds.

Donations of Cash to a District for a Specific School or Program

If the donation is made to the school district for a particular school, or to a specific program, the principal/school administrator or designee must remit the donation to the district's business office in accord with the district's procedures for doing so. If the donation is a check or cash, the district's business office will deposit the funds into the county treasury and record the revenue as a donation for that specific school or program. The school or program budget will then be adjusted to allow the principal/school administrator or designee to use the funds. A separate budget is usually set up to identify donor funds and to show how they have been spent and their available balance. Funds that remain unexpended at year end are carried over to the new budget year. The principal/school administrator or designee will determine how to use the donated funds, within district guidelines, and will ensure that the donor's requests are considered.

The district's board policy regarding gifts and donations needs to be understood so that staff members can follow the correct procedure for notifying the governing board and other district employees and departments when they are received and ensure that the district office records them correctly. In some districts, all

donations are brought to the governing board for acceptance; in others, only donations greater than a certain dollar amount are brought to the board. In either case, the correct policy and procedure should be followed.

Cash Donations to an ASB Organization

If a cash or check donation is intended for the ASB organization, the principal/school administrator or designee must deposit the check into the ASB account. Ideally, the donor should note on the check or in a separate letter that the donation is for the ASB organization and, if applicable, which club. In the absence of a clear indication, the district's business office staff will usually assume that the donation is intended for the school and the money will be deposited in the district's account for the benefit of the particular school, not the ASB. If the donation is for the ASB, it must be used in accord with ASB guidelines and the donor's requests. The donation should also be accepted/approved by the student body and a thank you letter should be written to the donor, unless district board policy states otherwise (for example, the district's board policy may include information on the correct procedure to follow when receiving donations to the ASB). It is important to review board policy to ensure compliance.

Donations of Gift Cards to a District for a Specific School, Program, or ASB

When a district or ASB receives a gift card as a donation, it is important to make sure it is recorded accurately in the correct entity's financial records. A donation of a gift card is technically a gift, which the California School Accounting Manual (CSAM) defines as "anything of value received from any source for which no repayment or service to the contributor is expected." FCMAT considers a gift card to be a cash gift. The CSAM states that gifts are considered local revenue, so a gift card should be recorded in the general ledger with an entry of a debit to cash and a credit to local revenue either in the ASB's records or the district's, depending on the donor's wishes regarding who is to be the beneficiary.

Before entering this donation into the general ledger, FCMAT recommends researching how the gift card came to be donated, which club or clubs were involved and how, so that the gift can be divided among clubs if necessary.

After the donation has been recorded in either the ASB's or district's general ledger, all expenditures paid from the donation need to follow the applicable district and/or ASB expenditures rules. For organized ASBs, this includes students determining how the money is to be spent, adults co-approving, noting student approval in meeting minutes, and obtaining three signatures prior to purchase.

FCMAT recommends working with the district's business office to establish procedures for using a gift card; these should include a check-out system, a requirement to return the card after each use with the original receipt, and other measures so that the card's use can be tracked to ensure that expenditures are appropriate and its full balance is used. As the gift card is used, an entry can be made in the general ledger with a debit to the appropriate expenditure and a credit to cash.

Ambiguous Situations

After the books have been closed at the end of the year, auditors often find funds that were deposited into the ASB bank account but that appear to have been intended for the district for use at a particular school, or vice versa. These situations are difficult to unravel and have the potential to cause misunderstandings. The donation forms at the end of this chapter can help ensure that donations are recorded correctly when received and the donor's intent is stated clearly to prevent ambiguity.

Donations of Material or Equipment to an ASB Organization

If the donation consists of material or equipment, the principal/school administrator, ASB advisor and bookkeeper must understand and follow the district's requirements regarding this issue. All districts should require that all ASB donations be formally accepted by the student body and recorded in the meeting minutes. Many districts also require that material or equipment donated to the ASB be approved by the

school board or an authorized designee, or that all gifts or donations of equipment or other property be transferred to the district rather than remaining property of the ASB. The district would probably then accept responsibility for maintenance (though not necessarily for replacement) in accordance with district guidelines. The instructions need to be clear so there is no misunderstanding about which entity (ASB or the district) is responsible for maintenance and replacement.

Before accepting any donation of this type, it must be determined that the school program has a legitimate use for the item and that district policy allows acceptance. For example, many people have donated non-working computers and printers to schools and/or ASB organizations. The district should have a policy or procedure to ensure that items are inspected and found to be usable before they are accepted. Installation and maintenance costs must also be considered before an item is accepted.

Donations of Scholarships to an ASB Organization

If they are large enough, donations intended as scholarships may require a separate bank account from the ASB account to simplify tracking the interest the funds earn. In these cases the school will need to work with the district's business office to open a separate bank account for that purpose.

Whenever possible, student organizations should attempt to persuade potential scholarship donors to donate without special award criteria or restrictions. This will allow the student organization to include the donation in its existing general scholarship fund without a separate bank account or selection and award process. The Memorial Fund/Scholarship Fund form at the end of this chapter can help ensure that the donor's intentions are clear. Additional information on scholarships is included in Chapter 8.

Donations to ASBs from Booster Clubs, Foundations, Auxiliary Organizations and Other Parent-Teacher Organizations

Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations are independent of both the district and the student organizations/ASB. Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations may decide to donate money to an ASB, but once they do so, all ASB rules and requirements apply and the donor organization no longer has any control or authority over the donated funds. In addition, the donation to the ASB cannot occur until after the funds have been deposited and accounted for within the booster club, foundation, auxiliary organization, or other parent-teacher organization. Nonstudent organizations should be organized as distinct 501(c)(3) not-for-profit organizations and have their own tax identification number; it is important that their operations remain separate and distinct from the district and from student organizations; they may not use the district's tax identification number for any of their operations.

Good Business Practices for ASB Donation Management

The donation forms on the following pages can be used to ensure that donations are recorded correctly. These forms allow a donor's intent to be stated clearly to prevent ambiguity.

Updating gift and donation procedures should be a standing agenda item for the annual district-sponsored ASB meeting with the business office. A review of the past year's activities can serve as a starting point, with the intent to improve practices for the coming year.

When the ASB organization spends a donation, it is subject to the same policies and procedures as all other ASB expenses.

Tax-Exempt Status

When outside business or individuals are considering making a donation, ASBs are frequently asked for their tax identification number. The ASB and the district are not considered a private nonprofit 501(c)(3) organization; rather, they have nonprofit, tax-exempt status by virtue of being a governmental entity. The district's

tax identification number should always be treated confidentially; it should not be given out when asked because it is not required for the donors to claim a tax deduction. All requests for the district's tax identification number should be forwarded to the district's business office unless schools have been provided with a letter to send out when asked for the number. Many districts have developed a letter for requestors that will meet their need to document a tax-deductible donation. A sample letter is included at the end of this chapter.

A tax-exempt organization may need an affirmation letter from the Internal Revenue Service (IRS) to confirm its tax-exempt status or to show a change in its name or address. Tax-exempt organizations that need such a letter can contact IRS Customer Account Services by phone at 877-829-5500, or by mail or fax.

A letter or fax requesting an affirmation letter must include the following information:

- Full name of the organization
- The organization's employer identification number (or district's tax identification number)
- Authorized signature (of an officer or trustee)

The individual signing the letter from the tax-exempt entity to the IRS must state the capacity in which he or she is signing (for example, "John Smith, President of the Board of Trustees").

The IRS affirmation letter will describe government entities' exemption from Federal income tax and cite applicable internal revenue code sections pertaining to deductible contributions and income exclusion. Most organizations and individuals will accept the government affirmation letter as proof of an organization's tax-exempt status.

Donation to ASB

Name of School: _____

Name of Club: _____

Donation to ASB

Fiscal Year: _____

Name of Donor: _____

Street Address: _____

City, State & ZIP: _____

Telephone: _____

Description of the donation: (If cash or check, show the exact amount; if other than cash or check, include a detailed description of each item, including serial number, color, etc.)

Donor's estimate of value: _____

Purpose of the donation (ASB organization, school site, or district program):

If the donation is for a club or organization that is part of a school's ASB, indicate the name of the club or organization and deposit the cash or check into the ASB bank account. Retain this form as a record of the donation.

If the donation is for the district, either for the use of the school or for another district program, forward the cash, check, or other item to the district business office with this form. Explain below whether the donation is for the school site or a specific district program.

_____

_____

_____

Report prepared by: _____
Signature, Title and Date

Verified by ASB bookkeeper: _____
Signature, Title and Date

Donor: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

Click here to download this and other forms and documents.

Memorial Fund/Scholarship Fund Information Sheet

Name of School: _____

Name of Club: _____

Memorial Fund/Scholarship Fund Information Sheet

Fiscal Year: _____

Memorial/Scholarship Name: _____

Year Memorial/Scholarship Established: _____

Initial Amount: _____

Name of Donor: _____

Contact Name: _____ Relationship: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____

Fax: _____

Email: _____

This Gift is in Memory Of: _____

Intended Purpose: _____

_____

_____

Selection Criteria: (attach application and essay instructions if applicable)

_____

_____

Annual Award: _____

Special Instructions: _____

_____

Report prepared by:_____

Signature, Title and Date

Verified by ASB bookkeeper:_____

Signature, Title and Date

Principal/School Administrator or Designee: _____

Signature, Title and Date

Presented to ASB on: _____

Date

IRS regulations prohibit donors from selecting scholarship recipients. In some instances, donors may serve on scholarship selection committees as long as there are at least two other district representatives.

Donors may not request that their donations be returned to them once deposited by the district.

Donor: _____

Signature, Title and Date

Click here to download this and other forms and documents.

Letter Regarding Tax-Exempt Status

(Use district or school letterhead)

Date

To whom it may concern:

Thank you for interest in supporting our schools. We often receive inquiries about our nonprofit status. Please accept this letter as certification that the Sample USD qualifies as a not-for-profit organization. We are a state educational institution, which is considered a political subdivision of the State of California. Because of this, we are considered a nonprofit state entity rather than a private 501(c)(3) nonprofit organization. Donations and private grants made to our schools are tax-deductible under these statutes.

If you have further questions, please feel free to contact me at (000) 000-0000.

Sincerely,

Name

Chief Business Official

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Chapter 13

Chapter 13 – Cash Receipt Management and Procedures

Sound cash management procedures are essential for successful ASB operations. The most common ASB-related finding in a district's annual audit involves inadequate internal control procedures when handling cash from the time it is collected until it is deposited into the ASB bank account. Most fraud in ASB activities is directly related to inadequate or ineffective cash or check handling procedures.

Chapter 5 discusses the importance of sound internal control procedures. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. Whenever students hold a fundraising event or collect cash, the students, with their advisor, should establish and implement internal controls. The ASB bookkeeper should also establish and implement sound internal controls for the distribution of cash boxes, and for cash controls (e.g., tickets, receipt books) both before a fundraiser begins and when it is over and the cash and checks are received to be deposited at the bank. The internal controls discussed and recommended in Chapter 5 are critical to protect the ASB's assets (e.g., cash) and to protect students, employees and others who handle cash from accusations or errors.

Good Business Practices for Cash Procedures

The cash control procedures described in this chapter are easy to implement and follow, and in most instances the cost is minimal. Each principal/school administrator should ensure that the ASB advisor and students understand that their fundraiser will not be approved unless cash control procedures have been established for the event. The ASB advisor is responsible for ensuring that the procedures are followed from the time the fundraising event begins until it is complete. If an advisor is not willing to accept this responsibility, the principal/school administrator should not approve the fundraiser and may need to reassess that advisor's role.

Audit Findings and Preventive Action

In response to audit findings related to cash control procedures, principals/school administrators often indicate that they did not have time to implement the right procedures or that implementing the controls would cost too much. This is not true. As noted earlier, implementing good internal controls for cash handling frequently involves little or no cost and little additional time if understandable procedures are available and the individuals involved are trained in their use.

Internal controls not only protect against fraud but also help prevent honest errors and act as a defense for the innocent when fraud or errors do occur. Each year there are numerous reports of fraud in the handling of ASB funds. Some reports are not true and may result from a disagreement between students and/or staff. Cash receipt control procedures provide evidence that cash was handled properly. Without this evidence, those involved in ASB will not have the information to prove that fraud did not occur. Well planned internal controls that are consistently followed by students and staff will leave a clear record of who did what, when, and why. When the principal/school administrator insists that students and advisors follow good internal control procedures, he or she is protecting the students, the staff and himself or herself against false accusations if something does go wrong. For this reason, if anyone involved in the fundraiser does not want to follow sound internal control procedures, that club should not be allowed to hold any fundraising events.

School administrators need to ensure that proper cash control procedures are established and followed at two stages of cash collection: when the fundraising event is held and the cash and checks are collected; and when the cash and checks are given to the ASB bookkeeper for deposit into the ASB bank account. This chapter explains the cash control procedures at both stages.

Cash Control Procedures for Fundraising Events

It is important to be able to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are properly turned in and accounted for. To accomplish this, student

organizations/clubs, ASB advisors and school administrators must ensure that proper internal controls exist, including the following:

- Cash control procedures.
- Proper inventory of concession, student store and vending machine items.
- Proper cash handling and physical chain of custody for all cash receipts.
- No commingling of receipts from separate events.
- Immediate delivery of all event proceeds to the ASB bookkeeper or secretary.
- Use of three-part receipts when turning in all event proceeds.

This section describes simple cash control procedures that can be used for any fundraising event. Each control procedure has strengths and weaknesses, thus different control procedures are suited to different types of fundraisers. Nonetheless, it is imperative that some method be implemented that allows for reconciliation between money actually collected and the fundraiser sales records.

These cash control procedures are:

- Prenumbered tickets for all sales events.
- A cash register for store-type sales.
- Prenumbered receipt books for all receipt transactions.
- A tally sheet for designated activities.
- Inventory control for vending machines, students stores and concessions.
- Cash boxes to make change and keep the received money safe.

The following table shows six different cash control procedures and examples of different events where each procedure may be most effective. However, different control procedures can work for almost any event as long as the procedure is well thought out and followed closely.

Control Procedure	Types of Events
Prenumbered Tickets	Dances Entertainment events Car washes Athletic events Festivals
Cash Register	Student store Concession stands
Prenumbered Receipt Books	Publication sales Sale of advertising space
Tally Sheets	Dances Car washes Bake sales
Inventory Control	Vending machines Candy sales
Cash Box	Any event

After a fundraising event is scheduled, the advisor is responsible for ensuring that control procedures are in place. The advisor should help students select and develop a good business practice for cash receipts and control procedures, and help implement the correct internal controls once the event begins. No student should handle cash without direct adult supervision.

The principal/school administrator responsible for reviewing and approving the fundraising activity request should ensure that the club advisor has developed proper controls as part of their fundraiser planning and will be able to implement those controls.

Following are detailed steps for how the different procedures should be used.

Prenumbered Tickets

1. The ASB bookkeeper (or other person/position responsible for bookkeeping) at the school is responsible for purchasing prenumbered tickets and storing them in a safe place. Only the bookkeeper and the principal/school administrator (or designee) should have access to the inventory of ticket rolls.

2. The ASB bookkeeper must maintain a record of the number of rolls of tickets in inventory and the beginning and ending ticket numbers on each ticket roll. The Ticket Inventory form (presented later in this chapter) was designed for the bookkeeper to use for this purpose. When a roll of tickets is given to an advisor for a fundraising event, the beginning number is recorded on the form when the roll is issued, and the ending number is recorded when the roll is returned to the bookkeeper.

3. At the fundraising event, this cash control procedure involves two people. One person collects the money and issues the prenumbered ticket as proof of purchase. A second person collects the prenumbered ticket when the person enters the event.

4. At the end of the fundraising event, the total number of tickets issued is counted and recorded on the Report of Ticket Sales form. A second person should count the tickets that were collected to verify the accuracy of the count.

5. At the end of the fundraising event, at least two people should independently count the cash and checks collected. They should use the ASB Cash Count form to help with this.

6. The students then enter the amount of the total cash counted on the Report of Ticket Sales form.

7. If the number of tickets sold does not equal the amount of cash collected, the students and the advisor should determine the reason for the cash overage or shortage immediately after the event.

8. At the end of the event, the advisor should see that the following items are stored in a safe place: cash and checks, Report of Ticket Sales form, ASB Cash Count form, and the unsold tickets. Each school must establish after-hours cash security procedures so that cash and checks can be stored in a locked bag in the school safe until the amounts can be counted and verified with the school bookkeeper.

9. The next school day, the advisor should provide the ASB bookkeeper with the Report of Ticket Sales form, the ASB Cash Count form, and the remaining tickets. The cash and checks should already be in the school safe. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the two individuals (the advisor and the bookkeeper) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual must do so; the bookkeeper should never count funds alone.

10. For events that have tickets of different prices, the students should use different colored tickets for each price. The students must account for each roll of tickets separately, but they may use the same cash count and ticket sales forms.

11. Event tickets should be kept at least until after the annual audit of the ASB is complete, but not for more than two years. Some auditors will audit tickets and cash receipts before the end of the fiscal year, but other auditors will not audit these until October of the following fiscal year.

Cash Registers

1. Each time a sale is made, a student/cashier working at the cash register rings up the sale.
2. At the end of the day, the cash register tape total should equal the total of the cash collected.
3. At the end of the day, the total cash in the cash register should be counted and recorded on the ASB Cash Count form.
4. The advisor should immediately investigate any significant differences between the cash register tape and the amount reported on the ASB Cash Count form.
5. At the end of the day, the advisor should ensure that the cash, the ASB Cash Count form and the cash register tape are stored in a safe place. Each school should establish after-hours cash security procedures so that cash and checks can be stored in a locked bag in the school safe until the amounts can be counted and verified with the school bookkeeper.
6. The next school day, the advisor should provide the ASB bookkeeper with the ASB Cash Count form and the cash register tape. The cash and checks should already be in the school safe. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the two individuals (the advisor and the bookkeeper) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual must do so; the bookkeeper should never count funds alone.

Prenumbered Receipt Books

1. The ASB bookkeeper is responsible for purchasing prenumbered receipt books and maintaining an inventory of all receipt books. The receipt books purchased should contain triplicate copies of each receipt.
2. The ASB bookkeeper should maintain a log of all receipt books and record the issuance of each book. The bookkeeper should record the beginning number of the receipt in the book when it is issued to the ASB advisor and the ending number when the ASB advisor returns it. The Receipt Book Log form facilitates the recordkeeping.
3. Receipts used for a fundraising event should be in triplicate, with copies issued as follows:
    - One copy is given to the person making the purchase.
    - One copy is turned in with the cash.
    - One copy remains in the book as the historical record.
4. Receipts must always be issued in sequence.
5. The students need to note the following items on each receipt:
    - The date.
    - The description and number of items sold.
    - The total cash collected.
    - The name of the person who received the goods.
    - The name of the person who prepared the receipt.

6. If a mistake is made on a receipt, the student should mark the receipt void and issue another. For voided receipts, two copies remain in the receipt book, and one copy is turned in with the cash to provide for the continuity of receipts.

7. At the end of the fundraising event, the amount of cash reported on the receipts is totaled and the receipts are sorted in numerical order. The students must account for all of the receipts that were used from the receipt book. At the end of the fundraising event, at least two people should count the cash and checks collected. The ASB Cash Count form should be used for this purpose.

8. If the amount of cash recorded as collected on the cash receipts does not agree with the cash reported on the ASB Cash Count form, the students and the advisor should determine the reason for the cash overage or shortage immediately after the event.

9. At the end of the day, the advisor should ensure that the cash and checks, the ASB Cash Count form, and all receipts (even if voided) are stored in a safe place. Each school should establish after-hours cash security procedures so cash and checks can be stored in a locked bag in the school safe until the amount can be counted and verified with the school bookkeeper.

10. The next school day, when the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the advisor and the bookkeeper have counted the dollar amount together and recorded that amount on the receipt. The ASB Cash Count form and all the receipt books must also be returned to the bookkeeper. If the advisor is not able to count the funds with the bookkeeper, another individual must do so; the bookkeeper should never count funds alone.

Tally Sheets

1. When tally sheets are used as the cash receipt control procedure, two people should be involved: one person makes a mark on the tally sheet when an item is sold and issues the goods; the other person takes the cash.

2. The students may use a tally sheet to mark the number of items sold.

3. At the end of the event, the number of items sold is multiplied by the item's price.

4. At the end of the event, at least two people should independently count the cash and checks collected. The students should use the ASB Cash Count form to facilitate the counting of the cash.

5. The amount computed on the tally sheet is compared to the amount of the cash reported on the ASB Cash Count form. If the amount on the tally sheet does not agree with the amount of cash collected, the ASB advisor and the students should determine the reason for the difference immediately after the fundraising event.

6. At the end of the day, the advisor should ensure that the cash, the ASB Cash Count form and the tally sheet are stored in a safe place. Each school should establish after-hours cash security procedures so that cash and checks can be stored in a locked bag in the school safe until the amounts can be counted and verified with the school bookkeeper.

7. The next school day, the advisor should provide the ASB bookkeeper with the ASB Cash Count form and the tally sheet. The cash and checks should already be in the school safe. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the two individuals (the advisor and the bookkeeper) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual should do so; the bookkeeper should never count funds alone.

Cash Box

Cash boxes should be checked out from the ASB bookkeeper when needed, and are usually loaded with some amount of starter or advance cash so that change can be made at events. Cash boxes should always be kept in the safe between uses. Cash box procedures are important to ensuring the success of the procedures discussed above (prenumbered tickets, cash registers, prenumbered receipt books, and tally sheets). The security of both the cash box and the volunteer entrusted with the cash box is essential.

When an event concludes and the funds are counted, volunteers should have access to security personnel to help them place funds in school safes. After the funds are counted, all of the cash collected is in one place and is an easy target for theft. If security personnel are not available, another responsible adult should be available to help escort the cash boxes to school safes. Arrangements should always be made so that volunteers are never expected to escort money alone. If an escort cannot be obtained, or if the funds cannot be kept in the safe overnight, the fundraiser should not take place.

Chapter 8 discussed how to use the Revenue Projection form and the Fundraising Event Profit form to estimate the amount of profit students expect to earn from a fundraising event. These forms have a place to report the results of the fundraising event as well as the estimated sales and expenses. The ASB advisor should help the students complete this form at the end of the fundraising event. This is a sound internal control to determine that the funds were handled properly and will help students determine what types of fundraising events are most profitable and worth repeating.

Credit Cards

It is increasingly common for parents to use credit cards rather than writing a check, and ASBs are often asked if they can accept payment by credit card for a variety of things. The answer depends on whether the district's board policy and procedure allow the use of credit cards for payment (revenue). If the district allows payment by credit card, then it follows that, unless policy states otherwise, the ASB can as well. If the ASB is paying a service fee for people to use credit cards, it is permissible to pass the cost of that fee on to the credit card users.

Cash Control Procedures for the ASB Bookkeeper

The ASB bookkeeper is responsible for providing any materials ASB advisors and clubs need for fundraising events, such as ticket rolls, receipt books and all necessary forms, and for keeping sufficient stock on hand. The ASB bookkeeper is responsible for the cash and checks from the time they are received from the ASB advisor until they are deposited in the bank.

The principal/school administrator or designee must work with each student organization and school staff to develop methods for securing cash collected after hours and on non-school days.

The following table identifies the different internal control measures clubs use for fundraisers and the documentation that should accompany the cash/checks when they are turned in to the bookkeeper and a receipt is given.

Cash Control Procedure	Documentation
Prenumbered Tickets	All cash and checks collected All remaining tickets Report of ticket sales ASB Cash Count form
Cash Register	All cash and checks collected The cash register tape ASB Cash Count form

Cash Control Procedure	Documentation
Prenumbered Receipt Books	All cash and checks collected All receipt books issued One copy of the receipt issued ASB Cash Count form
Tally Sheets	All cash and checks collected Tally sheets used ASB Cash Count form

Internal Controls for Cash After Receipt

The following are good business practices and internal controls for the ASB bookkeeper to follow when handling the cash and checks after they are received:

1. The ASB bookkeeper should not accept any cash or checks unless they are accompanied by the appropriate documents.

2. The ASB bookkeeper should always count the cash in the presence of the advisor (or designee if the advisor is not available) when it is turned in. This is also known as a dual cash count. Although a dual cash count is always recommended, those in the field often state that there is not enough time to do it. Time should be set aside to count the receipts together because if a dual cash count is not performed and the advisor and bookkeeper end up with different totals, one of them may be suspected of wrongdoing. Many schools have set up times when cash can be brought to the bookkeeper to be counted in the presence of the person who brings the receipts. If this is not possible, a locked bank bag should be used so that there is some certainty that the money counted and put in the bag after the event cannot be tampered with until the bookkeeper is able to count it. When the locked bag is later opened and the funds are counted, a witness should be present so that a dual cash count is still performed.

3. To create a record of receipt of the cash, the ASB bookkeeper should prepare a written receipt indicating the amount of cash shown on the ASB Cash Count form and give a copy of the receipt to the ASB advisor when the funds are received. The ASB bookkeeper should use a triplicate receipt book for this process.

4. The ASB bookkeeper is responsible for endorsing the back of the checks received. Typically, a rubber stamp is used that states, "For deposit to the bank account of the Sample School."

Fraud Alert

If the proper documentation is not received and/or if that documentation does not contain the initials or signatures of either of the individuals who counted the funds, there is a risk that someone may allege that more funds were raised than the bookkeeper indicates. All funds should be counted by those performing the fundraising, even if the funds are only rough counted. The volunteers counting the funds may even indicate on the cash count sheet that funds were rough counted. If a complete and comprehensive count is not possible late at night after a long event, counting and initialing the rough count is preferable to no count at all.

Fraud Alert

The deposit form must be at least in duplicate. To protect those performing the fund-raising and the ASB bookkeeper, the fund-raising club should retain a copy of the deposit form for comparison to the amount posted to their club account. When the ASB bookkeeper has sole custody of the funds raised and the only supporting documentation, transaction amounts can be altered and receipts voided or destroyed, and the opportunity for theft without detection is significant. Always have multiple-copy deposit and fund-raising forms, and always ensure that one copy is retained before the others are submitted to the ASB bookkeeper.

5. The ASB bookkeeper is responsible for storing the cash and checks and the supporting documentation in a safe place until it is counted in the presence of a witness and deposited in the bank. Because of the amount of cash often stored on site, each school should have a safe for cash storage. If the safe is used almost exclusively for ASB funds, the purchase of a safe is an appropriate use of student body funds – if approved by the students.

6. As soon as possible, the ASB bookkeeper should recount the cash in the presence of a witness and compare this count to the information turned in by the ASB advisor. This includes the following:

   - ASB Cash Count form
   - Cash register tape
   - Report of ticket sales
   - Receipt book log
   - Tally sheet

   The bookkeeper should immediately notify the advisor any discrepancies noted during the cash count. Both the ASB bookkeeper and a witness should sign the Cash Count form and initial the difference.

   As soon as the advisor and bookkeeper determine the reason for the discrepancy, they should report any significant discrepancies to the principal/school administrator. The loss of tickets is the same as the loss of cash. If the remaining tickets do not reconcile with the cash collected to date, something has gone amiss and a plan should be developed to ensure that it does not continue.

7. After the ASB bookkeeper has verified the amount of cash, the bookkeeper should sign and date the ASB Cash Count form and provide a copy to the ASB advisor. When the information on the Report of Ticket Sales form has been verified, the ASB bookkeeper should sign and date the form and provide a copy to the ASB advisor. This information is the evidence that the amount of cash received by the ASB bookkeeper agrees with the amount the ASB advisor turned in.

8. Deposits should be made to the ASB bank account at least weekly, though within two to three school days is preferable. Avoid leaving money at a school over the weekend or holidays because many thefts occur during those times. If money must be left at school during those times, ensure that there is a procedure for securing the funds in the school safe.

9. When the funds have been deposited, the ASB bookkeeper should retain a copy of the deposit slip with all of the documentation from the fundraising event. This is important so that the auditors can determine when the

Fraud Alert

Trusting advisors too often leave funds unattended on the ASB bookkeeper's desk. When the ASB bookkeeper returns, the funds have been taken. When the ASB bookkeeper is not available, assign another individual to receive the deposit and sign for the funds received. As a second level of theft deterrence, install surveillance cameras. Many times an ASB bookkeeper has been falsely accused of theft when students, teachers, parents or others have been the criminals. Do not leave money unattended.

Fraud Alert

Ensure that the total of the checks and cash received agrees with the total collected. Would-be thieves swap receipts for checks with those for cash, enabling them to replace cash with checks received and pocket the cash. Many cash count forms are designed to verify that the total of the numbered receipts is the same as the combined total of cash and checks; however, this will not stop fraud.

All numbered receipts should be accounted for using beginning and ending numbers from the prior deposit and for completeness with the current deposit. There should be no missing receipt numbers, and cash and check receipts should be matched within the cash and check category totals. Finally, the name on the check should be matched with the name on the receipt. To commit fraud, most perpetrators of fraud need to have several event deposits available and the time and opportunity to mix and match checks and cash as needed. Good ASB bookkeepers will notice that they have not received funds for activities they know have occurred and will notify the site administrator and activities director of any patterns observed.

fundraising proceeds were deposited and compare the amount deposited to the amount the ASB advisor turned in.

10. The ASB advisor is responsible for maintaining the stock of ticket rolls and receipt books and updating the Ticket Inventory and Receipt Book Log forms whenever tickets or receipt books are used. The ASB bookkeeper must also maintain a master log of receipt books and ticket rolls.

Petty Cash and Change Accounts

Petty Cash

There are reasons for establishing a petty cash fund for ASB operations, such as to make immediate cash payments of a small amount. These expenditures require the same documentation and the same prior approval as other disbursements. Petty cash accounts should be established only in ASBs with the strongest of internal controls and where authorized by district board policy. An ASB cannot open a petty cash fund without district office approval.

Change Account

A change account is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. Expenditures should not be made from this account under any circumstances; that is what the petty cash account is for (if one is authorized). When the fundraiser is complete, the change account should be deposited back into the bank account.

General cash control procedures for petty cash and change accounts include the following:

1. **Security**: Must be secured in an approved, locked safe at the end of each school day and on weekends. Must be in a locked, supervised drawer or file cabinet with controlled access when in use during school hours or during a fundraiser. A lockable cash box should be used to ensure physical security of the cash.
2. **Accountability**: Cash balances must always equal their authorized value, plus any receipted deposits or minus any receipted disbursements.
3. **Control**: A responsible faculty member from the school must sign out the change box (cash) from the bookkeeper; this should be permitted only for approved fundraisers.
4. **Authorizations to increase cash balances**: Occasionally it may be necessary to temporarily increase the school's on-hand change box balances above the approved limit. The request to do so should go to the district's business office and should include justification for the temporary increase and a projected date that the balance will be returned to its original value.

Fraud Alert

Fraud perpetrators will set up suspense and clearing accounts to move funds in and out of club accounts. When a perpetrator finds a club that is not monitoring and reconciling its financial activities, funds can be cleared to the club's detriment. If a club notices that their account is incorrect, the perpetrator makes a correction and proceeds to abuse another club's account. Requiring the ASB bookkeeper to obtain signatures indicating that a transfer is approved and documentation retained will make any unauthorized transactions stand out. Printing the detailed transaction report of all clearing and suspense accounts monthly (or at least semiannually) will also identify activity even when the ending balances are zero.

Fraud Alert

Be on the lookout for inter-club transfers. The authorization procedures recommended for clearing and suspense accounts also apply to inter-club transfers. No inter-club transfer should be allowed unless there is prior authorization for it in the ASB minutes.

Clearing Account

ASB accounts are not clearing accounts, and the ASB bank account should not be used for any transactions other than ASB transactions. Districts establish clearing accounts to set certain financial transactions apart from regular accounts so that different types of transactions are

not commingled. They are temporary holding accounts, so a balance will not exist at the end of any fiscal year because all cash will have been transferred to the appropriate account. These transfers should be made monthly.

For example, if cash is collected at a school for a library fine, it should not be deposited into the ASB account and then transferred to the district's general fund. Rather, it should be deposited to a clearing account (if established), then transferred to the general fund at a later time.

When clearing accounts are used and transfers made, the journal or transaction entry used to make the transfer should be properly documented, with the signatures of the supervisor and the employee making the transfer affixed to the printed entry. At the end of each month, any balance remaining in the clearing account should be identified by printing the account balance and noting on the document the reason the balance remains and a list of the supporting documentation needed to conclude the use of the clearing account.

Taxes

Although school entities are exempt from federal and state income taxes, as discussed elsewhere in this manual, they must collect and pay California sales tax on taxable items they sell unless those sales are irregular or intermittent.

If tax is paid when the goods to be sold at the fundraiser are purchased, only the difference between the purchase price and the selling price is subject to sales tax, so this is the amount that will need to be included on the sales tax return. Those involved with ASB should check with their district's business office to see if this sales tax information can be combined on the sales return that is completed by the business office, because many business offices want to include all of the schools' tax information on one return. Chapter 18 contains more detailed information regarding taxes.

Tally Sheet

Name of School: _____

Name of Club: _____

Tally Sheet

Fiscal Year: _____

Fundraiser: _____

Date of Fundraiser: _____

(A) Item Sold	(B) Tally Marks	(C) Total Tally Marks	(D) Sales Price	(E) Extended Total
			$	$
			$	$
			$	$
			$	$
			$	$
			(F) Grand Total	$
			(G) Cash Receipts	$
			(H) Difference	$

(A) Description of each item being sold

(B) Tally marks made, one mark for each item sold

(C) Number of tally marks for that item

(D) Individual item sales price

(E) Total of (C) multiplied by (D)

(F) Grand total—sum of all extended values in (E)

(G) Cash receipts—cash count of total cash from sales, less any startup cash

(H) Difference—if (F) does not equal (G), this is the difference between the two

Do not force the balance on this sheet. If there is an out of balance, it should be researched and resolved.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Fundraising Event Profit

Name of School: _____

Name of Club: _____

Fundraising Event Profit

Fiscal Year: _____

This form is to be completed in a two-step process: estimates prior to the event; actuals and differences after the event

1. Prepare the estimated sales, cost of sales and net profit. Sign and submit a copy to school secretary or finance clerk.
2. After the event, complete the actual sales and differences. Sign, have reviewer sign, and submit one copy to the business office (lead accountant) and keep one copy for your student body records.

Student Club:_____ Name of Event:_____

ASB Advisor: _____ Date of Event:_____

Part I: Revenue

	Estimated Sales			**Actual Sales**			**Difference**	
Revenues	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
No. of Tickets Sold								
No. of Items Sold								
Other Revenues:								
Advertising								
_____								
_____								
_____								
Total all revenue								
Loss Items (explain)								
Given Away (explain)								
Lost (explain)								
Stolen (explain)								
Damaged/Returned								
Remaining/Unsold								

Total all losses								
Total Revenue (Revenues–Losses)								

Part II: Expenses

	Estimated Cost of Sales			Actual Cost of Sales			Difference	
Expenses	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Cost of Items								
Cost of Items								
Other Expenses:								
Supplies								
Advertising								
Custodial OT								
Fees								
Equipment								
_____								
_____								
_____								
Total all Expenses								

Part III: Actual Net Profit for this Activity _____

Net Profit is the difference between Total Revenues and Total Expenses.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Report of Ticket Sales

Name of School: _____

Name of Club: _____

Report of Ticket Sales

Fiscal Year: _____

Fundraiser: _____

Date of fundraiser: _____

Person(s) selling tickets: _____

Signature of person(s) selling tickets _____

Note: This form was designed for one ticket color. If more are used with different prices, use additional Report of Ticket Sales sheets and summarize all sheets at the bottom.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Dance Ticket Tally

Name of School: _____

Name of Club: _____

Dance Ticket Tally

Fiscal Year: _____

Dance Ticket Sales

As payment is received by another party and each student enters through the door, please mark each payment as a tick mark, and count by fives.

Date: _____ Location: _____

Preparer: _____

$3 Tickets			$5 Tickets				

$3 Tickets			$5 Tickets				
Totals:							
Total Collections Should be:							
x $3 =		**+**	**x $5 =**			**=**	
Less:	**Amount collected at the door:**						
	Difference (short/over):						

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Ticket Inventory

Name of School: _____

Name of Club: _____

Ticket Inventory

Fiscal Year: _____

Fundraiser: _____

Date of fundraiser:_____

Color of ticket roll: _____ Numbering: _____ to:_____

Date	Event	Beginning Number	Ending Number	Number of Tickets Sold

A separate ticket inventory control log must be used for each ticket roll. Use multiple sheets until the entire ticket roll is consumed.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on:_____
Date

Click here to download this and other forms and documents.

Receipt Book Log

Name of School: _____

Name of Club: _____

Receipt Book Log

Fiscal Year: _____

Name of person completing form: _____

Date completing this form: _____

Receipt Book Number	Receipt Number Sequence	Issued To	Date Issued	Date Returned	Receipts Used

For each approved ASB activity that will issue receipts as their internal control measure, the receipt book should be controlled by the ASB bookkeeper or other designee and signed out prior to the event using this control log. When the event is over, the unused portions of all receipt books issued are to be returned and this control log completed.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

ASB Cash Count

Name of School: _____

Name of Club: _____

ASB Cash Count

Fiscal Year: _____

Name of person completing form: _____

Date completing this form:_____

(A) Denominations		(B) Number of Bills or Coins	(C) Total Amount Collected (A times B)		Totals from Receipts Adding Machine Tape	
Pennies	.01					
Nickels	.05					
Dimes	.10					
Quarters	.25					
Half dollars	.50					
Dollar coins	1.00					
Dollar bills	1.00					
Five dollar bills	5.00					
Ten dollar bills	10.00					
Twenty dollar bills	20.00					
		Total amount of all cash	$	(D)	$	Total Cash Receipts
		Total amount of all checks	$	(E)	$	Total Check Receipts
		Total amount of all cash and checks	$			
(Pre-record amount and initial the amount of change funds received)		Less startup change fund amount	$			Initial upon receiving change funds
		Total net amount of all cash and checks				

Note		ASB Bookkeeper	
Confirm that total "cash & coin" receipts equal total amount of all cash.	(D)		Initial
Confirm that all check receipts agree to attached receipts.	(E)		Initial
Confirm that all check payees individually agree to attached receipts.			Initial
Confirm that all receipt numbers are sequential, with none missing.			Initial

Follow up on ANY differences.

Cash Count form prepared by: _____

Signature, Title and Date

Signature of fundraising staff counting the cash:_____

Signature and Date

Signature of fundraising staff counting the cash:_____

Signature and Date

Verified by ASB Bookkeeper:_____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on:_____

Date

Supporting documentation:

(Must be included when this form is turned in)

Cash register:

Report of Ticket Sales form

Unused tickets returned

Prenumbered receipt books:

Cash register tape

Copy of each receipt issued

Tally Sheet:

Copy of each receipt issued

All receipt books returned

All receipt books accounted for

Completed tally sheet/sheets

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Bank Deposit

DEPOSIT TICKET

BANK NAME
ADDRESS
DATE: _____

SCHOOL NAME
SCHOOL ADDRESS
BANK ACCOUNT NUMBER

	DOLLARS	CENTS
CURRENCY	2784	00
COIN	348	92
1.	18	50
2.	34	00
3.	57	02
4.	91	45
5.	35	84
6.	85	44
7.	18	33
8		
9.		
10.		
SUBTOTAL (CHECKS)	340	58
TOTAL DEPOSIT	3473	50

TAPE TOTALING ALL RECEIPTS

```
1,547.33 +

1,052.10 +
  874.07 +
3,473.50 +
```

TAPE TOTALING DEPOSIT

```
2,784.00 +
  348.92 +
  340.58 +
3,473.50 +
```

TAPE TOTALING CHECKS

```
  18.50 +
  34.00 +
  57.02 +
  35.84 +
  91.45 +
  85.44 +
  18.33 +
 340.58 +
```

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Summary Recap – ASB Deposit

Name of School: _____

Name of Club: _____

Summary Recap - ASB Deposit

Fiscal Year: _____

Date Funds Received	Received from Advisor/Teacher	Receipt Number	Deposit for (Identify Club or Activity)	Amount Received
		Total Deposit		

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

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Chapter 14

Chapter 14 – Allowable and Questionable Expenses

Anything purchased by a district must be in compliance with the law and local board policy, and cannot be considered a gift of public funds. Because ASBs are part of the district, ASB organizations must follow the same laws and local policies, as well as ensure that the funds are spent appropriately. The principal/school administrator and ASB advisors are responsible for ensuring that ASB funds are used to purchase goods and services that promote the students' general welfare, morale and educational experiences. In general, ASB expenses that meet these criteria are allowable if they are directly linked to the students' benefit. With few exceptions (such as awards and scholarships, which are discussed later in this chapter), ASB expenditures will benefit a group of students rather than individuals. The expenditures must also be for goods and services other than those the school entity should provide from its own funding sources. Thus if the expenditure is the district's responsibility, or the district has paid for the expenditure in the past, or the ASB is being asked to pay for the item or service because of district budget cuts, it is probably not an allowable ASB expenditure. The district is responsible for the curriculum of the class or program; ASBs are supposed to pay for extras, meaning items in addition to the regular curriculum.

In high schools, middle schools and community colleges, the students should be the primary authority that decides how the ASB funds are spent. This helps ensure that the interests of the students are protected. In elementary schools, the students are often not involved in the decision-making and operations. Regardless of the school type, the principal/school administrator or designee is responsible for protecting the interests of the students and ensuring that the funds are spent for their benefit. Although the primary decision maker may vary depending on the type of ASB, the types of expenditures that should be made with ASB funds remain the same for all ASBs.

Questions often come up about whether an item is an appropriate use of ASB funds. In these instances, the principal/school administrator or the ASB advisor should contact the appropriate staff in the district business office for guidance.

Examples of Allowable Purchases

Following are some examples of the many types of items generally considered allowable expenses from ASB funds. These examples include frequently questioned items; they do not include obviously appropriate ones, such as supplies for a student store, school photos, or a disc jockey or decorations for a school dance. These and similar expenditures that enhance students' educational experience and are directly linked to the students' benefit are other than what the school entity must provide from its general funding sources.

The following are examples of appropriate expenditures using ASB funds:

- Magazines and newspaper subscriptions for student use
- Playground equipment
- Library books
- Supplemental equipment for student use that is not normally provided by the school entity, such as telescopes and aquariums
- Field trips/excursions and outdoor education/science camps
- Extracurricular athletic costs, including costs for ticket sales, game officiating and security
- Costs for student social events
- Scholarships (under specific circumstances)
- Awards, if there is a district policy allowing them

- Substitute teacher, if the teacher's absence is due to an authorized ASB activity
- Indirect charges

Examples of Prohibited Purchases

Expenditure of student funds for the following items is not usually allowable because they do not directly promote the general welfare, morale or educational experience of the students, or are considered a district responsibility, or do not benefit a group of students (with some exceptions), or are a gift of public funds:

- Salaries or supplies that are the responsibility of the district. Some examples are teachers' salaries and negotiated stipends, curriculum supplies, and office supplies and equipment. However, substitute teachers' pay may be allowed if they are substituting because of an ASB-related activity.
- Repair and maintenance of district-owned facilities and equipment. An exception might exist for equipment that the ASB donated to the district and for which the donation agreement includes a provision that the ASB will maintain the donation in the future, including paying for any repair, maintenance or replacement.
- Permanent buildings
- Articles for the personal use of district employees
- Expenses for staff meetings
- Expenses for faculty meetings
- Expenses for booster clubs, foundations, auxiliary organizations and other parent-teacher organizations
- Large awards, unless board policy states otherwise
- Gifts of any kind
- Employee appreciation gifts or meals
- Employee clothing/attire
- Donations to other organizations, except in special circumstances
- Donations to families or students in need
- Cash awards to anyone, because internal controls cannot be established and documented, unless a district's board policy allows such awards (FCMAT does not recommend this).

Because student body funds are to benefit students as a group and not individuals, awards and scholarships generally are discouraged but are allowable as discussed later in this chapter.

Questions often arise about the giving of gifts, which has a personal as opposed to public character. Contrary to what often occurs in the field, gifts are not allowable, even if the amount is small. Gift certificates are ordinarily characterized as gifts of public funds even when purchased for an event with a public purpose, because they confer a tangible private benefit on an individual. To avoid making a gift of public funds with gift certificates, ask merchants or individuals to donate gift certificates. Although some school administrators may feel that the school or district benefits from positive relationships established by sending gifts to students, parents, board members or others, the real public relations value is of primary benefit to the respective individual leaders involved, not to the school entity itself as an institution. If students want to give gifts, use private funds, not public funds.

Discussions regarding gifts often conclude that trivial or insignificant gifts are acceptable. However, given modern governmental accounting practices and regulations, conflict of interest law and criminal law, FCMAT's recommendation is that such expenditures of public funds or use of public funds in any amount

can never be considered trivial or insignificant. The law clearly regards the misappropriation of public funds as a criminal act, with no minimum monetary limit specified, so it is best to avoid gifts of any amount.

Donations

Donations to nonprofit organizations and students or families in need usually are not allowable because they are considered a gift of public funds, no matter how worthy the cause. ASB funds are legally considered public funds because they are raised through the district's tax identification number and under its nontaxable status. In general, fundraising that occurs on campus should be for the benefit of the ASB and not for other organizations. However, a student group may organize a fundraiser to support an outside organization such as a charity as long as the fundraising event is clearly identified as raising funds to donate to that charity. All donations should be in the form of checks made payable to the charity and should be picked up by or delivered directly to the charity so that funds are not deposited into the ASB account. If it is not possible to have the checks made directly to the outside organization, open a trust account within the ASB specifically for these donations (with district governing board approval), then write a check to the organization and close the account when the fundraiser is over. It is crucial to ensure that the district's governing board (not its designee) approves this fundraiser and that all paperwork associated with the fundraiser clearly documents that the only funds donated to the outside organization were those raised for that specific purpose. No funds from other clubs, inactive accounts, or fundraisers not approved by the governing board should be donated to outside organizations.

Another viable option is to work with a parent group that has its own tax identification number and sufficient internal controls and ask them to operate the fundraiser because groups such as this are not subject to the rules regarding gifts of public funds.

Many schools, especially elementary schools, like to hold what is often called a penny drive, during which students put collected pennies or other coins in jars and the money is then given to a designated charity. These are allowable but should be limited in their frequency, and the coin jars must be kept secure. Rather than depositing coins directly into the ASB account, ask the bank to count and issue the money directly to the charity, or use a coin counting machine. If the funds will be deposited into the ASB account, ensure that the governing board has approved the fundraiser. This is because if the governing board has determined that a specific expenditure will benefit the education of students by approving it, they have justified the expenditure as serving a public purpose and thus the expenditure is not considered a gift of public funds in the eyes of most courts.

The normal rules regarding prior approval apply to donation disbursements: as with all ASB expenditures, the approval should be documented using the expenditure approval form signed by the student representative, advisor and principal/school administrator, and noted in the club meeting minutes.

Under no circumstance should student groups donate funds to an individual needy student or family, or use school equipment for a charity fundraising drive. Those donations are not tax-deductible unless a legal foundation has been established for that student or family.

The issue of a gift of public funds arises when a check is written from ASB and given or donated to another organization. This is why a food or can drive is allowable: rather than money from the ASB being used for the charity, students bring food from home to donate to the charity.

Scholarships

As discussed in Chapter 8, the student council may accept scholarships and trusts from outside donors (individuals or organizations) with the approval of the governing board or authorized designee. The acceptance should be made in writing and should clearly describe all the conditions the donor is requesting. These funds should be accounted for separately in a trust account within ASB and used specifically for scholarships. If the donor does not establish criteria for award of the scholarship, the principal/school administrator should work with a committee that includes at least one student representative to determine

the criteria for the scholarship. A donor may not donate toward a specific student's scholarship. If a donor wishes to fund a specific student's higher education, the donor should transact directly with the student; such donations are not tax-deductible.

Scholarships paid from student body fundraisers rather than from outside donations are normally not allowable because they do not benefit a group of students. School district governing boards may sometimes approve fundraisers specifically to raise scholarship funds, or may approve a club whose sole purpose is to raise scholarship funds. If governing board approval has been received, a separate trust account should be opened within the ASB specifically for these donations, with board approval, and then closed after the scholarship(s) are paid. It is critical to ensure that the board approves this fundraising and to clearly document that the only funds raised for scholarships are those that were fundraised and paid out for that specific purpose. No funds from other clubs or accounts should be used for scholarships.

If scholarships are to be allowed, the district should set guidelines regarding how many will be allowed annually. There should be established selection criteria for all scholarships. Cash awards are not allowed; rather, scholarship checks should be made payable to an institution of higher learning or a college bookstore, to be used toward tuition or books and supplies.

The normal rules regarding prior approval also apply to scholarship disbursements: as is the case with all ASB expenditures, the approval should be documented on the expenditure approval form by the signatures of the student representative, advisor and principal/school administrator, and noted in the club meeting minutes.

Awards

Education Code section 44015 authorizes school districts to make awards to employees for exceptional contributions and to students for excellence. If items are intended as some form of employee or student award, it also requires the governing board to adopt rules and regulations concerning such awards. Such awards shall not exceed $200 unless a larger award is expressly approved by the governing board. Awards to community members, parents or volunteers are not considered authorized because they are not included as allowable in the Education Code.

To award to employees for exceptional contribution, the governing board of a school district must find that the employee did one or more of the following:

- Proposed procedures or ideas that thereafter are adopted and effectuated, and that resulted in eliminating or reducing district expenditures or improving operations.
- Performed special acts or special services in the public interest.
- By their superior accomplishments, made exceptional contributions to the efficiency, economy, or other improvement in the operations of the school district.

Because this manual's subject is ASB, FCMAT recommends that ASB funds be used for awards to pupils for excellence, if approved and in accordance with board policy. Awards to employees for exceptional contributions are best made from district funds because the intent is that ASB funds are to be used for students.

Thus, if a governing board adopts rules and regulations before any awards are made, a district or ASB can recognize superior accomplishments of any employee or student within the guidelines and provisions contained in the applicable district policies, rules and/or regulations. In the absence of applicable policies, rules and/or regulations, no district official can make the award and no one can legitimately purchase the award.

Life transition events such as birthdays, weddings, funerals, holidays and other similar circumstances can happen to anyone and so cannot be considered superior accomplishments, or merit an award.

Awards are often signified by letters of commendation, board resolutions, trophies, certificates, plaques, medals, badges, pins and the like. They may also be in the form of a gift certificate or a scholarship, within the statutory monetary limits, if the governing board has approved such items as allowable awards and if IRS reporting requirements are followed. The board may also approve an expenditure for flowers or candy as part of an award, which is appropriate only if the school district's board policy on awards complies with the Education Code and IRS regulations. FCMAT recommends that the district's board policy allowing awards specify what is considered an allowable award.

Mugs, cards and similar items given to promote goodwill or positive relations between either the district and its employees or between staff and students are not considered awards. The expenditure of public funds to promote positive employer-employee and/or staff-student relations does not serve a direct and/or substantial public purpose, so would likely violate the gift of public funds provisions contained in the California Constitution.

IRS Publication 15b provides guidance to employers regarding how to report awards (tangible personal property) given to an employee as an award for either length of service or safety achievements. Publication 525 provides guidance to employees regarding how to report awards received.

Generally, cash or cash-equivalent awards to employees must be reported as taxable income. If the award is provided in the form of goods or services, the fair market value of the award is reportable. Tangible personal property awards (other than cash, gift certificates, other cash equivalents or certain intangible property) for certain service or safety achievements are excludable up to certain amounts. Refer to the IRS publications for more information on the topic of employee awards and reporting of the awards for tax purposes.

Employee Appreciation Meals

A 1978 legal opinion issued by the California attorney general concluded that a governing board is not authorized by Education Code section 44032 to provide for the reimbursement to its employees for the cost of meals purchased for community leaders, including public officials, regardless of whether such acts are deemed to be in the best interest of the school district. The attorney general concluded that the foregoing expenditures were not "actual and necessary" expenses within the meaning of Education Code section 44032 and thus could not be reimbursed. Absent special circumstance, it is unlikely that a court would conclude that an expenditure for employee appreciation meals, which do not qualify as awards, would serve a direct and/or substantial public purpose. The same rule applies for employee appreciation gifts because they also do not serve a direct and/or substantial purpose, and do not qualify as awards.

Employee Clothing/Attire

There is no specific statute or case authorizing the expenditure of public funds for items such as employee jackets, sweatshirts or T-shirts, because these items benefit an individual and could be considered a gift of public funds. The only possible exceptions might arise when the clothing or equipment is necessary or required for the employee (e.g. athletic coach, club advisor) to perform his or her duties in that capacity, or where the clothing or equipment is properly given as an award under Education Code section 44015. However, FCMAT does not believe that it is appropriate to charge employee expenditures or awards to ASB funds and recommends that they be charged to district funds because the intent is that ASB funds be used for students.

Indirect Charges

The question sometimes arises concerning whether a district may charge ASB funds an indirect cost rate as it does with certain local, state and federal programs. Indirect costs include services that support but are not directly attributable to ASB, such as insurance, utilities, management and supplies. Although it is allowable to charge the ASB an indirect charge, this should be discussed with the schools so that they can plan for that expenditure and understand what that charge pays for. Ensure that the board policy regarding ASB includes this information. As with all ASB expenditures, any such charge would need to be approved in advance.

Good Business Practices

Because the distinction between allowable and prohibited expenses can be confusing, what guidelines or practices should an ASB consider? As with many business situations, the use of common sense is important. The ASB can also ask the rhetorical question, "If this situation were to be published on the front page of the local newspaper, would the same action still be recommended?"

Questions to ask when deciding whether or not an expense would be allowable include the following:

- Will the expenditure be used to promote the general welfare, morale and educational experience of the students?
- Have the students agreed to the expenditure before it occurs?
- Is this expenditure a responsibility of the district?
- Has the ASB or the district paid for this in the past?
- Is the ASB being asked to pay for this because the district is making a budget cut?
- Is this something the district should provide, or is it an extra that the students want?
- Who will use the item?
- Will a group of students benefit?

Here is more specific advice on recommended good business practices.

The district should:

- Establish board policy or administrative regulations with guidelines regarding allowable and prohibited expenditures.
- Establish board policy or administrative regulations regarding procedures to follow if questionable expenditures arise.
- Conduct regular reviews and updates of governing board policies and administrative regulations on this and all ASB matters.
- Include a statement in the ASB constitution setting parameters for determining the appropriateness of expenditures.
- Assign an employee position in the district's business office to provide assistance when questions arise.
- Provide annual training on expenditure guidelines, sponsored by the business office, for all staff members and students with ASB management responsibilities.

Chapter 15

Chapter 15 – Contracts

An ASB will normally need to execute contracts for goods or services. A contract is a legally binding document that must be carefully reviewed prior to execution. Like any other contracts, all contracts related to ASB must be in accord with the district's rules regarding who is authorized to execute and/or sign contracts.

Some districts' governing board policies clearly describe how all contracts, including ASB contracts, are to be managed from beginning to end. Other districts' policies are completely silent regarding ASB contracting practices. If the board policies and administrative regulations are silent regarding ASB contracting practices, existing policies for other district contracts should be followed (e.g., if the superintendent and chief business official are the two administrators listed in policy who can sign all district contracts, then those are the only individuals who can sign ASB contracts, unless the policy specifically states something different for ASB). This chapter suggests best practices to facilitate ASB contracts and to protect the ASB, the students and their assets.

Contract Situations

An example of an ASB organization contract is an agreement for vending machine management as a fundraising vehicle for the student council. Additional contracts the ASB may enter into include yearbooks, disc jockeys, and picture sales, as well as other activities.

Some contract situations may be single events while others are subject to ongoing contractual agreements, such as yearbook and picture sales or events that repeat throughout the school year.

It is important to remember that any document that requires one party to do any specific action and receive consideration of any kind in return is considered a contract, regardless of what the document may be called. Contracts oblige the student organization to pay for goods or services, or they might guarantee payment to the student organization for allowing access or advertisement. These documents may be called many things, including agreements, letters, memoranda of understanding, and grants, but all are contracts and thus board policy must be followed when they are agreed to.

Potential Problem Situations

As previously mentioned, a contract is a legally binding document. Some ASB organizations have found that the contracts they executed did not adequately protect their interests and the organization lost money. Organizations also often find that the employee signing the contract did not have the authority to do so. In other cases, questions were raised about the propriety of the contract. For example, was it entered into impartially or was the vendor a relative of the assistant principal or another staff member? Questions to consider include the following:

- Are the contract terms and conditions stated clearly?
- Does the contract conform to board policies and regulations?
- Did the business office review the contract?
- Did legal counsel review the contract?
- Does the contract contain appropriate indemnification language to protect the ASB?
- Are there adequate insurance terms and hold harmless clauses in the contract? Who do these clauses protect?
- Does the contract have renewal provisions? Are they carefully scrutinized before the contract is signed?

- Did the person signing the contract on behalf of the ASB have signatory authority? Up to what dollar amount do they have authority to sign?
- Are there adequate funds to pay all costs for the contract? Have these funds been budgeted and approved by the students?
- Is the contract subject to the bid limit?

Role of the Business Office

Because student organizations are considered part of the school entity, the district's business office has the same responsibility and authority over ASB contracts as it does over the contracts of any other district entity. This often includes the following:

- Risk management review for potential liability and any indemnity from contracts.
- Purchasing review to ensure that terms are clearly stated and understood.
- Business services review to ensure that financial considerations are clear and have been fully factored into the decision.
- Business services contacting the district's legal counsel for advice, if necessary.

For these reasons and because of the complexities of contract law, the ASB organization should have contracts, particularly long-term and ongoing contracts, reviewed by the district's business office before the contract is signed by the appropriate employee.

A supportive and informed business office can provide counsel and assistance in many ASB contracting matters. Several steps in contracting require expertise in specialized business areas. Many purchasing departments assist the ASB with defining specifications, requests for proposals, requests for bids, and evaluation of responses from vendors and bidders. The district's legal counsel may need to review the terms and conditions of the contract because of its size and complexity, or because such a review is mandated by governing board policy. The district's risk manager is often involved in various aspects of ASB contracting as levels of insurance, coinsurance, hold harmless or other indemnification terms are considered. Standard contracts should be developed for common ASB activities, such as disc jockeys for dances.

Signatory authority for district contracts, including the ASB contracts, is the prerogative of the governing board. This authority may be limited to certain individuals based on the monetary amount. For instance, in one district, all contracts for more than $5,000 must be signed by the chief business official (CBO), while ASB contracts for less than $5,000 may be signed by the principal/school administrator. Individuals who sign contracts without proper authority assume personal responsibility. Students are never allowed to sign contracts on behalf of the ASB.

Uncompensated Service Agreements

Sometimes an organization and/or a company wants to enter into an agreement with a student organization/ASB to provide specific services free of charge. Although these organizations are not requesting compensation, it is a good business practice to use some type of agreement/contract so that terms can be specified and issues of insurance and fingerprint clearance addressed. These agreements will usually be used for ongoing programs involving regular interaction with district students, but may also be used for one-time events. The primary concern is exposure to liability. School administrators should seek guidance from the district's CBO whenever an uncompensated service for any event is discussed and prior to any agreement. A district administrator, such as the CBO, should be responsible for approving any uncompensated service agreements.

Booster Clubs, Foundations, Auxiliary Organizations and other Parent-Teacher Organizations

Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations are independent of both the district and the student organizations/ASB. Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations must enter into their own contracts or agreements with external organizations and must not be appended to or be part of district or student organization contracts. Because many of these nonstudent organizations are organized as distinct 501(c)(3) not-for-profit organizations and have their own tax identification number, it is important that their operations remain separate and distinct from the district and from student organizations and that they not use the district's tax identification number for any of their operations.

Good Business Practices

To assist the ASB leaders and advisors in contract matters, the district should have procedures and policies in place regarding the following:

- Clear identification in board policy for ASB contracting authority.
- Defined responsibility and support role for key district staff members, such as the following:
    - ASB advisor
    - Principal/school administrator
    - Business office staff
    - Chief business official
    - Risk manager
    - Legal counsel
    - Purchasing officer, with responsibility for:
        - Identification of service or product with clear specifications
        - Solicitation and evaluations of proposals and bids
        - Selection of the best proposal
- Contract Negotiation:
    - Terms and conditions
    - Price
    - Deliverables
    - Indemnification
    - Escape or termination provisions
    - Renewability
- Mandatory review by the business office of all contracts for more than a certain dollar amount.
- Standard contracts for annual activities and services, such as disc jockeys, pictures and yearbooks.
- Limitation of contract term to one year.
- Ensure that the activity has been approved and budgeted by ASB.
- Ensure that all contracts are reviewed for compliance with the bid limit. Pursuant to the Public Contract Code, some bid limits change annually, so it is critical that someone in the business or

purchasing department review the contract to ensure compliance. As of January 1, 2014, the bid limit was raised to $84,100 for the following:

- The purchase of equipment, materials, and supplies;
- Services, except construction services; and
- Repairs, including maintenance, as defined in Public Contract Code section 20115.

The $15,000 threshold for construction contracts under Public Contract Code section 20111(b) remains unchanged.

These limits mean any purchase that exceeds $84,100, or any required construction labor costs that will exceed $15,000, must go out to formal bid.

- Only the governing board should enter into construction contracts; the ASB should not.

Chapter 16

Chapter 16 – Equipment Purchases and Management

Occasionally, students purchase equipment with ASB funds. Equipment is generally defined as moveable personal property of a permanent nature (other than land and buildings) with a useful life of more than one year and a cost of more than $500. Examples include machines, furniture, vehicles, and furnishings that are not integral parts of a building or a building service system. Some equipment also requires periodic maintenance and repairs. When purchasing equipment, the ASB needs to consider insurance and its exposure to various risks such as vandalism and theft, and should understand inventory listing requirements.

Equipment Ownership Options

Equipment purchased by an ASB organization is the property of the ASB. The student club may then donate the equipment to the district. This has many advantages for the student organization because the district usually assumes the responsibility of maintaining and repairing the equipment. If the student organization does not donate the equipment to the district, current and future students will have to assume responsibility for all associated costs, including those for maintenance, repair and insurance.

If the ASB chooses to donate the equipment to the district, the students should stipulate that the ASB club making the donation retains the right to exclusive use of the equipment. The governing board should formally accept the equipment donation just as it would all other donations. Acceptance of the gift does not necessarily mean that the district will replace the item in the future if it no longer works or is obsolete; in most cases the district will expect the ASB to maintain, repair or replace the equipment. In addition, because the district is not required to accept any donation, the ASB should communicate with the district before purchasing the equipment to ensure that the district agrees with the donation.

Many districts prohibit student organizations from owning equipment or long-term assets of any kind.

A sample letter for transferring equipment to the district is included at the end of this chapter.

Risk Management and Insurance Options

A district's insurance policy covers district-owned equipment for various risks. If the ASB prefers to retain ownership of the equipment, it should check with the district's risk manager before the purchase to determine what type of insurance is needed. The ASB advisor should counsel student leaders about business issues such as deductibles, replacement value, and depreciated value of equipment.

Inventory Practices

If the district accepts a donation of equipment purchased by the ASB, the staff should place a tag on the equipment identifying it as district property and should include the item or items in the district's equipment inventory list. The district should have specific policies and procedures related to inventory practices and should follow them. Per California Education Code section 35168, the following information must be recorded for equipment valued at more than $500:

1. Name and description of the property
2. Serial number or other identification number
3. Original cost of the property (a reasonable estimate may be used if original cost is unknown)

Fraud Alert

Digital cameras, scanners and other small devices that do not cost more than $500 but may have a useful life of more than one year and are susceptible to theft are often too small for an inventory tag or bar code. Consider doing the following to deter theft.

- Engraving the ASB name on each item.
- Identify the make, model and serial number of each item in the inventory.

Require that each item be checked in and out for use, using a signature log.

4. Acquisition date
5. Location of use
6. Time and mode of disposal (when applicable)

If the ASB retains ownership of the equipment, it should ensure that the equipment is marked and identified as ASB equipment. In some districts, the equipment marking is done with electronic bar coding. In addition, the ASB organization should maintain a list of all the equipment it owns, separate from the district's list. To ensure compliance with the Education Code, this list should include the information listed above and should be retained as a permanent record.

Once a year, the ASB bookkeeper should verify that all items on the ASB-owned equipment inventory list are still at the school. This is referred to as taking a physical inventory of the equipment. When equipment the ASB owns is sold or deemed obsolete, the ASB bookkeeper should credit the proceeds of the sale to the club that originally purchased the item and remove the item from the equipment inventory records. Appropriate accounts for all fixed assets will need to be set up in the student organization's accounting system.

Equipment Donation

To: Sample District, Chief Business Official or Designee

From: Sample School Club

Subject: Transfer of equipment ownership to Sample District

The below items were purchased/received by the student organization for _____ School.

The governing board formally accepted the donation of the equipment on_____ . It should be understood that acceptance of this gift does not necessarily mean that the district will replace the item in the future if it is no longer working or is obsolete.

It is requested that while ownership is transferred to _____ District, operational control and use be retained by the student organization, as administered by the principal/school administrator.

It is recognized that transfer of ownership only transfers responsibility for maintenance and replacement, consistent with the priorities and practice of the district and in accordance with existing financial management guidelines and procedures.

The effective date of this transfer is: _____

Specific equipment transferred: _____

Name and description of the property:_____

Serial number or other identification number: _____

Original cost of the property
(a reasonable estimate may be used if original cost is unknown): _____

Acquisition date: _____

Location of use: _____

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Chapter 17

Chapter 17 – Employees and Consultants

In certain circumstances, the ASB may need to hire someone to perform some service on behalf of the students. For example, the ASB may need extra custodial help after a school carnival or a disc jockey for a school dance. All of these individuals will need to be paid, so the question is, "What is the legal and proper method to compensate them?"

When people are paid to assist the ASB, they are compensated either as an employee or as a consultant/independent contractor (in education, independent contractors are frequently called consultants, so this manual uses the two terms interchangeably). The Internal Revenue Service (IRS) has regulations regarding when someone may be paid as an employee and when they may be paid as a consultant. The district's business office and personnel department also should be available to help the students, the ASB advisor and the principal/school administrator determine on a case-by-case basis whether the individual hired is to be considered an employee or a consultant. This determination has important tax consequences. For employees, the district has to withhold and pay federal income tax, social security taxes, Medicare taxes and federal unemployment tax, as well as report wages and issue statements to employees. For independent contractors, usually no withholding is required. This chapter includes the criteria for determining who is an employee and who is a consultant, the best method of payment, and federal reporting requirements.

ASB Employees

Because ASB organizations are legally part of the school entity, anyone hired to be an ASB employee is an employee of the district, with requirements for employability and immigration status, fingerprinting and oath of allegiance certifications. Because the employee is an employee of the district, the district's personnel department would be involved in the process from the beginning and would provide the best counsel and guidance in this area. This department should help the ASB with any personnel it is authorized to hire. Although the funding for the position might come from the ASB, all district policies, rules and regulations apply.

Good Business Practices for ASB Employee Payroll Management

All ASB employees, including substitute employees, are paid using the district's normal payroll process. The individual fills out the standard time card used by other district employees who work in a similar capacity. This time card is processed with the regular district payroll. If it is a preapproved ASB expenditure, the business department then invoices the ASB for the cost of the salary and associated statutory benefits. The payroll department ensures that it obtains all of the documents needed to pay the individual correctly and legally.

Someone who works for the district and performs extra duties for the ASB must be paid as an employee through the payroll system regardless of the task they perform and even if the work performed is normally considered consultant work. For example, if the school secretary types the school play in the evenings for $15 an hour or acts as a disc jockey at a dance, he or she must be paid through the district's payroll because she is already an employee of the school entity. In addition to determining if this additional work is subject to overtime pay, the personnel office would determine if any collective bargaining parameters should be considered. Because the secretary is a district employee, the ASB may not write a check from ASB funds to pay for this additional work as they would in the case of a consultant.

To ensure that proper legal requirements are met without having to determine whether each individual should be classified as an employee or a consultant, the district could require that all individuals who work with ASB be paid as district employees. As mentioned above, the personnel department would be best suited to help with the employment process.

The personnel department can also consider whether district regulations, personnel commission rules or collective bargaining provisions govern the choice of district employees to perform extra functions for the ASB.

Guidelines for Determining Employee vs. Consultant Status

In general, if there is no written policy in the district stating that all people working with ASB are paid as district employees, the IRS will look at the level of control the employer has in each case to help determine whether an individual should be classified as an employee of the district or a consultant.

When determining whether an individual is an employee or a consultant/independent contractor, all information regarding the degree of control and independence must be considered. The general rule is that an individual is a consultant/independent contractor if the employer (the person for whom the services are performed) has the right to control or direct only the result of the work and not the means and methods of accomplishing the result. After considering all of the facts of the case, the greater the level of employer control, the more likely it is that the worker should be classified as an employee.

The following are guidelines for making the distinction between employee and consultant/independent contractor. If the answer to any of these questions is yes, then the ASB organization should classify the worker as an employee, and they should be paid using the district's payroll process.

1. Does the ASB organization provide the worker with instructions for when, where and how to do the work? The following are all examples of types of instructions of how to do work and imply either independent determination by consultant or dependent status of employee:
    a. When and where to do the work.
    b. What tools or equipment to use.
    c. What workers to hire to help with the work.
    d. Where to purchase supplies and services.
    e. What work must be performed by specified individuals.
    f. What order or sequence to follow.
2. Does the ASB organization provide the training for the worker? Consultants ordinarily use their own methods.
3. Does the worker realize a profit or loss? A consultant can make a profit or loss; an employee would not.
4. Is the worker's service a vital part of the ASB operations? If a worker provides services that are a key aspect of the regular business activity, it is more likely that the employer has the right to direct and control their activities, indicating an employer-employee relationship.
5. Does the worker perform services for the ASB regularly and continually? If a worker is engaged with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, this is generally considered evidence that the intent is to create an employer-employee relationship.
6. Is the worker guaranteed a regular wage amount per hour, week or other period of time? Employees are generally guaranteed a regular wage per a given period of time; consultants are usually paid a flat fee for a job.
7. Does the worker make their services available to the market? Consultants usually are free to seek out business opportunities; they often advertise, maintain a visible business location, and are available to work in the market.

8. Is the worker reimbursed for business and travel expenses? Contractors are more likely to have unreimbursed expenses than are employees.

9. Does the ASB provide the equipment and tools for the worker? Contractors often have a significant investment in the tools they use to perform services for someone else.

There is much gray area when determining whether or not someone should be classified as an employee or a consultant. The costs to the district/ASB of incorrectly classifying a worker as a consultant rather than an employee are significant, including back employment taxes, retirement contributions, interest and penalties. Thus, when in doubt, the default position should be to classify the worker as an employee.

The IRS website (www.irs.gov) has several reference materials to help determine whether a worker should be classified as an employee or a consultant. Publication 15-A, titled "Employer's Supplemental Tax Guide," covers this area in detail.

Consultants

If someone is not already an employee of the school entity, and if the ASB has determined that the person is legally considered a consultant/independent contractor under the IRS regulations (see above), there is a different method of payment.

Federal Tax Reporting Requirements for Consultants

If the ASB organization determines that it will pay the worker as a consultant/independent contractor, the ASB bookkeeper should ensure that the worker completes a W-9 taxpayer identification form before they begin work, because it is much more difficult to obtain the needed information after payment has been made. It is best practice never to pay any consultant for any work performed unless the ASB bookkeeper has obtained a W-9 from the consultant, because the IRS penalty for not obtaining the required information is large. Receiving the information prior to payment helps avoid such penalties.

Good Business Practices for ASB Consultant Federal Tax Reporting

The IRS has many requirements for reporting payments to independent contractors, but as a general rule ASB organizations are obligated by law to report student body fund payments by issuing Form 1099-MISC to any independent contractor who is paid a total of $600 or more in a tax year for services, including parts and materials. Because the district also issues 1099s at the end of the calendar year, it is most efficient for the district's business office to issue all 1099s for the ASBs as well, since they are able to retrieve the information from all schools. The 1099s must include all payments throughout the entire district, not just at one school. The best way to efficiently coordinate this is through the district's business office. The ASB provides the district's business office with information on the independent contractors, and the business office then issues the 1099s for all of the ASB's independent contractors districtwide.

Summary of Payment Techniques – Employee and Consultant

The following is a summary of how ASB workers are paid after the ASB has determined whether the workers are employees or independent contractors. Costs for ASB workers should be approved in advance like all other ASB expenditures.

Employee Payment Procedures

1. The ASB preapproves the work to be performed; this includes signatures from authorized individuals.

2. The employee who will perform the ASB work completes all of the paperwork required by the district's personnel and payroll departments.

3. The personnel department helps the ASB organization determine the appropriate hourly rate.

4. The employee fills out a time card for work performed for the ASB.

5. The principal/school administrator or the ASB advisor signs the time card, confirming that the hours reported on the card are correct.
6. The ASB bookkeeper turns the time card in to the payroll department, where it is processed with the next payroll.
7. The employee is paid.
8. The business office bills the ASB for salary and employee benefit costs.

Independent Contractor Payment Procedures

1. The ASB preapproves the work to be performed; this includes signatures from authorized individuals.
2. The ASB bookkeeper obtains the W-9 Taxpayer Identification form from the independent contractor before their work begins.
3. The contractor submits an invoice to the ASB bookkeeper for payment.
4. The principal/school administrator or ASB advisor signs the invoice, indicating that the work was completed satisfactorily.
5. The ASB bookkeeper pays the invoice.
6. By mid-January, the ASB bookkeeper provides the district's business department with information about the amount paid to the independent contractor.
7. The district's business department issues a 1099 tax form to the contractor by January 31.

Chapter 18

Chapter 18 – Cash Disbursement Management and Procedures

One of the primary purposes of the ASB is to allow students to raise and spend money for their benefit. Expenditures of ASB funds are called disbursements. Chapter 14, Allowable and Questionable Expenses, provided guidance regarding the types of items usually considered appropriate expenses from ASB funds. This chapter discusses how to ensure that adequate internal controls exist over the disbursement of ASB funds.

Student money must be spent in accordance with a system that includes sound internal controls, good accounting practices and conformity with board regulations.

Elementary school ASBs are usually structured as unorganized ASBs, and secondary school and community college ASBs as organized ASBs. If the elementary school ASB is structured as an organized ASB and the students have authority over how funds are used, then the checks and balances for organized ASBs are applicable.

Sales and Use Tax

State Revenue and Taxation Code (RTC) section 6006 identifies what constitutes a sale and what is subject to state sales tax. Section 6006 (f) of the RTC defines a sale as, "A transfer for a consideration of the title or possession of tangible personal property which has been produced, fabricated, or printed to the special order of the customer, or of any publication."

Assembly Bill 155 (AB 155), effective September 15, 2012, expands the types of out-of-state retailers that are required to register with the California State Board of Equalization (BOE) to collect and remit use tax on sales of tangible personal property to customers in California. As a result, more online retailers must register with BOE to collect tax.

If out-of-state retailers do not collect tax, or do not charge it because they assume that educational agencies do not have to pay it, school agencies are still required to report and pay the equivalent of sales tax, known as use tax. Because the BOE does not have a mechanism to track sales by out-of-state vendors' customers for reporting purposes, school agencies should not submit the sales tax to an out-of-state vendor when it is not charged, but should instead include the purchase of the item in the periodic sales tax report filed with BOE and pay the obligation directly. This ensures that the correct amount of sales tax is submitted to the BOE, with no fear of penalties for underpayment of sales tax.

Note that because the reporting schedule is based on the total sales in dollars (e.g., monthly, quarterly or annually), not all districts are on the same reporting schedule. Thus those involved should work with their district's business office to learn the requirements for their district.

The BOE's Publication 18 provides guidance regarding the taxability of sales by nonprofit organizations such as ASBs. This publication and additional information about sales tax are available on the BOE's website at http://www.boe.ca.gov/pdf/pub18.pdf.

At the end of this chapter is an overview to help readers understand sales and use tax applicability and exemptions.

Internal Controls

In general, the internal controls over cash disbursements should ensure that:

- All disbursements are for items that were included in the budget.

- All disbursements are for items for which spending from ASB funds was preapproved and for which there is documentation (i.e. purchase order) showing the approval.
- The ASB bookkeeper only pays for goods that were authorized and received.
- The ASB bookkeeper maintains adequate records of all expenses, including original detailed receipts.

Within the above general requirements, specific internal controls for cash disbursements differ slightly between unorganized and organized ASBs. For this reason, the internal controls in this chapter are separated into the following three categories:

- Internal controls that apply to all ASB operations.
- Internal controls for unorganized ASBs.
- Internal controls for organized ASBs.

Internal Controls that Apply to All ASBs

The following items are internal controls for all ASB cash disbursements:

1. The Education Code states that all ASB expenditures must be preapproved. For unorganized ASBs, this preapproval is given by the employee or official the governing has appointed as trustee over the funds. For organized ASBs, the preapproval must be by three individuals: the student council/club representative, the ASB advisor, and the board designee. The ASB/club is not obligated to pay for the expenditure if preapproval was not obtained.

2. Students and staff members should never pay for an expense out of cash collected from a fundraising event; all of the cash must remain intact for deposit, and a check can be issued for the expenditure. This ensures that the students and ASB bookkeeper can perform a complete reconciliation of the fundraising event and that a complete audit trail exists.

   For example, if the students are holding a bake sale and they need to purchase extra napkins during the bake sale, they should not take some money out of the cash collected that day to pay for the napkins. Instead, an employee should be preapproved to purchase emergency supplies, such as napkins, during the event. The employee can use their own money for the purchase, then submit the original purchase receipt with a request for reimbursement.

3. The ASB bookkeeper may pay for a purchase with ASB funds only after the items have been received and only if the purchase has been approved in advance by authorized individual(s).

4. The ASB bookkeeper must maintain the checkbook and all check stock in a secure place, preferably a safe, or, if that is not possible, in a locked fireproof file cabinet.

5. The ASB bookkeeper should never allow checks to be signed in advance. Instead, backup signers should be approved in case the regular signers are not available. For example, if the principal/school administrator will be out of the district for a week or two, someone may ask for checks to be signed in advance. This request should not be granted. Instead, backup signers should be approved for the checking account. The backup for the principal/school administrator could be a district office official.

6. The ASB bookkeeper should never make a check out to cash or issue a check that lacks a payee name or amount. When ASB petty cash has been authorized by the district and used to reimburse an individual for preapproved expenditures, the petty cash fund will need to be replenished by issuing a check to a designated person, who will cash the check and reimburse the petty cash fund.

7. The ASB bookkeeper must use checks in sequence.

8. Personal or third-party checks should not be cashed from the ASB account.

9. Two signatures should be required on all checks, and all signers should be adults (i.e. not students).

10. If a check is written that is not correct or is not issued, the bookkeeper should mark the check void. The bookkeeper should retain these checks in the checkbook to account for all checks in numerical order.

11. The ASB bookkeeper should maintain adequate records and an audit trail, including original detail receipts of all expenses, per the district's retention guidelines.

Internal Controls for Unorganized ASBs

Few elementary schools/unorganized ASBs have a formal student body organization, though one can be established if desired. Usually, the governing board designates the principal/school administrator as the primary authority to operate the student activities and authorize all expenses from ASB funds. However, the principal/school administrator should designate an alternate/second person to approve the disbursement of ASB funds. In addition, a third authorized check signer is recommended in case the first two are unavailable. Another reason for multiple authorized signatories is to prevent a situation in which an individual (e.g., the principal/school administrator) approves a reimbursement to themselves and is the signatory on the check.

The following are good internal controls for schools with unorganized ASBs:

1. The principal/school administrator should establish a process to allow other school staff members to get approval for the use of ASB funds. For example, the principal/school administrator may decide that each teacher in the school will be allowed to spend $50 each year out of ASB funds for appropriate student body expenses. Before these funds are spent or any purchase is made, teachers must submit to the principal/school administrator (assuming the principal/administrator is the board designee) a request to use the funds via a purchase order or an expenditure approval form. This ensures that the funds are available and approved for use before teachers spend personal money in anticipation of a reimbursement from ASB funds.

Fraud Alert

When funds collected during the event are allowed to be used to allegedly purchase materials during the event, fraud perpetrators will simply reduce the amount of funds collected by keeping the cash. Too often, no additional materials are purchased and unsuspecting volunteers or students are so busy running the event that nobody misses the funds that are taken.

Fraud Alert

ASB purchases are allowed only for expenditures that are authorized and approved in advance. Using the trusting nature of many involved in ASB business, fraud perpetrators will submit personal receipts for reimbursement from student funds. Trusting bookkeepers, advisors and others often overlook an individual they have known for a long time and often issue reimbursement on the person's promise to provide supporting authorization the following day. The ASB is NOT obligated and must not pay for expenditures that are not authorized in advance with a properly signed purchase order.

Fraud Alert

When check stock is not safeguarded, even unsophisticated thieves know that they can simply copy a blank check and create their own duplicate check stock. For help copying check stock, organized fraud groups approach janitors, cleaning crews and other workers who have access and late night shifts. The original check stock remains and the fraud continues as the check information is transferred to check-printing software. Within a short time, thousands of dollars of checks are being presented at the ASB's bank. This fraud may go undetected until the next month's bank statement is received.

2. The ASB bookkeeper, who is usually the school secretary, should prepare an ASB check for payment from ASB funds only for items that have been

approved in advance by the principal/school administrator or designee and for which proof of purchase (original invoice and supporting documents such as a purchase order or a receiving report) is in hand.

3. The ASB bookkeeper should prepare a check for payment only when an original invoice and supporting backup such as a purchase order or a receiving report is presented.

4. The ASB bookkeeper must ensure that two people sign each check.

5. The ASB bookkeeper should mark the invoice paid and record the date the check was issued and the check number.

6. The bookkeeper should maintain a file of all paid invoices. It is probably easiest to maintain these invoices in order of the check numbers or in vendor alphabetical order.

Internal Controls for Organized ASBs

The operations of the ASBs at secondary schools and community colleges are usually more complex and therefore require more elaborate internal controls. At high schools and community colleges, the ASB bookkeeper will be responsible for keeping records for several different clubs. For instance, the ASB bookkeeper at a large high school could maintain the records for more than 50 clubs, writing checks for each club and ensuring that the amount is recorded as a deduction from the appropriate club account. It is important to remember that the ASB is not obligated to pay for an expenditure ordered by a teacher, other staff member, student or other person who has not received approval using a purchase order prior to purchase.

The following are good internal controls for schools with organized ASBs:

1. The principal/school administrator needs to ensure that all club members, teachers and advisors understand that they cannot obligate ASB funds until a purchase order is prepared and approved by the student club representative, advisor, and principal/school administrator or other board designee prior to the purchase. For example, if a teacher places an order or goes shopping for materials without a purchase order that has the appropriate signatures, the teacher is responsible for paying for the goods.

2. Each school should have a purchase order form for use when ordering goods for the various clubs and for employees who use their own funds to purchase items and then request reimbursement. The purchase order form demonstrates that the proposed purchase has been approved by all of the appropriate staff members and students. A sample purchase order form is provided at the end of this chapter. Some districts use an expenditure approval form rather than a purchase order. This is acceptable if it has the correct preapproval signatures in compliance with the Education Code. A sample Expenditure Approval form is included at the end of this chapter.

3. When the purchase orders are printed, they should be numbered or assigned a sequential number that is recorded in a purchase order log to track each document and transaction. Multiple copies of each purchase order should be printed and distributed as follows:

    - The first copy is retained by the club requesting the goods.
    - The second copy is for the club or advisor to acknowledge the receipt of the goods. Whoever will physically receive the goods should keep this copy and upon receipt confirm its accuracy, note the date/time the goods were received, sign the copy, and forward it to the ASB bookkeeper.
    - The third copy is sent to the vendor (if applicable).
    - The fourth copy is retained by the ASB bookkeeper and attached to the receiving report when the ordered items are received.

4. At a minimum, the purchase order should include the following:

   - The name of the student club or organization requesting the materials. This is the group that the ASB bookkeeper will charge for the goods.
   - The name and address of the vendor, or of the employee making the purchase with their own money.
   - The quantity of goods, including a description and the cost. The requestor should also estimate the sales tax and shipping charges.
   - Three required signatures. These three signatures meet the requirements for approval in Education Code section 48933(b) for K-12 and section 76063 for community colleges. These signatures must include a student representative, a board designee (principal/school administrator) and a certificated advisor. Because the purchase order has the three required approvals, the check only needs to have two signatures.

5. Before any club makes a commitment to purchase goods, it must prepare a purchase order and obtain all of the required approvals. This is the proof that appropriate prior approval was obtained.

6. If the vendor will not take a purchase order but requires payment by check, the purchase order form should be used as part of the process to request a check and to obtain and document prior approval. A check request is not the same as a purchase order; most check requests are completed after the purchase, not before. The ASB bookkeeper could maintain a pending purchases file as a reminder to obtain an original receipt after payment is made.

7. The students submit the completed purchase order to the ASB bookkeeper after all of the approvals are obtained.

8. The students record the issuance and approval of the purchase order in the club's minutes. This approval can be given after the purchase or before depending on the district's requirements. The Education Code does not require the club's approval prior to purchase but does require the approval of the three individuals mentioned in the fourth bullet under item 4 above.

9. The students retain two copies of the purchase order. One copy is saved as a permanent record of the order and the other copy is used as a receiving copy.

10. The ASB bookkeeper verifies that the club has sufficient funds to pay for the goods before the order is sent to the vendor or to the employee who will purchase the goods with their own money and subsequently requesting reimbursement. If the club does not have sufficient funds, the bookkeeper should return the purchase order to the club with a request for a budget revision or a plan for how the item will be paid for.

11. Depending on the policy at the school, the ASB bookkeeper or the club advisor may open and formally receive the goods.

Fraud Alert

The following are fraud tips related to suppliers, vendors, contractors and others:

- Be wary of purchasing items from vendors who are farther away than other similar vendors. Often vendors provide kickbacks and special deals for those who bring business to them and the ASB ends up paying a higher price.
- Reconcile paperwork for graduation cap and gown and other contractors that provide a volume discount or other discount at the end of the year. Sometimes the credit that they indicate they will provide on the closing year's document will not match the credit they show on the new year's opening document.
- Beware of vendors that resubmit previously used and paid invoices.
- Beware of bookkeeping that overloads or inflates expense accounts and/or advances. Typically the excess cash is diverted for personal use.

12. The designated receiver (this could be either the ASB bookkeeper or the club advisor) will open the shipment and compare the shipped items to the packing slip.

13. After all of the items have been compared to the packing slip, the receiver will sign the receiving copy of the purchase order.

14. If the advisor is receiving the goods, the advisor should provide the ASB bookkeeper with the signed receiving report (copy of the purchase order) and the packing slip.

15. When the ASB bookkeeper is ready to pay bills, usually once a week, the bookkeeper matches the original purchase order to the invoice and the receiving copy of the purchase order. When all three documents are matched, the ASB bookkeeper will prepare a check to pay the invoice.

16. Two signatures are required on all checks written from ASB funds. One signature is usually the principal/school administrator or designee and the other is a staff member from the school (e.g., the student council advisor) or from the district office. Students should never sign checks.

17. When the checks are presented for signatures, the ASB bookkeeper should also provide all of the documents for review. This allows the signers to review the invoices and purchase orders before signing the check.

18. After the check has both signatures, the ASB bookkeeper mails the check.

19. The check is then recorded in the accounting records for the club.

20. The invoice is marked paid and the check number is written on the invoice.

21. The ASB bookkeeper stores the paid invoices with the receiving report.

22. The invoice may be slightly higher or lower than the original purchase order. The district should have a policy regarding the amount by which a purchase order may be exceeded and still be paid without further approval. For example, if the invoice exceeds the original purchase order by more than 10%, the ASB bookkeeper should obtain approval from the three individuals who approved the original purchase order.

23. The ASB bookkeeper should maintain a list or log of all purchase orders issued and the dates when the goods or services were received and the invoices were paid. This allows the bookkeeper to determine easily at any time whether there are goods that have been ordered and not received, or goods that have been delivered but not processed for payment. Some financial information systems create such a log automatically.

Credit and Debit Cards

The question of whether student groups and ASB should use credit or debit cards depends on a few things, including whether district board policy or procedure allows them, whether the district business office authorizes their use, and whether a strong process is in place to ensure that the cards are not used unless preapproval is obtained. FCMAT often sees debit or credit cards used to bypass the required preapproval. However, because a credit or debit card is simply another method of payment, the rules about what must occur prior to purchases, including preapproval, still apply.

Preapproval is the most important thing that must occur before a purchase. For unorganized ASBs, the principal/school administrator or a designee, must give prior approval for a purchase. In organized ASBs, prior approval must be obtained from three individuals: a club representative, the student body advisor, and the principal/school administrator (or designee). This is normally done using a purchase order that all three approving officials sign, then the purchase can be made. The purchase order should include an estimate of

the cost and an indication of where the items will be purchased; a quote from the vendor often provides this information. After the required preapproval is obtained via the three signatures, a purchase can be made.

ASBs do not usually have many rules regarding method of payment, but most school districts have policies specifying when credit cards can be used, and many do not allow debit cards to be used at all. Thus, in addition to the preapproval rule, one must be aware of what the school district requires for internal control purposes. If in doubt, check with the district's business office. The business office may want to also include its auditors in the discussion because they will ultimately be reviewing the expenditures for the district's annual audit and expressing their opinion on any methods of payment.

Advance Payment

Regarding cash disbursements, it is a best practice for the ASB bookkeeper to pay only for goods that have been authorized and received. This is generally recommended and is FCMAT's recommendation, and it provides for internal controls. However, it may not always be possible. Education Code sections 48933(b) (for K-12) and 76063 (for community colleges) require prior authorization but do not prohibit advance payment.

However, rather than assuming that advance payment is permitted, one should review existing board policy and the ASB constitution for guidance on this matter. Any expenditure of ASB funds is always subject to any procedures established by the student body organization and to approval in advance by three persons: an employee or official of the school district designated by the governing board, the certificated employee who is the advisor of the particular student body organization, and a representative of the specific student body organization.

Thus, if board policy or the ASB constitution or bylaws allow payment in advance, one can follow their direction, and if the district has a policy regarding prepayment, one must follow it. However, if no such policy, rules, or regulations exist, FCMAT recommends working with the district's business office to write such a rule or regulation, and placing it in the ASB's constitution or bylaws or district board policy.

If there is no written guidance regarding prepayment (e.g. in board policy or the ASB constitution) and a situation needs resolution, FCMAT recommends inquiring whether the vendor will accept a purchase order in lieu of a deposit. It may help to remind the vendor that a purchase order is a contract between the vendor and the ASB for payment. If that is not acceptable to them, contact the business office and inquire how they would like you to proceed. The business office may or may not allow the purchase to go forward with their occasional approval; if the purchase does go forward, FCMAT recommends having a legal contract drawn up that provides terms for a refund of the deposit in case of cancellation, and providing a completed W-9 to the district or ASB before the deposit is made.

W-9s and 1099s

Please review Chapter 17, Employees and Consultants. This chapter is applicable to consultants and many others who perform services for the ASB. Be prepared to ensure that consultants who qualify have returned a signed and fully completed W-9 to the ASB before any work is performed or any payment made.

Associated Student Body Sales and Use Tax Applicability

Overview of Sales and Use Tax

Sales and use taxes can present special challenges for student body organizations, especially those that purchase many items from out of state or that run a student store. The likelihood of being audited has increased, and student body organizations need to be prepared for challenges. Effective preparation includes identifying and resolving issues, and establishing adequate policies and procedures. Although this manual introduces and gives brief guidelines regarding sales and use tax, it is not intended to provide tax, legal, or accounting advice. Those responsible for ASBs should review the issues thoroughly with their accounting professional and/or legal counsel.

Sales Tax
Sales tax is the tax applied when an item is sold. Sales tax is a transaction tax, calculated as a percentage of the sales price. Although sales tax may legally be imposed on the seller or the purchaser, the seller is liable for the tax and responsible for remitting it to the state.

Sales tax is computed only on the end product being sold. Therefore, sales tax is not required on items purchased with the intent of contributing to a later final product; these are considered items for eventual resale. If vendors attempt to charge sales tax on items intended for resale, student organizations must obtain a seller's permit and show the vendors a resale certificate as proof of this permit to avoid paying the sales tax.

Items not intended to contribute to some future end product are considered consumed by their final purchaser, and sales tax is computed based on their full sales price.

Use Tax
Use tax is the tax applied to items purchased from outside the state (in which case no sales tax can be applied because of interstate commerce laws) for use in California. The liability for the tax and remittance to the state is the responsibility of the buyer.

- The use tax rate is always exactly the same as the sales tax rate. Sales and use tax can never both apply; it is always one or the other.
- Items purchased for eventual resale can also be exempted from use tax using the seller's permit and resale certificate mentioned above.

California sales or use tax applies when:
- Goods or services are taxable according to California State Board of Equalization (BOE) regulations.
- Delivery or acceptance took place in California, or goods were brought into California shortly after acceptance in another state.

California sales or use tax does not apply when:
- Funds being used are nontaxable within the guidelines of a contract or award.
- Goods or services are tax-exempt.
- Delivery or acceptance took place outside California.
- Items purchased are for resale.
- Title of equipment passes directly to the federal government.

Primary Exceptions for Student Organizations:
- Yearbooks and other student-produced publications that are sold. The state allows items purchased to produce these publications to be considered consumed, and thus releases the student organization from tax collection when the final item is sold.
- Student-manufactured items that are not sold regularly; purchases intended to be used to produce or contribute to these products are considered consumed, and the final sale is released from tax collection.

More information
More information on sales and use tax rules and regulations is available from the California State Board of Equalization.

Specific Examples

- **Items sold (requirement to collect sales tax at time of sale)**. Per California State Code for Revenue and Taxation, section 6361 and the State of California Board of Equalization Sales and Use Tax Regulations 1597 and 1603, the following applies:

  Any organization (as identified below) shall be considered a consumer (must pay sales/use tax) and not a retailer (does not need to collect sales tax) within the provisions of the part, of food products, nonalcoholic beverages, or tangible personal property, when: sales are made on an irregular or intermittent basis and that the organization's profits from those sales are used exclusively for furtherance of the purposes of the organization.

Specific Guidance from References

- **Who**: Any youth group sponsored by or affiliated with a qualified educational institution.
- **What:** Sales of food products, nonalcoholic beverages, and other tangible personal property sold by nonprofit organizations on an irregular or intermittent basis.
- **When**: On an irregular or intermittent basis, provided the profits from such sales are used solely and exclusively in the furtherance of the purpose of the organization.
- **Irregular or Intermittent**. Associated directly with particular events, such as fairs, galas, parades, games, and similar activities. This includes refreshment stands or booths used at scheduled events of organized leagues, but it does not include storefront or mobile retail outlets, which would ordinarily require local business licenses.
- **Sales of Food Products, Nonalcoholic Beverages**. Sales of meals or food products for human consumption to students of a school by public or private schools, school entities, and student organizations, are exempt from tax.
- **Other Tangible Personal Property**. A qualified youth organization is the consumer and not the retailer of . . . . . tangible personal property that is created by members of the organization and that is sold on an irregular or intermittent basis.
- **Additional**. Any public/private school, school district, county office of education, or student organization is a consumer of and shall not be considered a retailer within the provisions of this part with respect to yearbooks and catalogs prepared for or by it and distributed to students.

  By inference, this would not include items sold at the student store or elsewhere that are not intended for human consumption (unless the tangible personal property was actually made by members of the organization), because the sales do not qualify as irregular or intermittent.

Items Purchased (applicability to pay sales or use tax at time of purchase)

- **Items purchased for consumption (supplies, equipment, etc.)**. For these items, schools or student organizations do not carry any applicable exemption status; therefore, all state sales or state use tax is applicable and must be paid.
- **Items purchased for resale**. For items identified above that do not require the organization to collect sales tax when it sells them, the organization is considered a consumer and must pay the sales/use tax when it purchases the items. For items to which sales tax applies at the point of sale (tangible personal property, not made by members, not sold at intermittent or irregular events), the organization is considered a retailer and so would not pay sales/use tax when it purchases the items, but should present a valid resale certificate.

Procedures

Based on the above determinations, the following procedures are recommended:

- **Sales/use tax at point of purchase**. Based on the above categories of purchases, for all items where sales tax (or use tax in cases of out-of-state vendors) is applicable, the tax must be paid. If the tax is included on an invoice, it should be paid to the vendor and the district would allow the vendor to remit the tax to the state. If tax is not included on an invoice, it should be recorded and added to the regular remittance to the state for sales and use tax. Student organization bookkeepers must develop internal procedures for remitting quarterly sales and use tax to the BOE.
- **Sales tax at point of sale**. When sales tax is collected at the point of sale (for example, for nonfood items sold in the student store), it should be recorded and added to the regular remittance to the state for sales and use tax as outlined in the bookkeeper's quarterly remittance procedures.
- **Remittance**. Remittance should be set at regular periods (quarterly is recommended). Checks will be made directly to the California State Board of Equalization and the appropriate remittance forms will be used.
- **Tracking**. If the ASB accounting software does not accept the accrual of taxes payable entry, all schools with ASBs will need to manually track taxes owed but not remitted and manually add these to scheduled remittances.

Purchase Order

Sample Purchase Order

School Name

School Address

City, State, ZIP

P.O. Number: _____ Date: _____

To:

Vendor Name
Vendor Address

Item Number	Description	Quantity	Unit Price	Total Amount

Requested By:_____

(Name of Person) (Name of Club)

Subtotal	
+ estimated sales tax:	
+ estimated shipping charges:	
Total of this purchase order:	

Notice to the Vendor

Please mail the invoice to the address at the top of the purchase order, care of the ASB Bookkeeper.
Please indicate the purchase order number on the invoice. If all below signatures have not been obtained, this purchase order is not valid.

Accounts to be Charged (this section must be completed prior to submittal to the ASB bookkeeper)

Club or Class: _____

Club Account(s) to be Charged: _____

_____

_____

Certification

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Click here to download this and other forms and documents.

Purchase Order Log

Best Practices School

ASB Purchase Order Log

P.O. #	Date Issued	Vendor Name	Description	Club	Amount	Date Reviewed	Date Paid	Comments

Click here to download this and other forms and documents.

Expenditure Approval

(For items to be purchased without a purchase order but that require preapproval, such as allowing a staff member to be reimbursed for ASB purchases after they submit receipts).

Sample Expenditure Approval

School Name

School Address

City, State, ZIP

Date Requested: _____

Approval Number: _____

Club to be Charged: _____

Date of Event: _____

To:

Name of Staff Member to be Reimbursed
Staff Member Address

Item Number	Description	Quantity	Unit Price	Total Amount

Subtotal	
+ estimated sales tax:	
+ estimated shipping charges:	
Total of this purchase:	

Requested By: _____

(Name of Person) (Name of Club)

Important Reminder:
This Expenditure Approval form is not valid unless all signatures below have been obtained.

Accounts to be Charged (this section must be completed prior to submittal to the ASB Bookkeeper)

Club or Class: _____

Club Account(s) to be Charged: _____

_____

Certification

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Verified by ASB Bookkeeper: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

Click here to download this and other forms and documents.

Chapter 19

Chapter 19 – Cash Controls and Fraud

Every year FCMAT is brought in to review school district ASBs for suspected fraud. The reasons and methods for fraud vary, but there is no doubt that fraud is occurring in ASB organizations.

School district ASB programs have the potential for fraud because they generate cash, the people helping with them are trusting, and internal controls are often bypassed because everyone is in a hurry.

Regardless of an ASB's size, everyone must always be aware of the three components required for fraud to occur: motive, opportunity, and access. These three components are known as the fraud triangle, and all three must be present for fraud to occur. No program or person is immune to fraud. A person who is honest today can experience change or new circumstances that may make fraud an option for them tomorrow.

The purpose of internal controls is to protect individuals from situations in which all elements of the fraud triangle are present. Strong cash controls can limit the opportunity and access needed to commit fraud and prevent individuals from doing something they may otherwise never have considered.

If fraud does occur, strong cash controls can also help identify the suspect and help exclude from suspicion innocent individuals who may be wrongfully accused by the actual thief. Controls can also provide a document trail to quantify the loss and to limit ongoing losses.

While reading the following sections of this chapter, consider who has the motive, opportunity and access required to commit fraud.

The following sections discuss cash controls and their importance.

Fundraising and Deposits

There are five main control points at which fraud may occur during ASB fundraising or events.

1. **During a fundraising event.** If nobody is monitoring how funds are collected, safeguarded and accounted for, cash taken cannot be traced and people are often left wondering why the event raised less money than it should have.

   Without proper cash safeguards, allegations of fraud can and often are made against an unsuspecting advisor or innocent volunteer.

   Recommended Preventive Measure: Always monitor and safeguard cash collections during events.

2. **After the fundraising event but before the money is taken to the ASB bookkeeper**. A lack of cash controls that results in an advisor or volunteer counting the cash alone is problematic and should not be allowed. Cash should always be counted in the presence of two people so that there are witnesses.

   For example, consider the possibility of a fundraising event at which people believe approximately $2,000 was raised but at which the advisor counts the cash alone, without witnesses, and finds that only $1,100 was raised. These funds are deposited. However, later someone asks how much money was raised and is surprised that it was only $1,100, then becomes suspicious. Questions and allegations follow, and the advisor's reputation is at stake with only his or her own word to defend it.

   Cash controls are more for everyone's protection than to catch a thief. Every year, many ASB advisors, volunteers, bookkeepers and others are accused of stealing cash. If an ASB does not enforce strong cash controls, these individuals' defense is limited to their word.

   Recommended Preventive Measure: Money should never be counted alone. Always count money in the presence of a witness.

3. **After the cash is counted but before it is taken to the ASB bookkeeper.** After a fundraiser, the cash is often placed in a desk or locked file cabinet overnight; or put in the trunk of an individual's car; or delivered to the ASB office with the only signed and witnessed cash count form by one student or adult, who figures out that there is an opportunity to remove cash on the way to the ASB office. Proper procedures, including retention of duplicate cash count forms, are necessary to provide controls.

   a. Cash kept in desk drawers or file cabinets is not secure and can be easily lost or stolen, sometimes after the person who placed it there forgets about it. These types of practices unnecessarily make everyone a potential suspect, thus placing honest individuals, including school employees and students, at risk of suspicion, rumors and accusations, simply because the money was not properly deposited with the ASB bookkeeper.

   b. Without proper cash controls, the real thief can also easily blame someone else for the theft.

   c. Honest ASB club advisors, bookkeepers and volunteers have and continue to put cash in their car with good intentions. Some of these honest individuals have put cash in their car, forgotten about it, then had it stolen at a car wash. Imagine this happening with $10,000 from the sale of football game tickets. Some thieves have also put the cash in their car and left it there for weeks to see if anyone noticed the cash missing and to give themselves an increasing sense of ownership of the cash.

   d. After the money is counted in the presence of a witness and the cash count form completed and signed, individuals sometimes do not have or do not make multiple copies of the cash count form for their own records, but nonetheless give the deposit and cash count form to another lone individual for delivery to the ASB bookkeeper. Subsequently, the bookkeeper receives a deposit that is less than the individual who counted it remembers. The ASB bookkeeper, appropriately, refuses the deposit in order to avoid being blamed, and the person carrying the deposit claims to have only received the amount deposited and claims never to have seen a cash count form.

      Without a copy of the cash count form signed by at least one witness, there is no recourse in this situation.

   Recommended Preventive Measures: Always use a cash count form and ensure that it is signed by the individual responsible for the cash and by a witness. Make multiple copies of this completed form, and always keep at least one copy in a safe place, separate from the copy sent with the deposit. Whenever possible, have two people transport a deposit to the school safe. If one person must transport the deposit, it should be one of the individuals who counted the money. Each school must establish after-hours cash security procedures so cash and checks can be stored safely in a locked bag in the school safe until the amounts can be counted or verified with the school bookkeeper.

4. **After the deposit reaches the ASB bookkeeper**. Trusting a helpful ASB bookkeeper, some individuals send the bookkeeper their only copy of the cash count form and do not count the cash again with the ASB bookkeeper. In other cases the ASB bookkeeper is absent so individuals simply leave the deposit on the bookkeeper's desk.

   This eliminates fundamental controls and allows a dishonest ASB bookkeeper unchecked control of the deposit. The ASB bookkeeper can swap cash and checks within multiple deposits and take cash, or take as much of the cash deposit they want and change the amounts in the cash count form, or take all of the money and say they never received it.

   This type of fraud has occurred in schools. Without documentation to show the chain of custody there is little or no recourse.

A common scheme for dishonest ASB bookkeepers is to take a deposit that is part cash and part checks (e.g. $400 in cash and $550 in checks) and wait for another cash deposit equal to or greater than the amount of the first deposit that was checks ($550), then swap the check deposit with the same amount of the later cash deposit. Dishonest bookkeepers will continue swapping checks for cash until they find a trusting club advisor who does not keep their cash count forms or check their club account reports, then start shorting that club's deposits.

Neglecting to count the money with the ASB bookkeeper can also leave an honest ASB bookkeeper open to accusations of theft or fraud. An ASB bookkeeper may be trusting enough to accept a deposit even if the advisor or other individuals is too busy to count the money with them. If there is a difference in the deposit because of an error caused by fatigue or haste on the part of the depositor, it may look as though the ASB bookkeeper committed fraud even though they did not. For example, if the depositor, even though fatigued at the time, is sure they deposited a certain amount (e.g. $2,520) but that some of it is missing (e.g. the ASB bookkeeper counted $2,250), there is no way to prove or disprove this. The ASB bookkeeper is left with no alibi, no witnesses and no help.

Recommended Preventive Measures: Always keep a copy of the completed and signed cash count form. Always count the cash again in the presence of the ASB bookkeeper and document this second count. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the two individuals (the advisor and the bookkeeper) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, an alternate individual must do so; the bookkeeper should never count funds alone.

5. **When receiving startup cash for change**. Some events require a cash box containing startup cash to make change.

   For example, if the ASB bookkeeper has the person sign a form that acknowledges receipt of the startup cash for change and that states the amount (e.g. $400) but does not require them to count the money at that time in their presence, the person could end up with less money than stated on the form (e.g. $300), and as a result be held accountable (i.e. be blamed) for the difference.

   If the bookkeeper places startup money in the cash box but fails to document it with a cash count form signed by both parties and cash is subsequently stolen or miscounted for any reason, or the individual receiving the startup funds incorrectly identifies a smaller amount than was actually provided, the club will receive less revenue than expected.

   Some ASB bookkeepers keep a startup cash log and require everyone who receives startup cash to sign it signifying that they have counted the startup cash together with the ASB bookkeeper and that they agree regarding the amount. Failure to keep such a log creates the potential for simple errors that can result in allegations of wrongdoing.

   Recommended Preventive Measures: Always have both the ASB bookkeeper and the person receiving the startup cash count the money, and document this count with signatures signifying agreement regarding the amount.

Checks, Reimbursements and Advances

People often think fraud cannot occur with checks, reimbursements and advances because they require multiple signatures, receipts or other verification. However, this is not the case.

Checks

Checks are written to pay for services and purchases. Fraudulent vendors and services with credible looking invoices and business names can present invoices for payment. Checks can be altered by removing the legitimate payee's name and inserting another. These are common types of frauds.

Fraudulent Vendors
When cash controls and authorization procedures are weak or nonexistent, an unauthorized vendor can be added to the payee lists, fictitious invoices for products or services can be created and money siphoned from clubs or the ASB general account.

The purchase order, authorization and disbursement processes discussed in this guide are designed to provide step-by-step procedures for properly documenting the cash disbursement process. The disbursement process helps prevent fraud and financial errors.

Check Altering
In more sophisticated check altering schemes, someone will obtain the proper authorizations and purchase orders for a check, then the club advisor, ASB bookkeeper or any other person in control of the check will remove the payee's name and insert their own.

Increasingly, banks are including electronic copies of checks with the account statement rather than the original checks. Extra care must be used to confirm that the payee on the check is the same as that listed on the check register. Confirming who endorsed a check helps establish the chain of custody.

When original checks are returned with bank statements, there is the potential opportunity for a perpetrator who has sole custody of the returned checks to alter the checks again to restore the original payee's name and thus avoid detection of the prior check altering fraud.

If it is not cost effective to create a separation of duties for the bank statement reconciliation process, the school administrator, ASB advisor or district office should examine the returned checks to look for fading and other signs that the payee has been altered. The digital copies of checks printed in the bank statement should also be periodically compared to the cleared check register, and the endorsements on the reverse side of the checks verified.

Reimbursements
With reimbursements, two types of fraud can occur: The person receiving the reimbursement can falsify the reimbursement; and the amount of reimbursement can be altered and cash stolen.

The most typical type of reimbursement theft involves attempts to have the ASB pay for something that is unauthorized.

Every receipt and every line item of the reimbursement must be confirmed. Copies of receipts are not sufficient; original receipts should be presented for reimbursement whenever possible. If there is no policy requiring original receipts for reimbursements, one should be developed.

Because altering reimbursements is not common and requires some time and planning, this type of fraud is usually perpetrated by the ASB bookkeeper or someone with access to ASB petty cash, the ASB accounting software, and the completed reimbursement form. The perpetrator typically does the following:

- Pulls the completed reimbursement form from the payee file, adds expenses that do not have documentation, and increases the cash advance.
- Pockets the amount of the cash increase and alters the accounting records to agree with the new larger cash advance total.

Advances
As is the case with all cash transactions, cash advances attract more fraudulent activity than non-cash advances such as those via check. Cash advances should occur in ASB only if advances are authorized by district policy. District policy and ASB policy should be the same.

Theft
The opportunity for theft exists when advances are not documented with signatures, initials next to a line item on the reimbursement form, and an advance log that requires signatures.

To safeguard against cash advance fraud and protect innocent parties, write the cash advance amount on at least two separate documents and have the recipient sign both documents and initial the cash advance amount. This makes it more difficult for a potential perpetrator to alter the cash advance amount and protects the ASB bookkeeper from allegations that he or she issued a different cash advance amount.

Fictitious Advances
Another common cash advance fraud is the fictitious cash advance. Although completely false, the fictitious cash advance may have documentation and is usually booked to an unsuspecting club advisor who does not check their club's monthly financial report. For example, a dishonest ASB bookkeeper could take $60 from cash and record it as an advance or a petty cash expense for a certain club. If the club advisor does not check the club's financial report monthly, they are unlikely to remember or recognize that the $60 advance was not used for club purposes. This is particularly true for relatively small amounts such as in the example, especially when the transaction is one of many.

ASB Financial Reports

ASB financial reports and club reports may not be perceived as cash control measures, but they are. The financial report prepared for a club lists in detail all of the club's transactions and is thus an historical account of the club's financial activities.

Club advisors should receive a detailed monthly transaction report for the club that shows at least the deposits, checks, journal entries, transfers, and memos or notes of the club's financial transactions. Club advisors should keep duplicate cash count forms, club minutes, copies of purchase orders and other paperwork. This enables them to do the following:

- Compare the deposit amounts on the cash count forms with the financial report for the club to verify that the club's deposits are accounted for correctly. If there is a discrepancy, the advisor who has kept duplicate paperwork is able to identify discrepancies, question them, and be part of the solution.

  A difference or discrepancy does not necessarily indicate fraud. A deposit may have simply been miscoded to another club's account, which can be corrected.

  Failure to review financial reports monthly makes it difficult to detect errors or fraud. It is far more difficult to review in detail hundreds of transactions or more at the end of a year than review a much smaller number each month.

  Club advisors who do not keep copies of deposit records, cash count forms and other paperwork will have few options and no documentation against which to compare the club's financial report and detect errors. Failure to keep such supporting financial documents also gives a dishonest ASB bookkeeper the opportunity to commit fraud.
- Review the transfers and/or journal entries in the club's financial report. All transfers and journal entries should have been approved before being entered in the club account. Note and question any transfers or journal entries that are not readily recognizable.

  One of the most common but less sophisticated frauds is to write off deposit amounts as transfers or journal entry errors during the bank reconciliation process.

  Another common fraud is to shift forged or altered checks or shorted deposits between club accounts. Club advisors who do not reconcile their clubs' financial reports and do not question the ASB bookkeeper about discrepancies create the opportunity for this type of fraud.

If only some advisors review and question transactions, a dishonest ASB bookkeeper or other individual who has access to the ASB software can often continue to commit fraud without detection simply by moving the questioned transactions to the account of another club with an advisor who does not ask questions. If all club advisors retain backup documentation and scrutinize their clubs' financial reports, the opportunity for fraud decreases and the chance of detecting it increases.

Reviewing and questioning financial reports and activities also protects every honest ASB bookkeeper. In some cases, a person other than the ASB bookkeeper may have gained access to the ASB accounting software, cash deposits and checks. For example, the ASB bookkeeper may be on vacation or may have inadvertently allowed someone to see the accounting software password or safe combination. In these types of situations, timely reporting of financial discrepancies to the ASB bookkeeper enables them to determine when the discrepancy occurred. Because ASB bookkeepers typically record thousands of transactions per year, the sooner an irregularity is discovered the better the chances of someone remembering what occurred and being able to resolve the error.

- Review and compare the checks, reimbursements and advances in the financial report for the club with records of financial and other activity, and note and question any disbursement transactions that are not readily recognizable.

  Not all discrepancies are the result of fraud; some may simply be the result of incorrect coding that attributes an expense to the wrong club, leaving one club with fewer funds than it should have.

  Reviewing records in a timely manner is vital. Waiting several months or more can allow an error or a fraudulent transactions to remain undetected among many other similar transactions.

Club Advisors' Copies of Financial Documents

Club advisors should keep all copies of every club-related record in their possession.

Diligent retention of cash count forms, copies of receipts, revenue potentials, budgets, purchase orders, minutes and other documents provides vital evidence in the event of fraud, improper spending, allegations of improper club administration, and even catastrophe.

Because perpetrators of fraud will often destroy any records they have access to, the records a club advisor retains may be the only source from which it is possible to reconstruct events and determine the amount and probable location of any missing funds. Thus they serve as protection for the honest advisor and the ASB bookkeeper, and help ensure the public trust when allegations arise.

For example, a parent who wrongfully accuses a club advisor may not know the details of how an ASB club is run, but the advisor's detailed copies of records that reconcile with those of the ASB bookkeeper may demonstrate accuracy and reliability and thus restore confidence. Inadequate records, on the other hand, will invite skepticism and unneeded attention in such situations.

Club advisors should retain records for as long as they serve in that capacity, then give records to the district office for safekeeping, or do with them as directed by their district's policies. Most fraud investigations review the last one to four years of records, but some have investigated as many as 10 years of records.

The cash controls discussed in this chapter and throughout this manual are designed to help protect all innocent parties from allegations of fraud, and to help identify who has committed fraud. Those who commit fraud depend on poor internal controls and the ability to gain the confidence of those they work with to accomplish the theft.

For everyone's protection, do the following:

- Never leave money unattended.
- Always count all money with a witness.
- When possible, have two people transport deposits.
- Always sign and initial and have a witness sign and initial documentation in as many places as possible indicating the status and amount of money that the two signers counted.
- Always retain duplicate cash count forms for the club's records.
- Always protect the ASB bookkeeper by counting cash with them and obtaining signatures attesting that the cash counts agree.
- Safeguard user identities, passwords, combinations and other access controls.
- Double-check bank reconciliations, cancelled/cleared checks, and check endorsements.
- Obtain proper authorizations for all transactions including journal entries, transfers, reimbursements and advances.
- Always compare the advisor's copies of club transactions with the financial report for the club.
- Ensure that all club advisors retain club-related records for as long as they serve as club advisor.
- Ensure that the ASB bookkeeper is never afraid to say no. The ASB bookkeeper should never be afraid to refuse an incorrect deposit or improper authorization for disbursement.

Chapter 20

Chapter 20 – Charter Schools and ASBs

The Charter Schools Act of 1992 states that it provides "opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently from the existing school district structure . . ." The legislative intent is that charter schools provide innovative alternative learning opportunities for all pupils. Charter schools are by design different from traditional schools that serve students in transitional kindergarten (TK) through grade 12, with expanded offerings that engage students in performance-based learning and that create new professional opportunities for teachers and options for parents and students.

The state statutes governing K-12 organizations and ASB funds (Education Code sections 48930 through 48938) appear to clearly address "laws governing school districts"; therefore, charter schools are likely exempt under the provisions of Education Code sections 47600 through 47664, which contain general provisions for charter schools.

Although no section of the Education Code states definitively how ASB rules relate to charter schools, Education Code section 47605(b)(5) states that charter schools are required to have in their charters a section addressing the "governance structure of the school." In addition, because charter authorizers must provide adequate oversight of both academics and finances, ASB falls within this oversight responsibility, which is essential to ensuring the fiscal health of a charter school. Ineffective oversight by an authorizer can make the authorizer liable for a charter school's debts unless the authorizer "has complied with all the oversight responsibilities required by law, including but not limited to those required by Section 47604.32 and subdivisions (m) of Section 47605" (E.C. 47604).

In addition, charter schools that have student body funds in their possession have a trusteeship responsibility to safeguard those funds for the benefit of the students. Complying with ASB statutes and regulations would meet that responsibility. Thus, it appears to be entirely the prerogative of chartering authorities (a district, county office or the California Department of Education) to ask that charter petitioners address the issue of a student organization and the handling of ASB funds within the governance section or elsewhere in the charter, or in a memorandum of understanding separate from the charter (which has equal legal standing). One simple way for chartering authorities and charter schools to address the issue, and help ensure that ASB funds and expenditures are properly handled, is to indicate that the charter school will comply with Education Code sections 48930 through 48938 and any other statutes guiding ASB operations. Doing this ensures that all of the various rules, recommendations and regulations discussed in this chapter apply to the charter school.

Charter schools may have booster clubs, foundations and other auxiliary organizations that assist the charter school and its ASB. When outside organizations such as booster clubs, foundations, auxiliary organizations and other parent-teacher organizations are involved with a charter school, the policies and procedures described in Chapter 21 should apply.

Charter schools and private schools used to be exempt from competitive food sale regulations under California law, even if they participated in school meal programs. However, because of new federal laws created by the Healthy, Hunger-Free Kids Act, all schools participating in school meal programs, including charter schools, must follow these new regulations.

Although a charter school is not required to have a state- and/or federally-funded nutrition program, if a charter school elects to request state and/or federal funding for its nutrition program, all of the statutes and regulations pertaining to food laws apply to the charter school. If the charter school does not comply, that funding can be discontinued.

Chapter 21

Chapter 21 – Booster Clubs, Foundations, Auxiliary Organizations and Other Parent-Teacher Associations

Booster clubs, foundations, auxiliary organizations and other parent-teacher organizations are composed of parents, community members, and staff members who join together to support specific school activities for the benefit of students. Such groups are commonly referred to as school-connected organizations. They serve an important function by connecting parents and other community members with the students' curricular and extracurricular activities, and most districts welcome and encourage parental interest and participation. This manual will use the term "booster auxiliary organizations" to refer to any of these types of organizations.

Booster auxiliary organizations are popular in high schools, community colleges and universities, and are usually run in high schools by the parents of students in the organization being supported, and in colleges by supporters and fans of athletic programs. Fundraisers are often held to raise money for supplies or equipment the students may need or for student trips. Although not all booster auxiliary organizations are nonprofits under section 501(c)(3) of the Internal Revenue Code, the benefits of this status include exemption from federal income tax and eligibility to receive tax-deductible charitable contributions. Nonprofit 501(c)(3) organizations, including booster auxiliary organizations formed as such, may not discriminate in making grants to youth or college students on the basis of their family's membership in or funding to the organization, or the family's fundraising for or time devoted to the organization's activities.

The most common types of 501(c)(3) organizations are charitable, educational, and religious. Educational organizations include the following:

- Schools, such as a primary or secondary school, a college, or a professional or trade school.
- Organizations that conduct public discussion groups, forums, panels, lectures, or similar programs.
- Organizations that present a course of instruction by correspondence or through the use of television or radio.
- Museums, zoos, planetariums, symphony orchestras, or similar organizations.
- Nonprofit daycare centers.
- Youth sports organizations.

Booster auxiliary organizations are organized with many purposes in mind. One of the largest, formal, and most well-known booster auxiliary organizations is the National Parent Teacher Association (PTA). The California State PTA publishes governance, fundraising and financial guidance for members on its website, www.capta.org. Other booster auxiliary organizations are organized to help with special interests or for school activities such as football, or to help buy school supplies, or to support other athletic teams or programs, the arts, field trips, debate teams, or musical groups. Booster auxiliary organizations are separate organizations from a school district or community college, and their primary role should be to enrich students' participation in curricular and extracurricular activities.

In general, booster auxiliary organizations provide financial support and/or direct assistance in some form to help achieve goals shared with school programs. Booster auxiliary organizations have many purposes and are not limited to the following examples:

- Assisting others:
    - Helping a principal/school administrator, faculty advisor, sports coach, and other district staff with student activities.
    - Helping students through scholarships.

    - Purchasing supplies for the school.
    - Helping with funds for field trip travel.
- Specific activities connected to students, parents and adults:
    - Sports programs
    - Field trips
    - Performing arts
    - Debate teams
    - Language programs

The relationship between student organizations and booster auxiliary organizations is often confusing. Student organizations are legally considered a part of the school entity. For this reason, they are included in the district's annual audit and have the benefit of the district's tax-exempt status under the internal revenue code. All activities and fundraising events in which students primarily participate should be conducted through the ASB. This includes all student performances for which gate receipts are received and all student-conducted fundraisers.

Booster auxiliary organizations should supplement school programs and should conduct activities and fundraising events in which parents and other adult community members are the primary participants. Funds raised by these organizations are to be used to support programs; however, no student will be required to raise funds to participate in school programs and events. Booster auxiliary organizations may raise funds and donate those funds to the district or purchase items with their funds for donation or assistance to the district, but they are separate from the district with which they are associated, are not legally considered a part of the district, and are not included in the district's annual audit. Although booster auxiliary organizations are not governed by the Education Code, they do not have free access to schools and students. The school district governing board and administration have, and must maintain, exclusive control and management of the public school system they serve. Education Code sections 51520 and 51521 require that any school-connected organization (booster auxiliary organization) and/or activity be authorized by law and permitted by board policy.

Some organizations, such as the PTA, are established as nonprofit corporations with a separate tax-exempt status. However, many booster auxiliary organizations have not applied for or received nonprofit status and do not have their own tax identification number, so it should not be assumed that they are all official groups in the eyes of the Internal Revenue Service (IRS) or State of California. Estimates have shown that less than 20% of booster auxiliary organizations have registered and become tax-exempt organizations.

Booster auxiliary organization funds and district funds, including ASB funds, must never be commingled. Booster auxiliary organizations and the school entity should remain separate, including in the following ways:

1. The booster auxiliary organization's name, address or any other correspondence should never imply any form of responsibility on the part of the ASB or district.

2. The district's tax-exempt status and identification number are *not* for use by any non-school organizations or groups.

3. Booster auxiliary organizations are responsible for their own tax status, accounting, internal controls, financial and governmental reporting, retention of records, and all other operations, separate from the district and ASB.

Because student organizations operate under the school entity's tax-exempt status, the funds deposited in bank accounts are not subject to state or federal taxes. For this reason, the funds raised by booster auxiliary organizations should not be deposited into or commingled with the student organizations' or the school

entity's funds or bank accounts; rather, they should be deposited into the booster auxiliary organization's bank account. Booster auxiliary organizations may donate funds to the student organization(s); however, after they do so, only the student organizations can control how the funds will be used, and all district policies and procedures will apply. A student organization's account cannot be used as a pass-through account for any booster auxiliary organizations.

There is no requirement that a booster auxiliary organizations have a corresponding ASB club. A booster auxiliary organization could make a donation to the general ASB or to any ASB club. The important thing is that the donation made by the booster auxiliary organization can be accepted and spent for the purpose for which the booster auxiliary organization raised the funds, within the district's guidelines.

Because booster auxiliary organizations are responsible for their own tax status and accounting, they may not use the district's tax-exempt status or open bank accounts using the district's tax identification number. To avoid the appearance of district sponsorship, it is best if school staff members do not act as officers of nonstudent- or nondistrict-sponsored clubs.

Organizations formed by teachers and/or other employees of a school entity also are not a part of the ASB or the district and may not use the district's tax identification number or deposit funds into the school's ASB account or district bank accounts. All booster auxiliary organizations organized to support or assist any district school or program should be authorized by the school district's governing board, and their activities should be approved by the principal/school administrator or his or her designee.

Auxiliary Organization versus Student Organization at Community Colleges

If a student group at a community college is formed differently than described in the Education Code sections regarding student organizations and is instead an auxiliary organization, different rules and guidelines apply to it than to a student organization, beginning with Education Code section 72673. These auxiliary organizations could be compared to parent or booster groups at K-12 schools, except that community college auxiliary groups are usually made up of adult students.

Although they are different from student organizations, community college auxiliary organizations must follow the rules and regulations established by the community college's governing board, as there is an official relationship with the college. Governing board approval is needed to use the college's name in the auxiliary organization's title.

Community college district governing boards may establish an auxiliary organization to provide support services and special programs for the general benefit of its college or colleges. This can be compared to a foundation being formed at a K-12 district to support district programs. An auxiliary organization is separate from the college, unlike a student organization, yet a connection exists because the directors, governors and/or trustees of the organization are appointed or nominated by the college governing board, a district official, or a student body or faculty member.

An auxiliary organization can include the following types of groups:

- Any entity that operates a commercial service for the benefit of a community college or district on a campus or other property of the district.
- Any entity whose purpose is to promote or assist a community college or district, or to receive gifts, property and funds to be used for the benefit of the community college or district or any person or organization having an official relationship therewith.
- Any entity that is designated as an auxiliary organization by the district's governing board.

Regulations Governing Booster Auxiliary Organizations

Because booster auxiliary organizations are separate from the district, they are not under the control of, nor are they the responsibility of, the principal/school administrator, superintendent or governing board. Their funds are not controlled by the district or students, nor should they be involved in administering or supervising the activities of student organizations.

However, governing boards are able to approve guidelines for these groups to follow, and these organizations' fundraising activities should be approved by the governing board. California Education Code section 51520 prohibits outside organization from soliciting pupils on school property during school hours, as well as one hour before and one hour after school, with exemptions for certain nonprofit, nonpartisan charitable organizations. Education Code section 51521 requires that all organizations that conduct fundraising to benefit clubs, schools, students or the district at the K-12 level have prior approval from the school district's governing board or the board-assigned designee.

To meet these statutory requirements, a school district or community college should adopt board policy and regulations requiring all booster auxiliary organizations to do the following:

- Complete and file an application to form a booster auxiliary organization, with at least the following information included:
    - The name of the organization.
    - The date of application.
    - Bylaws, rules, and procedures under which the organization will operate.
    - The names, addresses and phone numbers of all officers.
    - A brief description of the organization's purpose.
    - A list of specific annual objectives.
    - Agreement that the group's financial records shall be available for review by the district at any time.
    - The name of the bank at which the group's account will be located and the names of those authorized to withdraw funds.
    - The signature of a principal/school administrator who supports the request for authorization.
    - Desired use for any money remaining at the end of the year if the organization is not continued or authorized to continue in the future.
    - An agreement to provide evidence of liability insurance as required by law.
- Submit for approval annually a copy of the application and an updated plan of activities.
- Authorizations shall be granted for one year. Requests for subsequent authorizations (i.e. renewals) should be presented to the superintendent/chancellor or designee annually.
- Ensure that renewal applications include the following:
    - An annual financial statement for the year just ended; the statement is to include all expenditures and all income for all events and fundraisers.
    - A budget for the upcoming year.
    - A budget plan for the related activities.
- A copy of the organization's up-to-date adopted constitution and bylaws must be submitted with the initial application and all subsequent authorization requests.

A constitution should include at least the following five elements:

  - Name and purpose of the organization
  - Membership
  - Executive board or officers, with positions and duties of each position defined, as well as position and term limits
  - Method of amendments to the constitution, such as by whom, what percent of members, and/or by ballot
  - Method of adoptions or ratification of constitution and any subsequent amendments
- The bylaws should include at least the following six elements:
  - Duties and powers of the executive board and officers
  - The composition and membership of committees
  - Successions
  - Elections and qualification for office
  - Finances, including a statement of internal controls, authorization of financial activities, and who can preapprove transactions
  - Meeting schedule for regular and special sessions, including time, manner, frequency, definition of a quorum, and who shall conduct meetings. The procedures and meetings shall be governed by Roberts' Rules of Order or a similar code. Minutes of the meetings shall be kept and read for approval at succeeding meetings. Actions taken by the executive committee shall be reported to the membership at large.

Other recommended rules and regulations are as follows:

- The district has the express right to review and/or audit booster auxiliary organizations' financial statements to ensure their financial integrity.
- Authorization of a booster auxiliary organization is valid for up to one year; however, if the superintendent/chancellor considers it necessary, he or she may revoke a booster auxiliary organization's authorization to conduct activities in the district.
- Booster auxiliary organizations are not legal components of the school entity. Each booster auxiliary organization should have its own tax identification number (TIN); booster auxiliary organizations are not allowed to use the school entity's tax identification number in any way.
- Booster auxiliary organizations are responsible for their own tax status, accounting and financial records, and must make their own arrangements for an audit if one is needed. The booster auxiliary organization is not audited as part of the district's annual financial audit.
- District or school site officials may require booster auxiliary organizations to be officially recognized as tax-exempt organizations under internal revenue code section 501(c)(3) and may require them to provide a copy of their determination letter or certificate of nonprofit status (exempt status is discussed further below).
- Booster auxiliary organization funds should never be commingled with ASB funds or any other district funds.
- The booster auxiliary organization will need to create its own logo and name; the school and district names and logos are separate and should not be used without authorization from the superintendent or designee. Booster auxiliary organizations have their own identity.
- The booster auxiliary organization is not authorized to act as an agent of the school or district.

- The booster auxiliary organization must carry its own liability insurance in an amount equal to or exceeding a minimum determined by the district. The district should be named as an additional insured. When the booster auxiliary organization uses school facilities, the district may, at its discretion, require a higher level of coverage based on the type of use requested, such as athletic activities and large events.
- California Education Code section 51520 applies in the case of booster auxiliary organizations at K-12 districts that wish to have students help with activities.
- Booster auxiliary organizations' ability to use school facilities at K-12 districts is regulated by California Education Code sections 38130-38139, known as the Civic Center Act. A district use of facility form should be submitted one month before the intended activity, with a certificate of insurance that includes liability and property damage coverage and names the district as additionally insured.
- Booster auxiliary organizations must prepare and adopt a constitution and bylaws.
- Booster auxiliary organization officers should be elected according to the structure and process defined in the bylaws.
- It is suggested that K-12 school district personnel not hold any official position in a booster auxiliary organization. For community colleges, Education Code section 72673 states that the directors, governors and/or trustees of the organization are appointed or nominated by the college governing board, a district official or a student body or faculty member.
- Fundraising at any school is directly under the control of school authorities, such as the principal/school administrator, and must be approved by at least the school administrator prior to any activity. Approval may be granted based on completion of some type of application or form, sometimes referred to as a Request for Approval of Fundraising Activity by a Non-District Organization form. All approved fundraisers must be authorized and conducted according to local board policy, laws, and school rules.
- Booster auxiliary organizations must comply with state law and with district policies and regulations regarding the sale of food on school premises, and are encouraged to review and become knowledgeable about laws, including county food handling requirements, state and federal nutritional standards, and the district's wellness policy.
- Requests or proposals for districtwide projects or fundraising, such as collection drives, must be submitted in writing and authorized in advance by the district's governing board at a regular board meeting.
- Membership fees may be used to raise funds for specific projects for the schools, but parents or students may not be required to pay fees to participate in school activities.
- Any rules and regulations developed for the organization must conform to the law, the board of education's policies and regulations, and the school's rules and procedures.
- All booster auxiliary organization members must be made aware that no individual should personally benefit from the activities the organization conducts. This concept should be made a part of the bylaws.
- Any profits from fundraising activities that are not spent for a booster auxiliary organization's nonprofit exempt purpose cannot be returned directly to its members or their families.
- In case the booster auxiliary organization dissolves or terminates, the booster auxiliary organization's constitution should provide for the distribution of any excess funds to another nonprofit organization, the ASB or the district.

All other booster auxiliary organization activities are outside the control of the district and its governing board.

Should a booster auxiliary organization decide to operate a bingo or raffle activity, California Penal Code sections 326.5 and 320.5 regulate these events. These regulations are enforced by the licensing agency of each county. Information on how to conduct a legal raffle can be obtained from the California attorney general's website at www.ag.ca.gov.

Booster Auxiliary Organizations as Nonprofit Organizations with Their Own Tax Identification Number

Booster auxiliary organizations are not legal components of the school district. Each booster auxiliary organization must have its own tax identification number (TIN) and bank account, and is directly responsible for compliance with IRS and state reporting and disclosure requirements. Any organization that provides receipts to donors stating that their gift is a charitable tax-deductible donation must be approved by IRS as a 501(c)(3) tax-exempt organization. It is the organization's responsibility to know and comply with all state and federal laws.

There are several ways to approach being tax-exempt, having a TIN, or choosing whether or not to accept donations. The recommended approach is for all booster auxiliary organizations to apply for nonprofit tax-exempt status through the Internal Revenue Service (IRS) and State of California. Preparing constitutions, bylaws, articles of incorporation, budgets and projections are already part of the process of obtaining school entity approval. Taking the next step and completing the federal and state forms is not much more difficult.

IRS Form SS-4, Application for Employer Identification Number, may be submitted over the telephone after it is filled out. Instructions are available at www.irs.gov/pub/irs-pdf/iss4.pdf, and a form is available at www.irs.gov/pub/irs-pdf/fss4.pdf.

Regardless of whether it intends to file for nonprofit status, a booster auxiliary organization that will receive $5,000 or more in annual revenues or gross receipts is required to file IRS Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. This form, its instructions, and Form 872-C, are available online at www.irs.gov/charities/article/0,,id=139469,00.html.

Likewise, if the booster auxiliary organization wishes to specify contributions as tax-deductible, the most direct path to doing so is through Form 1023, which upon approval will result in the IRS issuing a determination letter that recognizes the booster auxiliary organization's 501(c)(3) nonprofit, tax-exempt status. Booster auxiliary organizations cannot legally furnish donors with receipts for a charitable tax-deductible donation unless they have obtained this type of official determination letter from the IRS. Package 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, includes Form 1023, instructions for Form 1023, and Form 872-C and is available online at www.irs.gov/charities/article/0,,id=139469,00.html.

Booster auxiliary organizations must file Federal Form 990, *Return of Organization Exempt from Income Tax*, and State Form 199, *Exempt Organization Annual Information Return,* unless they do not meet the filing requirements. According to the 2014 IRS Form 990 instructions, Form 990 must be filed by an organization even if that organization has not completed Form 1023 if it has either (1) gross receipts greater than or equal to $200,000 or (2) total assets greater than or equal to $500,000 at the end of the tax year.

Information on nonprofit status can be found in Non-Profit Status Publication 557, Tax-Exempt Status for Your Organization at www.irs.gov/pub/irs-pdf/p557.pdf.

California nonprofit, tax-exempt status is similar and requires that an organization complete Form 3500, *Exemption Application*. California Forms and Instructions Form 3500 Booklet, Exemption Application

Booklet includes instructions and two copies of form 3500 and is available online at www.ftb.ca.gov/forms/2008/08_3500bk.pdf.

According to the 2014 California Franchise Tax Board Form 199 instructions, Form 199 must be filed by an organization if the organization has been granted tax-exempt status by the Franchise Tax Board, the organization is a nonexempt charitable trust as described in Internal Revenue Code section 4947(a) (1), and its gross receipts and pledges as a general guideline are greater than $50,000. California Form RRF-1, *Annual Registration Renewal Fee Report to Attorney General of California*, must be filed by every charitable nonprofit corporation, unincorporated association or trustee holding assets for charitable purposes, regardless of whether the corporation files Form 990, unless the organization is exempt from filing. Organizations exempt from filing Form RRF-1 include governmental agencies and any charitable corporation organized and operated primarily as a religious organization, educational institution, or hospital.

Forms are available on the IRS, California Franchise Tax Board and California Attorney General's Office websites at www.irs.gov, www.ftb.ca.gov, and www.oag.ca.gov

Financial Guidelines

Booster auxiliary organizations are responsible for ensuring that proper internal controls exist for all of their financial activities. In accordance with its bylaws, each booster auxiliary organization should elect a treasurer who is assigned responsibility for recording, documenting and organizing all financial activities.

As do ASBs that exercise the best practices contained in this guide, booster auxiliary organizations should adhere to sound business practices and maintain an adequate system of controls. These include, but are not limited to, the following:

Financial statements and treasury (See Chapter 7)

- The treasurer or designated officer should prepare monthly financial statements that are presented to the organization along with a copy of the most current bank statement and reconciliation. Financial statements may include cash receipts, cash disbursements, checking account beginning and ending balances, balance sheets, income statements and other relevant items.
- A budget should be developed at the beginning of the year to project expected revenues and expenses, and should be revised as needed.
- An auditor who is independent of the treasurer should be appointed and should report directly to the booster auxiliary organization board. The auditor should review all of the financial records, journals, check registers, receipts, invoices, bank statements, and other financial information at least annually.

Cash receipts and bank reconciliation (See Chapters 7 and 13)

- Prenumbered receipt books and supporting documentation.
- Preparation of duplicate deposit, cash count and fundraising forms.
- Bank deposits should be made intact and in a timely manner.
- Someone other than the individual(s) responsible for depositing funds and writing checks should perform bank reconciliations monthly.

Cash disbursements (See Chapter 18)

- Checks should require a minimum of two signatures.
- Preparation of duplicate forms such as purchase orders.

- All expenditures should be approved by the booster auxiliary organization board and the approval noted in the board meeting minutes.

Fundraising activities should be conducted for a specific goal and not simply to raise money for the organization. All fundraising activities conducted on school premises must adhere to the guidelines established by the board of education, each school's individual guidelines, and those noted in Chapter 8.

Only organizations that have scheduled fundraising activities and have obtained prior written approval from the principal/school administrator will be authorized to conduct such activities on district or school premises.

Because booster auxiliary organizations experience frequent turnover of officers and members, it is important to clearly document the activities of the organization and to establish a procedure for retaining those documents. Documents that should be retained by the organization include the following:

1. Cash receipts.
2. Cash disbursements and general ledger.
3. Bank records.
4. Income tax returns.
5. Minutes of meetings as defined by the organization's bylaws.

The organization should obtain a safe deposit box or similar storage facility to secure important documents.

Solicitations on School Premises

California Education Code 51520, Prohibited Solicitations on School Premises, states the following for K-12 school entities:

> During school hours, and within one hour before the time of opening and within one hour after the time of closing of school, pupils of the public school shall not be solicited on school premises by teachers or others to subscribe or contribute to the funds of, to become members of, or to work for, any organization not directly under the control of the school authorities, unless the organization is a nonpartisan, charitable organization organized for charitable purposes by an Act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the county board of education or by the Governing Board of the school district in which the school is located. Nothing in this section shall be construed as prohibiting the solicitation of pupils of the public school on school premises by pupils of that school for any otherwise lawful purpose.

California Education Code section 51521, also for K-12 school entities, discusses solicitations on behalf of a school. Ultimately, the school district's superintendent and governing board have complete authority over whether any such activity occurs on school district property. Thus, obtaining written permission for any such activities is of primary importance. The following are general criteria for obtaining permission:

- The purposes of the fundraising activity, which must be nonpartisan, nonpolitical, nonsectarian, and nondenominational.
- The manner in which the fundraising activity will be conducted (for example, demands made on staff time and district materials must be minimal, and the activity must not encroach on instructional time).
- Identification of the sponsors, officers and individuals participating in the fundraising activity.

- Disclosure of the identity and location of any parent organization with which the soliciting organization is affiliated or of which it is a subsidiary.

School District Employees

If a booster auxiliary organization wishes to pay for additional and/or extracurricular services, the person to provide the services must be hired through the school district's personnel department. The booster auxiliary organization will deposit funds into a district account for the proposed expenses. The funds must be sufficient to pay for the services, plus the benefits due to the employee. School employees are not employees of the booster auxiliary organization, and the booster auxiliary organization should be aware of the following:

- While serving as district employees, they have no authority to work for the booster auxiliary organization during their district work schedule. A district employee acting in his or her official capacity and during work hours may interact with booster auxiliary organization officials when this is a required part of his or her duties as a district employee.
- If a district employee would like to be employed by the booster auxiliary organization, the employee must obtain prior approval from the district's personnel department.
- Some districts that permit a district employee to also be employed by a booster auxiliary organization may require that the employee be paid through the district, with the district being reimbursed in turn by the booster auxiliary organization. The district may also require that any employee chosen to work for a booster auxiliary organization be hired and cleared for work through the district's personnel office.
- A district employee who acts in their personal capacity and on their own personal time is free to establish a booster auxiliary organization or to participate in it. The employee must ensure that participation in the booster auxiliary organization does not present a conflict of interest with their duties as a school employee. The employee should also make it clear that their participation is in their personal capacity and not in their capacity as a district employee.

Donations for Supplies, Equipment and Transportation

Booster auxiliary organizations by nature are designed to help the school and/or ASB, and such help may come in the form of donations of supplies, equipment and transportation.

Supplies

When a booster auxiliary organization wishes to give the ASB or one of its clubs money for supplies, the district should purchase the supplies in accordance with district purchasing guidelines and statutory laws, and the booster auxiliary organization should reimburse the district. The purchase should be carried out through the district's purchasing system by a district-designated individual who is authorized to spend the funds, with the principal's or other school administrator's approval. The purchase should be charged to a school account code, and the purchase requisition should contain the following information in bold:

- Paid by
- Booster auxiliary organization name
- Person responsible for booster club
- Billing address

The purchase should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster auxiliary organization for the cost of the supplies purchased.

Donations for Equipment Purchases

When a booster auxiliary organization wishes to donate equipment to a school, the preferred method for the transaction is the same as noted above for donation of supplies. Also as above, with the approval of the principal/school administrator, the district-designated individual authorized to spend the funds purchases the equipment through the district's purchasing system. The purchase should be charged to a school account code, and the purchase requisition should contain the following information in bold:

- Paid by
- Booster auxiliary organization name
- Person responsible for booster auxiliary organization
- Billing address

The purchase should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster auxiliary organization for the cost of the equipment purchased.

If the booster auxiliary organization wishes to purchase equipment outright and donate it to a school, the process is different. The booster auxiliary organization should notify the school administrator and the purchasing department before the equipment is ordered. Then, at a regular board meeting, the district's governing board must accept the equipment as a donation to the district.

Donations for Transportation/Field Trips

A booster auxiliary organization may donate funds to the ASB or the district for transporting students to events. A field trip request form must be completed in conjunction with the ASB and schools and then be sent to the district's transportation department. The request form should contain the following information in bold:

- Paid by
- Booster auxiliary organization name
- Person responsible for booster auxiliary organization
- Billing address

The transportation cost should be charged to the school account code on the requisition at the time of payment, and the district office should bill the booster auxiliary organization for the cost of the transportation.

Paying Stipends, Salaries and Consultants

Paying Stipends and Salaries

A booster auxiliary organization may not pay any employee of the school district an additional stipend or salary without prior approval from the district's business and/or personnel office. If the booster auxiliary organization wishes to supplement the school with additional personnel please refer to the section titled "School District Employees" earlier in this chapter.

Paying Consultants

Consultants are sometimes hired in the ordinary course of business to help with various projects as needed. Consultants are not employees; they should have their own insurance and should meet all of the qualifications to be considered a consultant. Booster auxiliary organizations should be aware of the regulations that must be followed when communicating with the ASB on this topic. Chapter 17 discusses this topic at length.

Sample School District Letter to Applicants

(District Letterhead)

MEMO

To: All Booster Auxiliary Organizations Supporting Sample School District Schools

From: Sam Smith, Superintendent of Schools
John Money, Fiscal Services

Subject: Booster Auxiliary Organization Requirements

Thank you for applying to operate a booster auxiliary organization supporting Sample School District schools and for making a difference in the lives and education of our students.

We are providing you this memo to help you with your application. All booster auxiliary organizations are considered separate organizations from the Sample School District. Before operating on any school site, the district requires the following items from each booster auxiliary organization:

Required Document	Comment
Booster auxiliary organization name	Define which school and sport or activity the group is supporting.
Booster club officers and contact information	List officers' titles, phone numbers, and email addresses.
Employer/Tax Identification Number (TIN) of the booster auxiliary organization Note: The district's TIN is not available for use; the booster auxiliary organization must have its own TIN.	This is required to open a bank account and for many other functions. If you used an individual's social security number, please indicate this. See Form SS-4 at www.irs.gov.
Proof of tax-exempt status under Internal Revenue Code Section 501(c)(3) (if applicable) To apply for exempt status, you may review Form 1023 and the instructions for filing at www.irs.gov	You will need this if your booster will normally have gross receipts of $5,000 or more in a year OR if you wish to receive a determination letter that recognizes 501(c)(3) status and specifies that contributions to the organization are tax-deductible.
Meeting dates – calendar	For board meetings, committee meetings, etc.
A copy of the booster club current charter and bylaws	Provide the most recent information.

Note: These required documents are subject to change at any time without notice.

For help, you may refer to the guidelines for booster auxiliary organizations as outlined in the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* published by FCMAT and available at www.fcmat.org. The FCMAT desk reference includes guidelines regarding the organization of booster auxiliary organizations, financial guidelines, solicitation regulations, school interaction, and many other procedures and functions.

If you have any questions regarding this memorandum, please contact your principal/school administrator.

Sincerely

Sam Smith
Superintendent of Schools

Click here to download this and other forms and documents.

Sample Booster Auxiliary Organization Application

(School District Name)

Booster Auxiliary Organization Application

Application Date: _____

Booster Auxiliary Organization Name: _____

Name of School: _____

Check one: ❑ Initial Application ❑ Renewal:

The parents of Sample School District hereby requests approval for the formation of the

_____ Booster Auxiliary Organization.
Name of Organization

Objectives / Purposes of the Booster Auxiliary Organization are: _____

_____

_____

_____

Booster Auxiliary Organization Official Mailing Address:

Official Name: _____

PO Box/Street: _____

City/State/Zip Code: _____

Telephone Number: _____

Booster Auxiliary Organization Officers:

Position Held	Name	Email Address

Is the organization a 501(c)(3) tax-exempt? ❑ Yes ❑ No

Organization Tax ID # _____Banking Institution: _____

Does the booster auxiliary organization conduct annual financial audits/reviews? ❑ Yes ❑ No

Attach a copy of your proposed budget for the upcoming school year.

Upcoming School Year Planned Meetings (or attach schedule):

Date	Time	Location

Upcoming School Year Planned Fundraisers (or attach schedule):

Activity	Date	Location

We, the members of this booster auxiliary organization, have read and understand the rules for forming and conducting this organization, including the district's board policy and administrative regulations, and agree to abide by them. We will submit a contact list and two copies of the proposed constitution and bylaws to the principal/school administrator or designee, who will review the application for approval, as well as any other information required by the district.

_____

Signature of Organization President Date

District/School Site Approvals:

Principal/School Administrator: _____

Signature Date

District Board Recognition and Approval:

District Administrator: _____

Signature Date

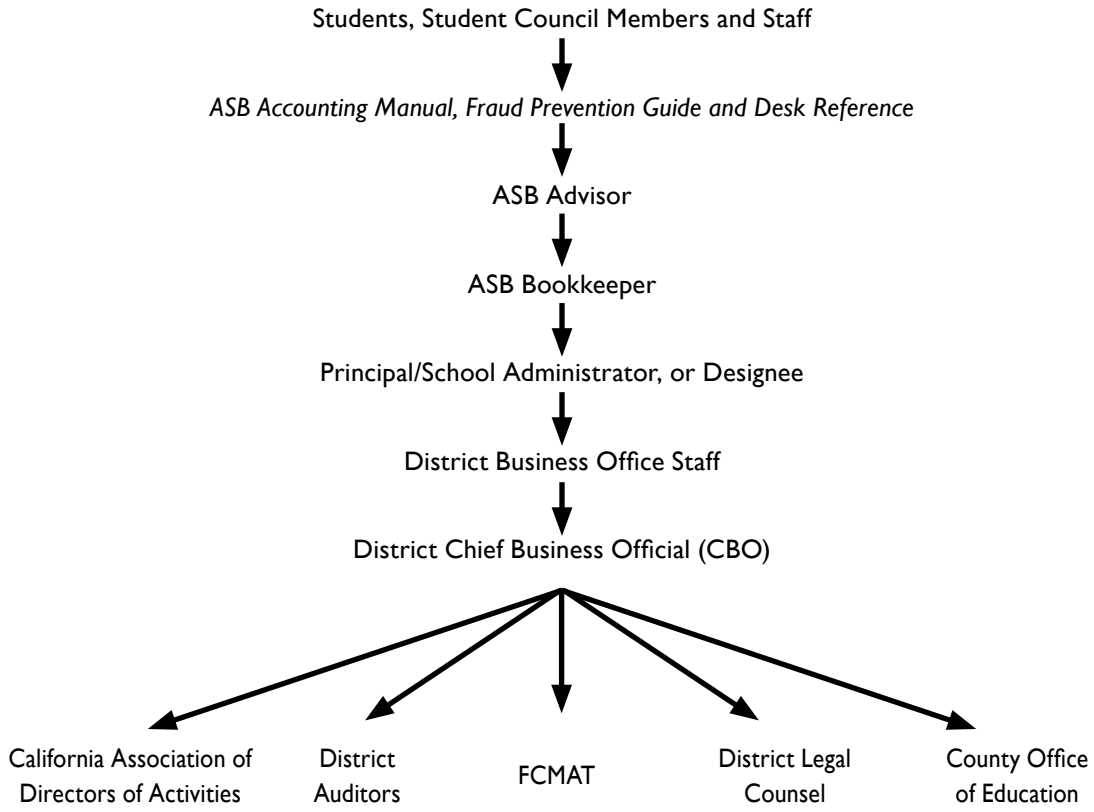
Title: _____

Click here to download this and other forms and documents.

Chapter 22

Chapter 22 – Where to Go for Help

As indicated throughout this manual, many people are involved in administering and supervising the activities of student organizations, and many people and organizations are available to solve problems, provide guidance and answer questions that arise. The following flow chart offers a recommended sequence for getting answers to ASB questions:



At times, a student organization may need to contact other people or groups outside the district. Following is a list of additional resources to help ensure the success of a school's student organization.

Organizations and Online Resources

Association of California School Administrators (ACSA)
1029 J Street, Suite 500, Sacramento, CA 95814 • 916-444-3216 • www.acsa.org

California Association of Directors of Activities (CADA)
3540 Soquel Avenue, Suite A, Santa Cruz, CA 95062 • 831-464-4891 • www.cada1.org

California Association of Student Councils (CASC)
1212 Preservation Park Way, Oakland, CA 94162 • 510-834-2272 • www.casc.net

California Association of School Business Officials (CASBO)
1001 K Street, 5th Floor, Sacramento, CA 95814 • 916-447-3783 • www.casbo.org

California School Boards Association (CSBA)
3251 Beacon Blvd., West Sacramento, CA 95691 • 800-266-3382 • www.csba.org

EdSource
436 14th Street, Suite 1005, Oakland, CA 94612 • 510-433-0421 • www.edsource.org

Ed-Data Education Data Partnership
www.ed-data.k12.ca.us

State Agencies

California Department of Education (CDE)
1430 N Street, Sacramento, CA 95814 • 916-319-0800 • www.cde.ca.gov

Fiscal Crisis & Management Assistance Team (FCMAT)
1300 17th Street, Bakersfield, CA 93301-4533 • 661-636-4611 • www.fcmat.org

Board of Equalization (BOE)
P.O. Box 942879, Sacramento, CA 94279-0080 • 800-400-7115 • www.boe.ca.gov

Legislative Analyst's Office (LAO)
925 L Street, Suite 1000, Sacramento, CA 95814 • 916-445-4656 • www.lao.ca.gov

Office of Administrative Law (OAL)
300 Capitol Mall, Suite 1250, Sacramento, CA 95814-4339 • 916-323-6225 • www.oal.ca.gov

Student Senate for California Community Colleges
1102 Q Street, 3rd Floor, Sacramento, CA 95811 • www.StudentSenateCCC.org

National Associations

Association of School Business Officials International (ASBO)
11401 North Shore Drive, Reston, VA 20190-4252 • 866-682-2729 • www.asbointl.org

National Association of Secondary School Principals (NASSP)
1904 Association Drive, Reston, VA 20191-1537 • 703-860-0200 • www.nassp.org

National Association of Student Councils (NASC)
1904 Association Drive, Reston, VA 20191-1537 • 703-860-0200 • www.nasc.us

Chapter 23

Chapter 23 – Glossary

The following list of commonly used terms and acronyms has been compiled to help students, student councils, teachers, activity sponsors, student activity directors, ASB bookkeepers and all others who work with ASBs.

Terminology

Account Code
A number that classifies sources of revenues or purposes of expenditures in either an educational agency's budget or the reports submitted to the California Department of Education. The account code classifies expenditures according to the types of items purchased or services obtained, and revenues by the general source and type of revenue.

Account Numbers
Numbers assigned codes to describe the standard titles of accounts for classification and easy reference.

Accounting
The process of recording, classifying, and summarizing financial transactions in monetary units to show the results of those transactions.

Accounting Cycle
The series of procedures required to process financial transactions throughout a fiscal period. Procedures used during this cycle include recording transactions in books of original entry; posting to ledger accounts; taking a trial balance of the general ledger and ensuring that the subsidiary records agree with their controlling ledger account; making adjustments; preparing financial statements; and closing the books.

Accounting Period
A period of time for which records are maintained and at the end of which financial statements are prepared covering the period.

Accounts Payable
Amounts due and owed to persons, businesses, governmental units, or others for goods received or earned and services rendered before the end of the fiscal period. This includes amounts billed but not received or paid.

Accounts Receivable
Amounts due and owed from individuals, businesses, governmental units, or others for goods received or earned and services rendered before the end of the fiscal period. Includes amounts billed but not received.

Accrual Basis Accounting
An accounting system in which transactions are recorded when they have been reduced to a legal or contractual right or obligation to receive or pay cash or other resources.

Actuals
The amount an entity actually spent in a given period as opposed to original budget estimates.

Assets
Anything owned that has value, either tangible or intangible. Assets may be further segregated into current assets and fixed assets.

Associated Student Body
Any organization of students having as its purpose the conduct of activities on behalf of the students as approved by the governing body of the organization and by the school authorities, and not in conflict with the authority and responsibility of the public school officials.

Audit
An examination of documents, records, and accounts to: (1) determine the propriety of transactions; (2) ascertain whether all transactions are recorded properly; and (3) determine whether statements drawn from accounts provide an accurate picture of financial operations and financial status for a given period of time.

Audit Finding
A weakness in internal controls or an instance of noncompliance with laws and regulations. Audit findings are presented in the audit report.

Balance Sheet
A statement that shows assets, liabilities, reserves and fund balance (or deficit) of an entity at a specific date, properly classified to show the financial position of the entity as of that date.

Bank Charges
Fees or charges made by banks to cover the expenses of handling depositors' accounts.

Book of Original Entry
A book that contains a chronological record of transactions, names the accounts to be debited and credited to record each transaction, and states the debit and credit amounts. The recording function is completed by posting the debits and credits shown in the journal to the various accounts in the ledgers.

Budget
A plan of financial operation, consisting of an estimate of proposed revenues and expenditures for specified purposes for a given time, usually one fiscal year.

Budgetary Control
Managing financial transactions according to an approved plan of estimated revenues and expenditures.

Budgeting
Allocating the resources of an organization among potential activities to achieve the organization's objectives; planning for the use of resources.

Budget Revisions
Net increases and decreases to the budget. These may include items such as increases from new grant funds and decreases to reduce appropriations to prevent spending in excess of available revenues.

California Code of Regulations (CCR)
Regulations that have been formally adopted by approximately 200 regulatory agencies in the state, including the State Board of Education.

California Department of Education (CDE)
The CDE has several roles within the school finance system, including administering the numerous categorical programs created by state and federal lawmakers, and maintaining data on the funding districts and county offices receive and how those funds are spent. California's elected superintendent of public instruction oversees the CDE, and the State Board of Education acts as its policymaking body.

California Education Code
A collection of all the laws directly related to California K-12 public schools. Education Code sections are created or changed by the governor and Legislature when they make laws. Local school boards and county offices of education are responsible for complying with these provisions. The Education Code is permissive,

which means that school districts are free to take any action not specifically prohibited. Additional regulations that affect education are contained in the California Administrative Code, Titles 5 and 8, the Government Code, and general statutes.

Canceled Checks
Checks that have been issued by the depositor and paid by the bank.

California Public Employees' Retirement System (CalPERS)
A retirement fund required by state law. Classified employees and their employer (such as school districts and county offices of education) contribute. It is also referred to as Public Employees' Retirement Fund (PERS).

California State Teachers' Retirement System (CalSTRS)
A retirement fund required by state law. Certificated employees and education agencies (such as school districts and county offices of education) contribute to CalSTRS. It is also referred to as State Teachers' Retirement System (STRS).

Capital Outlay
Money spent for major physical changes to a school such as new land or buildings; building construction, additions, remodeling, renovations, or reconstruction, or certain new equipment. These investments in the physical structure of a school are expected to last for a number of years.

Cash
Currency, checks, money orders, bankers' drafts and bank deposits.

Cash Basis
Method of accounting in which revenues and expenditures are recorded only when cash is actually received or disbursed. This accounting method is not acceptable for use in local educational agencies.

Cash Disbursement Journal
A special accounting journal used for recording all cash disbursements.

Cash in Bank
Balances in bank accounts.

Cash Receipts Journal
A special accounting journal used for recording all cash receipts.

Centralized Accounting
A method of accounting in which a student body organization's financial transactions are handled at a central location rather than at the school.

Certificated/Credentialed Employees
School employees who are required by the state to hold some type of teaching credential, including most full-time, part-time, substitute and temporary teachers; librarians; counselors; and most administrators. The requirements for a fully credentialed teacher include having a bachelor's degree, completing additional required coursework, and passing the California Basic Educational Skills Test (CBEST). However, teachers who have not yet acquired a credential but have an emergency permit are allowed to teach in the classroom and are counted in this category.

Chart of Accounts
A systematically arranged list of accounts applicable to a specific local educational agency. All account names and numbers, if any, are listed in numerical order.

Charter School
A public school that may provide instruction in any combination of grades (kindergarten through grade 12). Parents, teachers or community members may initiate a charter petition, which is typically presented to and approved by a local school district governing board. The law also grants chartering authority to county boards of education and the State Board of Education under certain circumstances, such as the appeal of a petition's denial by a school district's governing board or the direct approval of countywide or statewide charter schools. Charter schools are funded on a per-pupil basis, freed from most state regulations that apply to school districts and county offices of education, usually able to hire their own teachers and other staff, and subject to closure if they fail to meet their promises for student outcomes. Charter schools were originally authorized in California in 1992 (Senate Bill 1448).

Check
A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specific sum of money to a named person or business out of money on deposit.

Classified Employees
School employees in positions that do not require teaching credentials. This group includes bus drivers, cafeteria staff, clerical staff, custodians, instructional aides, and some management personnel.

Collective Bargaining
A process for establishing a contract between a school district and its employee organizations. Senate Bill 160 (1975) defined the manner and scope of negotiations, and mandated a state regulatory board (see Public Employment Relations Board).

Combination Journal
A journal that shows both cash receipts and cash disbursement transactions.

Consumer Price Index (CPI)
A measure of the average change over a short time in the prices paid for a set of consumer goods and services. The United States Bureau of Labor Statistics compiles this measure. Salary adjustments and other costs can be linked to the CPI, which is sometimes used to measure inflation.

Contingent Liabilities
Items that may become liabilities as a result of conditions undetermined at a given time (e.g., guarantees, pending lawsuits, judgments and appeals, and unsettled disputed claims).

Cost of Living Adjustment (COLA)
An increase in funding from the state or federal government to compensate for inflation. In California, the law states that educational programs should receive a certain COLA based on the annual percentage change in the Implicit Price Deflator for state and local government purchases of goods and services (Education Code Section 42238.1).

County Office of Education (COE)
The agency that provides educational programs for certain students; business, administrative, and curriculum services to school districts; and financial oversight of districts. These services are affected by the size and type of districts in the county, the geographic location and size of the county, and the students who have special needs that are not met by the districts. Each of California's 58 counties has an office of education.

Credit
A term used in double-entry bookkeeping for the right side of double-entry posting. The credit will reduce assets and expenditures and will increase liabilities, revenue and fund balance. The typical balance for liabilities, revenue and fund balance accounts is a credit amount.

Current Assets
Assets that are readily available, liquid and/or can be made readily available to meet the cost of operations or to pay current liabilities such as petty cash, cash in bank, cash in savings, or accounts receivable.

Current Liabilities
Liabilities due and payable for goods and services such as accounts payable, wages payable or state income tax payable.

Debit
A term used in double-entry bookkeeping for the left side of double-entry posting. The debit will increase assets and expenditures and reduce liabilities, revenue and fund balance. The typical balance for assets and expenditure accounts is a debit amount.

Decentralized Accounting
A method of accounting in which financial transactions of a student body organization are handled at the school rather than at a central location.

Deficit
The amount by which a sum of money is less than the required amount (e.g., apportionment deficits or budget deficits).

Deficit Fund Balance
The amount by which a fund's liabilities exceed its assets.

Deficit Spending
When actual expenditures exceed actual revenues (also referred to as an operating deficit).

Deposit in Transit
Any deposit recorded on the books but not shown on the bank statement.

Disbursement
Payment by currency or check.

District Governing Board
The official name for the local school board.

Double-entry
A system of bookkeeping that requires an amount credited for every corresponding amount debited. A double-entry ledger maintains equality of debits and credits.

Education Code
The body of law that regulates education in California. Additional education regulations are contained in the California Administrative Code, Titles 5 and 8, the Government Code, and general statutes.

Education Foundation
A tax-exempt organization established to raise funds and receive gifts and grants in support of a school district or individual school (also referred to as a school foundation).

Encumbrance
An obligation in the form of a purchase order, contract, salary or other commitment that can be charged to an appropriation and for which a part of the appropriation is reserved.

Equity or Fund Balances
The equity is the difference between the total assets and the total liabilities. This shows the net worth of an ASB.

Estimated Revenue
Expected receipts of monies during a given period of time.

Expenditure or Expenses
Costs incurred to purchase goods or services. This is the money spent by the ASB.

Financial Statement
A formal statement that accurately indicates the results of business and the financial position of the enterprise.

Fiscal Crisis and Management Assistance Team (FCMAT)
A state-funded agency that provides fiscal advice, management assistance, training, and other school business services, with a particular emphasis on districts facing fiscal insolvency. FCMAT operates from the office of the Kern County Superintendent of Schools and is under contract with the California Department of Education and the governor's office. Assembly Bill 1200 (AB1200) created FCMAT in 1991. The team can help county offices of education understand their fiscal monitoring duties required by AB1200, sometimes suggesting specific methods of oversight. FCMAT also provides management studies for school districts, county offices of education, charter schools and community colleges that request them.

Fiscal Year
One year, the beginning and ending dates of which are fixed by statute. For local educational agencies, each fiscal year begins July 1 and ends June 30.

Fixed Assets
Assets of a permanent nature, having continuing value. A piece of equipment, such as a sound system, is an example of a fixed asset.

Fund
A fiscal and accounting entity that consists of a number of accounts that record cash and other financial resources, all related liabilities and residual equities or balances, and changes therein. A fund serves to separate the accounts in it from others to carry out specific activities or meet certain objectives in accord with special regulations, restrictions, or limitations.

Fund balance
The difference between assets and liabilities. The fund equity of governmental and trust funds.

General Fund
The primary, legally defined fund used to finance the ordinary operations of a local educational agency and to distinguish general revenues and expenditures from those placed in other funds for specific uses. The general fund is available for any legally authorized purpose.

General Journal
A journal used primarily for opening, adjusting, accruing and closing entries. Transactions of a less routine and frequent nature are recorded in the general journal.

General Ledger
A book or file in which accounts are kept to the degree of detail necessary to summarize the financial transactions of an organization. It includes all assets, liabilities and elements of equity of an enterprise, including revenues and expenses.

General Long-Term Debt
Long-term debt that is legally payable from general revenue and backed by the full faith and credit of a local educational agency.

Generally Accepted Accounting Principles (GAAP)
Uniform minimum standards and guidelines for financial accounting and reporting. These govern the form and content of an entity's financial statements, and include the conventions, rules and procedures needed to define accepted accounting practices. Generally accepted accounting principles provide a standard by which to measure financial presentations.

The primary authority on the application of these principles to state and local governments is the Governmental Accounting Standards Board (GASB). GASB is the organization established to issue standards of financial accounting and reporting for the activities and transactions of state and local governmental entities. It is the successor organization to the National Council on Governmental Accounting (NCGA).

Indirect Costs
Agencywide general administrative costs, including fiscal, personnel, and data processing services. Indirect costs benefit multiple programs and objectives; they cannot be readily identified with a particular final cost objective.

Indirect Cost Rate
The rate used to charge a portion of the general expenses of operating a district to a specific program such as food services/cafeteria program or adult education.

Interest
A fee charged to a borrower for the use of money, or a yield earned on money on deposit.

Inventory
A detailed list showing quantities and containing descriptions of an organization's property at a given time. It may also include units of measure, unit prices, and values.

Investments
Disbursements of cash for the purpose of generating income.

Joint School Districts
School districts with boundaries that cross county lines.

Journal
Any accounting record in which the financial transactions of an organization are formally recorded for the first time (e.g., a check register or a receipt book).

K-14
Kindergarten through community college.

Ledger
A group of accounts in which financial transactions of an organization are recorded. The final book or record in which all debits and credits from the journal are posted to the correct accounts.

Legislative Analyst's Office (LAO)
A nonpartisan office in the state government that gives fiscal and policy advice to the California Legislature. The LAO provides analyses of proposed and adopted state budgets and offers the public information about state initiatives and ballot propositions.

Liabilities
Unpaid legal obligations. These include invoices to vendors for items received but not paid for as well as balances due for sales tax payable to the state.

Local Education Agency (LEA)
A public board of education or other public authority that maintains administrative control of public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state. School districts and county offices of education are both local educational agencies (LEAs). A charter school can be deemed an LEA for special education purposes (E.C. 47641).

Modified Accrual Basis
The method of accounting in which revenues are recorded when they become both measurable and available to finance expenditures of the current period. Most expenditures are recorded when the related liability is incurred, such as when issuing a purchase order.

National School Lunch Program
A federal program to provide food — typically lunch and/or breakfast — for students from low-income families. The number of students participating in this free and reduced-price meal program is increasingly being used to measure the poverty level of a school or district population. The number of children in this program can affect schools' or districts' eligibility for grants or other funding aimed at helping lower-income families.

Net Income
The difference between revenue and expenses.

Object Codes
In school district budgets, object codes are used to classify revenues and expenditures. For revenues, the object code identifies the source and type of funds. For expenditures, it identifies the type of item or service being purchased.

Organized ASB
ASB organizations are either organized or unorganized. Student organizations in middle schools and high schools are called organized student body associations because the students organize their activities around student clubs and a student council.

Outstanding Checks
Checks that have been issued by a depositor but have not been presented for payment at the bank and do not appear on the bank statement.

Parent Teacher Association (PTA)
A volunteer group of parents and teachers that works to promote the education and wellbeing of all children and youth at home, in school and in the community. Many schools have a parent club instead of a formal PTA.

Petty Cash
A sum of money set aside to make change or for immediate payments of small amounts.

Position Control
A function that coordinates and authorizes positions in accordance with established district policies and procedures. This function is useful for budget development and for preparing salary projections.

Preliminary Credential
A credential that can be earned by both administrators and teachers after they complete a number of requirements. The Preliminary Credential is valid for five years, during which time the teacher or administrator is expected to pursue a Professional Clear Credential. Among other requirements for a Preliminary Credential, teachers must earn at least a bachelor's degree, pass the California Basic Educational Skills Test (CBEST), and complete an approved teacher-preparation program. Among other requirements for a Preliminary Credential, administrators must pass the CBEST, complete at least three successful years in teaching or pupil

services, and complete an approved program of administrator preparation or internship. However, in 2002 the state offered administrators a fast-track alternative: the School Leaders Licensure Assessment (SLLA). In addition, administrative services interns can obtain a Preliminary Credential by participating in an approved one-year in-service training program.

Public Employees' Retirement System
A public retirement fund for classified employees that is required by state law. Classified employees, their employer (such as a school district or a county office of education) and the state contribute to this retirement fund, unless exempted by state law. It is also referred to as the California Public Employees' Retirement System (CalPERS).

Public Employment Relations Board (PERB)
A five-person board appointed by the governor that regulates collective bargaining between public employees (including school district and county office of education employees) and public employers (see Government Code Sections 3541, et seq.).

Purchase Order
A document issued to a vendor or business that authorizes the delivery of specified merchandise or the performance of certain services and charges for the goods or services.

Reserves
Funds set aside in a school entity budget to provide for future expenditures, to offset future losses, for working capital, or for other purposes.

Revenue
Receipt of money from the sale of goods or services or as profit from fundraising activities or investments. This is the money earned by the ASB.

School Board
A locally elected group, usually consisting of three to seven members, that sets fiscal, personnel, instructional, and student-related policies. A school district governing board also provides direction for the district, hires and fires the district superintendent, and approves the budget and contracts with employee unions. By law, every school district in California is governed by a locally-elected school board.

School District
A local education agency directed by an elected local board of education that exists primarily to operate public schools. In California, there are three types of school districts: elementary, high school, and unified. An elementary district is usually kindergarten through eighth grade (K-8); a high school district is usually grades 9 through 12; and a unified district is kindergarten through grade 12 (K-12).

School Foundation
A tax-exempt organization established to raise funds and receive gifts and grants in support of a school district or individual school (also referred to as an education foundation).

School Site Council
Parents, students (high schools only), teachers, and other staff selected by their peers to prepare a school improvement plan and to help see that the planned activities are carried out and evaluated. Such a council is required when a school receives Title I funding.

Single Subject Credential
A credential required to teach middle or high school in California.

Small Districts
A small elementary district is defined as having an average daily attendance (ADA) of fewer than 901 students. In California, more than 40% of districts have fewer than 1,000 students.

Standardized Account Code Structure (SACS)
A comprehensive system of accounting for and reporting school district revenues and expenditures. As of 2003–04, all school districts use SACS, which provides a variety of ways to track and report financial information, including by specific programs and functions.

State Education Agency (SEA)
The agency primarily responsible for supervising a state's public elementary and secondary schools. In California, it is the California Department of Education.

State Superintendent of Public Instruction (SPI)
Elected on a statewide, non-partisan ballot, the superintendent of public instruction (also called the state superintendent) is in charge of running the California Department of Education. County offices of education are required to inform the state superintendent of their approval or disapproval of all school district budgets.

State Teachers' Retirement System (STRS)
A retirement fund required by state law and funded by contributions from certificated employees, their employing school agencies (such as school districts and county offices of education), and direct payments by the state. Also known as CalSTRS.

Student Senate
An organization that provides policy input to the consultation council on behalf of community college students.

Subsidiary Ledger
Provides supporting detail to the general ledger accounts.

Trial Balance
A list of the balances of the accounts is a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and the credit columns are equal, the ledgers are said to be in balance.

Trust Accounts
Sums of money held by an organization for another group or organization. The ASB acts as trustee for scholarship accounts, class accounts and club accounts.

Unorganized ASB
ASB organizations are either organized or unorganized. Student organizations in elementary schools are unorganized student body associations because the students do not form clubs or a student council. Although elementary school students do raise funds, they have only limited involvement in decisions about the fundraising events and how the funds are to be spent. If a student council exists, its activities are limited. The governing board delegates authority to oversee the raising and spending of funds to the principal/school administrator or designee.

Acronyms

Student body administration, like every other business, has its set of frequently used abbreviations. This list of acronyms is intended to identify some of the abbreviations used regularly in school entities.

A	AASA	American Association of School Administrators
	AB	Assembly Bill
	ACSA	Association of California School Administrators
	ADA	Americans with Disabilities Act
	ADA	Average Daily Attendance
	AFDC	Aid to Families with Dependent Children
	AP	Advanced Placement
	API	Academic Performance Index
	AS	Associated Students
	ASACC	American Student Association of Community Colleges
	ASB	Associated Student Body
	ASBGP	Associated Student Body Government Presidents
	AYP	Adequate Yearly Progress
C	CAA	California Athletic Association
	CAHSEE	California High School Exit Examination
	CALPADS	California Longitudinal Pupil Achievement Data System
	CalPERS	California Public Employees' Retirement System
	CALSACC	California Student Association of Community Colleges
	CASBO	California Association of School Business Officials
	CalSTRS	California State Teachers' Retirement System
	CBEDS	California Basic Educational Data System
	CBEST	California Basic Educational Skills Test
	CBO	Chief Business Official
	CCR	California Code of Regulations
	CCSS	Common Core State Standards
	CDE	California Department of Education
	CFO	Chief Financial Officer
	CFR	Code of Federal Regulations
	CLAD	Cross-cultural, Language and Academic Development
	COE	County Office of Education
	COLA	Cost of Living Adjustment
	CPA	Certified Public Accountant

	CPI	Consumer Price Index
	CPO	Chief Personnel Officer
	CR	Credit
	CSAM	California School Accounting Manual
	CSBA	California School Boards Association
	CSF	California Scholarship Federation
	CSIS	California School Information Services
	CSR	Class Size Reduction
	CST	California Standards Test
	CTC	Commission on Teacher Credentialing
	CTE	Career Technical Education
	CY	Current Year
D	DGS	Department of General Services
	DOF	Department of Finance
	DR	Debit
	DSA	Division of the State Architect
E	EAAP	Education Audit Appeals Panel
	EC	Education Code
	EL	English Learners
	ESL	English as a Second Language
	ESY	Extended School Year
F	FAPE	Free Appropriate Public Education
	FCMAT	Fiscal Crisis and Management Assistance Team
	F/RPM	Free and Reduced-Price Meals
	FTE	Full-time Equivalent
G	GAAP	Generally Accepted Accounting Principles
	GASB	Governmental Accounting Standards Board
	GATE	Gifted and Talented Education
	GO	General Obligation (Bond)
H	HQT	Highly Qualified Teacher

I	IDEA	Individuals with Disabilities Education Act
	IEP	Individualized Education Program
J	JPA	Joint Powers Agreement
K	K-8	Kindergarten through grade 8
	K-12	Kindergarten through grade 12
	K-14	Kindergarten through grade 14
	K-16	Kindergarten through college undergraduate university
L	LAIF	Local Agency Investment Fund
	LAO	Legislative Analyst's Office
	LCAP	Local Control Accountability Plan
	LCFF	Local Control Funding Formula
	LEA	Local Educational Agency
M	M&O	Maintenance and Operations
	MOU	Memorandum of Understanding
	MTYRE	Multi-Track Year-Round Education
	MYP	Multiyear Projection
N	NCLB	No Child Left Behind
	NPS/A	Nonpublic School/Agency
	NSL	National School Lunch
	NSS	Necessary Small School
O	OMB	Office of Management and Budget
	OPEB	Other Post-Employment Benefits
	OPSC	Office of Public School Construction
P	P-1	Period 1 (First Principal Apportionment Period)
	P-2	Period 2 (Second Principal Apportionment Period)
	PERB	Public Employment Relations Board
	PERS	Public Employees' Retirement System
	PI	Program Improvement
	PL	Public Law (Federal Law)

	PTA	Parent-Teacher Association
	PY	Prior Year
R	RDA	Redevelopment Agency
	RFA	Request for Application
	RFP	Request for Proposal
	ROC	Regional Occupational Center
	ROP	Regional Occupational Program
	ROTC	Reserve Officer Training Corps
	RRMA	Routine Restricted Maintenance Account
S	SAB	State Allocation Board
	SACS	Standardized Account Code Structure
	SAIT	School Assistance and Intervention Team
	SARB	School Attendance Review Board
	SARC	School Accountability Report Card
	SB	Senate Bill
	SBE	State Board of Education
	SCO	State Controller's Office
	SEA	State Education Agency
	SELPA	Special Education Local Plan Area
	SPI	Superintendent of Public Instruction
	STAR	Standardized Testing and Reporting Program
	STRS	State Teachers' Retirement System
T	TK	Transitional Kindergarten

Chapter 24

Chapter 24 – Appendices

Sample Associated Student Body (ASB) Constitutions and Bylaws

Best Practices School Sample ASB Constitution

Click here to download sample constitutions, bylaws and budgets, and other documents and forms.

(Name of School)

(Name of Student Council or Club)

ASB Constitution

Article I – Name of the Organization

The name of the organization shall be the Associated Student Body (ASB) of the Best Practices School.

Article 2 - Objectives and Purpose.

This organization shall have as its objective and purpose the conduct of activities on behalf of the students of the Best Practices School as approved by the principal/school administrator and the governing board of the Best Practices School. These shall include:

- Provide a democratic forum in which students can address school issues that affect their lives.
- Maintain continual communication from students to faculty members and administrators as well as among the students within the school.
- Offer a year-long program of social functions and community involvement projects for students.
- Provide leadership training for student in the duties and responsibilities of good citizenship, using the school environment as the primary training ground.

Article 3 – Organization and Membership

All registered students enrolled in the Best Practices School shall be members of the Associated Student Body. Members shall be entitled to one vote in all student body elections.

Any registered student is eligible for election to the student council according to election procedures.

The election of representatives shall take place the ____ week of the _____ term or semester of school. Any member shall be removed if they miss three (3) meetings without presenting reasonable justification.

Article 4 – Executive Board

The executive board shall consist of the following ASB officers:

- President
- Vice-President
- Treasurer
- Secretary
- Historian
- Activities Chair (or Commissioner of Activities)

- Publicity Chair (or Commissioner of Publicity)
- Athletics Chair (or Commissioner of Athletics)
- Academics Chair (or Commissioner of Academics)

The executive board shall have all executive powers. The executive board members shall serve as acting and voting members of the Best Practices School Student Council. The appointed officers and the adviser are non-voting members.

Duties of the executive board members are outlined in the bylaws to the constitution.

The positions on the executive board shall be filled by a general election of the ASB, held annually.

No member of the executive board may hold more than one ASB office or class office.

Executive board members shall hold office for one school year.

Article 5 – Student Council

The legislative powers of the ASB shall be vested in the student council as delegated by the school administration.

All actions of the student council are subject to review and possible veto by the ASB advisor and principal/school administrator.

The student council shall consist of 20 voting members: the ASB executive board and the president, vice president, secretary, and treasurer of each of the three classes (sophomore, junior, and senior).

(Note: The student council voting member number may vary, per desire of ASB.)

The elected, voting members of the student council shall be chosen by election as described in the bylaws.

The term of office for members of the student council shall be one school year.

The principal/school administrator shall appoint a certificated staff member of the district to serve as advisor to manage the club/student council and oversee its projects.

Article 6 – Amendments

Amendments to this constitution may originate:

- In student council
- By petition by 10 percent of the student body
- By ballot
- To represent the student council at all school and school district meetings where this representation is appropriate.

Amendments must be submitted in writing during a regular business meeting and must be posted for reading for 30 days.

Any amendments that do not pass with a two-thirds vote may not be reconsidered during the same school year.

Article 7 – Ratification

The student council shall ratify this constitution and any subsequent amendments through a two-thirds vote of the council.

Best Practices School, Sample Associated Student Body Bylaws of the Constitution

(Name of School)

Associated Student Body Bylaws of the Constitution

Article I – Student Council

It shall be the duty and power of the student council to:

- Be the supreme legislative body of the Associated Student Body.
- Propose and pass legislation that is considered important to the student body.
- Establish the annual student body dues, also known as the price of an ASB Card that will allow students to attend ASB activities at a reduced cost.
- Establish a disciplinary board as the need arises.
- Spend ASB monies.
- Propose and pass amendments to the constitution and bylaws.

Each member of the student council shall be able to cast one vote in each voting situation.

Article II – Executive Board

The ASB president shall have the following duties:

- Preside over all meetings.
- Call special meetings.
- Plan and prepare an agenda for all meetings.
- Appoint all committee members and chairpersons.
- Serve as ex-officio member of all committees.
- Represent the student council at all school and school district meetings, community group meetings, and civic organization meetings where this representation is appropriate.
- Preside at all student body assemblies or authorize someone to do so in their place.
- Vote in student council only in cases where their vote would affect the result.
- Coordinate the interview, selection, and performance of committee chairpersons and task forces.
- Act as a facilitator of group discussion by summarizing, clarifying, etc.
- Work closely with the student council advisor on all planning.
- Participate in student council-sponsored activities.

The ASB vice president shall have the following duties:

- Work closely with the president
- Serve as the ASB president if the president becomes unable to fulfill their duties either temporarily or permanently.
- Serve as chairperson of the elections committee and supervise all student body elections.
- Coordinate the work of committees.
- Work with the president and treasurer to prepare the budget and calendar.
- Help the president prepare the meeting agenda.

- Lead the flag salute at all meetings, student body activities and assemblies, or authorize another member to do so in their place.

The ASB treasurer shall have the following duties:

- Maintain complete and accurate record of all ASB receipts and disbursements.
- Prepare monthly reports for the student council on the ASB bank balances and receipts and disbursements to date.
- Serve as chairperson of the finance committee, with the assistance of the student body bookkeeper and a district business staff member.
- Act as co-chair of the fundraising standing committee.
- Work with the ASB to prepare revenue potential forms to ensure successful fundraisers and adequate internal controls.
- Keep accurate profit and loss statements of all ASB functions, clearly detailing all money collected and spent, and help classes and clubs keep accurate records.
- Work closely with the president and vice president to prepare an annual budget.
- Authorize purchase orders/expenditure approvals prior to spending

The ASB secretary shall have the following duties:

- Prepare and distribute the agenda for meetings.
- Notify members of upcoming meetings.
- Take attendance at meetings and keep permanent attendance records.
- Maintain accurate minutes of all meetings, including date and place, presiding officer, and business conducted.
- Prepare the minutes in the prescribed format by the next meeting for distribution to all members.
- Maintain all files of the organization, including original agendas and minutes, clippings and relevant documents, and establish a policy about lending files.
- Maintain contact names, addresses, phone numbers and email addresses of people with whom the organization regularly works.
- Keep copies of activity calendars and special event documentation.
- Produce a membership directory of the group.
- Report, answer and file all necessary correspondence.

The historian shall have the following duties:

- Record annual activities using video, photos, written reports, clippings, and/or other means.
- Prepare an historical document such as a scrapbook, website, slide show or video, DVD or CD.

The activities chair (or commissioner of activities) shall have the following duties:

- Coordinate and maintain the master calendar of all student body activities.
- Serve as chairperson of the activities committee.
- Serve as co-chair of the fundraising standing committee.

The publicity chair (or commissioner of publicity) shall have the following duties:

- Publicize all school activities through the school newspaper, the school marquee, and school bulletin boards.

- Issue news releases to the press, radio and television stations.

The athletics chair (or commissioner of athletics) shall have the following duties:

- To initiate and organize the intramural sports.

The academics chair (or commissioner of athletics) shall have the following duty:

- To serve as the representative to the district governing board.

Article III – Standing Committees

The ASB president and the ASB advisor shall appoint committee members and chairpersons to the following committees each year:

- The finance committee
- The elections committee
- The activities committee

The Finance Committee:

- The ASB treasurer shall chair the finance committee.
- The treasurers from each class, the ASB advisor, the ASB bookkeeper, and one faculty member shall serve on this committee.
- The purpose of the committee is to prepare and submit the final budget and approve all requests to spend ASB funds.

The Elections Committee:

- The ASB vice president shall chair the elections committee.
- The ASB advisor and the vice presidents from each class shall serve on this committee.
- The purpose of the committee is to plan, organize, and supervise all student body elections.

The Activities Committee:

- The activities chair shall also serve as the chair of this committee.
- The purpose of the committee is to plan, organize, and supervise all student council activities and to facilitate requests from student clubs for use of school facilities.

Article IV – Succession

If the ASB president cannot fulfill his/her duties because of illness, physical disability or absence, the ASB vice president shall assume and carry out the duties of the president until the President becomes able to resume the duties of his/her office.

If the president is permanently unable to fulfill his/her duties, the ASB vice president becomes the ASB president.

After the vice president, succession to the presidency shall be appointed by the vote of the entire membership of the executive board.

Only ASB officers elected by the general student body shall succeed to the ASB presidency.

Upon the permanent disabilities of any ASB officer other than the president, the corresponding senior class officer shall assume the duties of that office.

Upon the permanent disability of any ASB commissioner, the ASB president shall appoint the opposition runner to that position, if available, until the end of the current semester, when an election may be held.

Article V – Elections and Qualifications for Office

The student council shall hold the annual election of student council officers on the campus of the Best Practices High School. The voting shall take place during homeroom, by secret ballot.

The student council shall hold the elections for class officers at the same time as the elections for the ASB officers.

The candidates for ASB officer and class officer must have a minimum overall grade point average of 2.5 and have satisfactory citizenship and attendance. Candidates must also have the endorsement of their counselor and one other faculty member.

Candidates for ASB president and vice president must have served at least one year on the student council.

Each applicant for candidacy must submit an application to the screening committee. The application must include information on the student's academic record, school activities, and reasons for desiring to serve as a school officer.

The ASB advisor, four student council members, and two faculty members chosen by the ASB president shall serve on the selection committee. The purpose of the selection committee is to ensure that all candidates for office meet the qualifications.

The Campaign:

- Students may use an unlimited number of bumper stickers and buttons during the campaign.
- Candidates may place eight posters on the campus. The posters may not exceed two feet by two feet.
- The elections committee must approve the content of all posters, bumper stickers, buttons, and other campaign materials in advance.

Counting the Ballots:

- The ASB president and members of the elections committee shall count the ballots on the same day as the election is held. No candidate for office may participate in counting the ballots.
- The ballots shall be counted twice and the results compared. A third count is required if the results of the first and second count are not within one percent of each other.

Article VI – Student Clubs

Each student club must prepare and approve a constitution before it can begin fundraising activities or make expenditures of club funds.

Article VII – Amendments

The student council, whenever it is necessary, shall propose amendments to the constitution. To make such amendments valid, two-thirds of the total student body must approve the proposed amendment in a general election.

Article VIII – Adoption

These bylaws may be adopted by a two-thirds vote of the student council, whereupon they shall go into effect immediately.

Article IX – Finances

The student council must approve all requests for expenditures of all student funds prior to any commitments.

Student clubs must have a positive balance in their club account before the student council may approve an expenditure.

All ASB checks require two signatures. The ASB advisor or the principal/school administrator may sign ASB checks. In addition, at least one district office administrator will be an approved signer.

Article X – Meeting Schedule

The student council shall meet at least once every two weeks during the school year as called by the ASB president or the ASB advisor, unless the club decides by a two-thirds vote to forego this schedule for a particular time period.

Special meetings can be called by the president, the executive committee, the adviser, the principal, or by written request of at least ten (10) members. The purpose of the meeting shall be stated when called. Adequate notice is required for a special meeting to occur.

A quorum consists of two-thirds of the student council members, e.g., 14 members in the standard case of 20 on the council.

The ASB president shall conduct the student council meetings under Robert's Rules of Order.

All legally elected representatives and officers may vote.

Any member of the student body may attend and participate in discussions, but must have written permission from their teacher if they are missing a class.

Best Practices School, Sample ASB Club Constitution and Bylaws Combined as One Document, Simpler Constitution/Bylaws

(Name of School)

(Name of Student Council or Club)

ASB Constitution and Bylaws

Article I – Name of the Organization

The name of the organization shall be the Associated Student Body (ASB) of the Best Practices School.

Article 2 - Objectives and Purpose:

This organization shall have as its objective and purpose the conduct of activities on behalf of the students of the Best Practices School as approved by the principal/school administrator and the governing board of the Best Practices School. These shall include:

- Provide a democratic forum in which students can address school issues that affect their lives.
- Maintain continual communication from students to faculty members and administrators as well as among the students within the school
- Offer a year-long program of social functions and community involvement projects for students
- Provide leadership training for students in the duties and responsibilities of good citizenship, using the school environment as the primary training ground.

Article 3 – Organization and Membership

All registered students enrolled in the Best Practices School shall be members of the Associated Student Body. Members shall be entitled to one vote in all student body elections.

Any registered student is eligible for election to the student council according to election procedures.

The election of representatives shall take place the ____ week of the _____ term or semester of school. Any member shall be removed if they miss three (3) meetings without presenting reasonable justification.

Article 4 – Meeting Schedule

The student council shall meet at least once every two weeks during the school year as called by the ASB president or the ASB advisor, unless the club decides by a two-thirds vote to forego this schedule for a particular time period.

Special meetings can be called by the president, the executive committee, the adviser, the principal, or by written request of at least ten (10) members. The purpose of the meeting shall be stated when called. Adequate notice is required for a special meeting to occur.

A quorum consists of two-thirds of the student council members, e.g., 14 members in the standard case of 20 on the council.

The ASB president shall conduct the student council meetings under Robert's Rules of Order.

All legally elected representatives and officers may vote.

Any member of the student body may attend and participate in discussions, but must have written permission from their teacher if they are missing a class.

Article 5 – Club Officers

The club officers shall consist of the following:

- President
- Vice-President
- Treasurer
- Secretary
- Publicity Chair

Article 6 – Duties

The club president will have the following duties:

- Preside over all meetings.
- Call special meetings.
- Plan and prepare an agenda for all meetings.
- Act as a facilitator of group discussion by summarizing, clarifying, etc.
- Work closely with the student club advisor on all planning.
- Participate in student club activities.

The club vice president will have the following duties:

- Work closely with the president.
- Serve as the ASB president if the president becomes unable to fulfill their duties.
- Work with the president and treasurer to prepare the budget and calendar.
- Help the president prepare the meeting agenda.
- Lead the flag salute at all meetings or authorize another member to do so in their place.

The club treasurer will have the following duties:

- Maintain a complete and accurate record of all ASB receipts and disbursements.
- Prepare monthly reports for the student council on the ASB bank balances, receipts and disbursements to date.
- Work with the ASB to prepare revenue potential forms to ensure successful fundraisers and adequate internal controls.
- Keep accurate profit and loss statements of all ASB functions, clearly detailing all money collected and spent, and help classes and clubs keep accurate records.
- Work closely with the president and vice president to prepare an annual budget.
- Authorize purchase orders/expenditure approvals prior to spending.

The club secretary will have the following duties:

- Prepare and distribute meeting agendas.
- Notify members of upcoming meetings.
- Take attendance at meetings and keep permanent attendance records.
- Maintain accurate minutes of all meetings, including date and place, presiding officer and business conducted.
- Prepares the minutes in the prescribed format by the next meeting for distribution to all members.

- Maintain all files of the organization, including original agendas and minutes, clippings and relevant documents, and establish a policy about lending files.
- Maintain contact names, addresses, phone numbers and email addresses of people with whom the organization regularly works.
- Keep copies of activity calendars and special events documents.
- Produce a membership director of the group.
- Report, answer and file all necessary correspondence.

The publicity chair will have the following duties:

- Publicize all school activities through the school newspaper, the school marquee, and school bulletin boards.
- Issue news releases to the press, radio and television stations.

Article 7 – Elections

The club will hold the election of officers once a year. The voting will take place by secret ballot.

Article 8 – Amendment

A two-thirds majority vote of the members in attendance is required to amend this club constitution.

Sample ASB Constitution for Associated Students at a Junior/Community College

The Constitution of The
Associated Students of
_____ Junior/Community College

Preamble

We, the students of _____ Junior/Community College, do hereby assume the powers of self-governance delegated to us by the district governing board and do ordain and establish this constitution. The objective is to unite, in one local organization, representatives of students who are registered and attend _____ Junior/Community College, in order to coordinate the varying interests and concerns of the student body and to provide a forum for addressing issues of common concern. We, the students of _____ Junior/Community College, in order to promote the general welfare of the students, to guarantee the equality of opportunity among students, to offer experience in moral, aesthetic, social and economic values under an atmosphere of intellectual freedom, to encourage student participation, planning and direction of student activities as permitted under the rules, regulations and policies of the State of California and the Board of Trustees of the _____ Junior/Community College District, do ordain and establish this Constitution of the Associated Students of _____ Junior/Community College.

These representatives shall represent the students in shared governance on campus. This body shall consist of active members representing the different student constituencies within the district; these active members' functions and duties shall be defined in this constitution. Other rules, regulations and constitutions shall not be in conflict with this constitution.

ARTICLE I

Name, Purpose, Membership

SECTION 1 The name of this organization shall be the Associated Students of _____ Junior/Community College.

SECTION 2 The purpose of this student body organization shall be to coordinate the varying interests and concerns of the student body in representing the students in shared governance issues on campus. As a participant in the governance processes, the student body shall:

1. Provide a collegewide body that represents the needs, concerns and viewpoints of all students.
2. Provide a central communication link between students and the rest of the college community.
3. Select student representatives from the student body, upon recommendation of the student trustee, to serve on governance and college committees.
4. Provide an opportunity for students to enhance governance at the college.
5. Provide students an opportunity to enhance their leadership skills.
6. Increase student participation in student governance.

SECTION 3 The primary legislative body of the Associated Students of _____ Junior/Community College shall be the Student Executive Board, and no actions of student groups or organizations shall be in conflict with the rules, regulations, or policies of the Student Executive Board or the _____ Junior/Community College District.

SECTION 4 All currently enrolled students of the _____ Junior/Community College District shall be members of the Association.

SECTION 5 All non-student employees, retired non-student employees, members of the board of trustees, former members of the board of trustees, and former officers of the association shall be recognized as honorary members of the association.

SECTION 6 The purpose of this organization shall be the representation of its membership at the college, in the community, to the State of California and other governments. It shall establish the rules, regulations, and policies by which its members and the organizations they establish may coordinate their activities and participate in the shared governance process. It shall promote student life, activities, and advocacy at the college, in the community, and throughout the state of California.

SECTION 7 The Associated Students of _____ Junior/Community College shall be funded by the student representation fee, which shall be used by the association as governed by the State Education Code and in the Financial Code.

SECTION 8 The Associated Students of _____ Junior/Community College may be funded by additional fees established in a manner approved by the Board of Trustees of the _____ Junior/Community College District. These fees shall be in compliance with the State Student Fee Handbook and shall be used by the association as governed by the State Education Code and in the Financial Code.

SECTION 9 All student groups and organizations shall be governed by the *Standard Code of Parliamentary Procedure* by Alice Sturgis.

SECTION 10 For the purpose of establishing a quorum in any group empowered by this constitution, one-half (1/2) of the total voting membership rounded up to the next whole number, plus an advisor appointed by the director of student affairs and new student programs, shall be required. If less than two-thirds (2/3) of the total voting membership is present, it shall take a two-thirds (2/3) vote of the group to pass any motion.

ARTICLE II

Rights and Benefits

SECTION 1 All members of the Association shall have the right to vote in any election of the Associated Students of _____ Junior/Community College, the right to hold any elected office, and the right to propose legislation to the student executive board.

SECTION 2 All members of the association who shall choose not to pay the student representation fee shall remain members of the association and retain all the rights of membership and the benefits provided.

SECTION 3 All members of the association who shall choose not to pay additional fees established by the association shall remain members of the association and retain all the rights of membership; however, they shall no longer be eligible for the benefits provided to members.

SECTION 4 All honorary members of the association shall be eligible for the benefits provided to members of the Association.

SECTION 5 All benefits established for members of the association shall be outlined in the Association Benefits Code.

Article III

Meetings

Meetings, necessary to conduct the business of the students, shall be held weekly. The student council board may call additional meetings in accordance with provisions set forth in the bylaws.

All meetings shall be conducted in accordance with California open meeting laws (Ralph M. Brown Act).

Section 1 Regular Meetings

1. Agendas for student body board meetings shall be posted 72 hours prior to the scheduled meeting.
2. All items to be put on the agenda must be submitted to the student body president by a time designated by the president.
3. All minutes should be typed and distributed to the board members before the meeting at which they will be approved.
4. All minutes and accompanying purchase orders and requisitions must be sent to Fiscal Services.
5. No board members shall miss more than three (3) regularly scheduled board meetings in a given semester. Absences exceeding three (3) can result in board disciplinary action and/or removal of that board member. It is the responsibility of the secretary to notify the board when this occurs.
6. In case of absence, a board member may submit a written proxy vote via a board officer.
7. No more than three board members may vote by proxy at any given meeting.

Section 2 Special Meetings

8. The board shall conduct a special meeting in accordance with the Ralph M. Brown Act.

Section 3 Emergency Meetings

1. The board shall conduct an emergency meeting in accordance with the Ralph M. Brown Act.

Section 4 Right to Meet

1. The president, or a majority of the board if deemed necessary in accordance with the Ralph M. Brown Act, may call board meetings at any time.

Section 5 Quorum

1. A quorum for all board and committee meetings shall be established when a simple majority of the respective active voting members are present. A quorum must be in effect before any action can be voted upon.

The following business may take place without a quorum:

- Call to order
- Roll Call
- Open Forum
- Officer Reports
- Committee Reports
- Discussion of New and Old Business
- Announcements
- Adjournment

Article IV

Board Members

Section 1 Board Membership Requirements.

1. A board member must be currently enrolled in a minimum of six (6) academic units at __ _____Junior/Community College and must maintain enrollment in said minimum number of academic units for the duration of his/her term, or be subject to dismissal from the student council.
2. Board members or petitioners must have a minimum GPA of 2.0 or higher (per semester and cumulative). Board members on academic or progress probation, either in the previous semester or during their term, are ineligible to serve.
3. Failure to comply with the above mentioned requirements will result in the board member being removed from office. Board members must be notified privately and will be given one week before automatic removal. Appeals must be discussed with the advisor by the end of the one-week grace period. If at any time during the semester a student drops below the six-unit minimum, they may appeal their eligibility with the advisor.

Section 2 Board Members Shall:

1. Be a voting member and attend all meetings, mandatory retreats and workshops of the board. (Failure to attend a mandatory retreat or workshop shall be the equivalent of two (2) unexcused absences for that semester.)
2. Hold three (3) office hours per week with the exception of finals week, spring break, and summer session. If a holiday falls on one of the regularly scheduled office days, these hours should be made up during that same week. Participation on committees or at committee meetings does not count toward office hours. Participation in student body-sponsored activities can be counted towards a maximum of two (2) weekly office hours, at the discretion of the student body president and advisor.
3. Submit office hours to the vice president and advisor to be posted on student body office door and bulletin boards no later than the second week of the semester.
4. Become familiar with and comply with parliamentary procedure.
5. Become familiar with associated students fiscal matters and provide input on requests, proposals, and petitions presented to the student body board.
6. Provide oral and/or written reports to the board and constituency regarding committee activities, collegewide committee activities, board members' current activities, and varying interests and concerns of the student body.
7. Participate in special projects or perform duties as outlined in the constitution, bylaws, Election Code, or as specified by the student body president or vice president.
8. Board members will not make contractual agreements on behalf of the student body board without prior consent of the board and student body advisor.
9. Participate in a self-evaluation at the end of each semester in office by completing a self-evaluation form; meeting with advisor and student body president to go over the evaluation; and determining an appropriate plan of action for future goals.
10. Maintain all requirements of a board member, unless overridden by the constitution or bylaws.
11. Not concurrently hold more than one student body officer position.
12. Hold their elected office for one year.
13. Maintain all requirements of an officer as outlined in the constitution.

14. Upon completion, the board member will turn over to the successor and the advisor any fiscal records or other materials pertaining to the office.
15. Sign purchase requests as necessary.
16. Submit an oral and/or written officer report to the secretary at all regular student body meetings.

Section 3 The Board Shall:

17. Appoint representatives and alternates to internal/external committees as needed.

ARTICLE V

Associated Students Student Board Officers

SECTION 1 The Student Board officers shall be comprised of the following: President, Executive Vice President, Vice President of Programs, Vice President of Organizations, Vice President of Committees, Vice President of Membership and Marketing, Vice President of Advocacy, and Vice President of _____ Campus. Each is entitled to one vote.

SECTION 2 All meetings of the Student Board shall fall under the provisions of the Ralph M. Brown Act.

SECTION 3 Meetings of the Student Board shall take place biweekly and the location of each meeting shall alternate between the college's different campuses.

SECTION 4 All members of the Student Board shall participate in leadership training in the application of the Ralph M. Brown Act, the *Standard Code of Parliamentary Procedure* by Alice Sturgis, and the Associated Students Constitution and Codes as specified in the Election Code.

SECTION 5 All members of the Student Executive Board shall take an oath of office as specified in the Election Code.

SECTION 6 The order of succession of the Executive Board shall be: Associated Student President, Executive Vice President, Vice President of Programs, Vice President of Organizations, Vice President of Committees, Vice President of Membership and Marketing, Vice President of Advocacy, Vice President of _____ Campus.

ARTICLE VI

Elected Officers

SECTION 1 Associated Students President:

1. Preside as chair of the Student Executive Board and vote only to make or break a tie.
2. Preside as chief administrative officer of the Association, directing and coordinating all policies of the Associated Students.
3. Set the agenda for the Student Executive Board ensuring that the advisor signs and dates the agenda.
4. Report to the board of trustees on behalf of the Associated Students.
5. Attend meetings of, or send a designee to, the programs committee.
6. Authorize and sign all expenditures of the Student Executive Board.
7. Appoint members to vacant positions or remove members, with the approval of the student executive board.

8. Perform other duties that pertain to the office, to include the making of policies not in conflict with the constitution or codes. Such duties and policies shall be reviewed by the Student Executive Board.

SECTION 2 Executive Vice President:

1. Assume the duties of the president during their absence and succeed to the office upon the vacancy of the presidency.
2. Preside as vice chair of the Student Executive Board.
3. Serve as assistant administrative officer of the association as directed by the president.
4. Ensure that the president has posted the agenda and that the advisor has signed and dated it.
5. Attend meetings of the board of trustees on behalf of the Student Executive Board.
6. Track and report all expenditures of the Associated Students.
7. Carry out the provisions of the Financial Code.
8. Preside as chair of the Budget Committee.
9. Ensure that the officers of the Student Executive Board maintain clear channels of communication and work effectively toward their shared goals.

SECTION 3 Vice President of Programs

1. Preside as chair of the Programs Committee.
2. Serve as assistant administrative officer of the association as directed by the president.
3. Set the agenda for the Programs Committee, ensuring that the advisor signs and dates the agenda.
4. Carry out the provisions of the Programs Committee Code.
5. Authorize and sign all program expenditures.
6. Confirm the appointment of student ambassadors selected by the Programs Committee to conduct events and activities on campus.

SECTION 4 Vice President of Organizations:

1. Be responsible for the coordination and operation of clubs and organizations.
2. Carry out the provisions of the Inter-Club Council Code.
3. Work collaboratively with the chair of each Inter-Club Council.
4. Act as a liaison between clubs and the Student Executive Board.
5. Organize all records of club status to ensure continuity.

SECTION 5 Vice President of Committees:

1. Appoint students to the collegewide committee system, with the ratification of the Student Executive Board.
2. Maintain records of student involvement in the collegewide committee system.
3. Carry out the provisions of the Shared Governance Code.
4. Report to the academic and classified senate as a representative of the Student Executive Board
5. Recruit and interview students wishing to sit on active collegewide committees.

SECTION 6 Vice President of Membership and Marketing:

1. Carry out the provisions of the Association Benefits Code.

2. Coordinate communication regarding media and outreach to members of the association.
3. Promote the association benefits program so that new students are aware of the program before class registration begins.
4. Administer the association benefits program.
5. Be responsible for recruiting new members in a timely fashion, ensuring that there is a stable membership base to fund each semester.
6. Meet with the student affairs accountant to review the financial standing of the benefits program.

SECTION 7 Vice President of Advocacy:

1. Serve as the representative of the _____ Junior/Community College at the regional meetings of the Statewide Student Executive Board.
2. Be informed of statewide legislation and issues affecting students and student government.
3. Be responsible for the coordination of statewide efforts involving the association.

SECTION 8 Vice President of _____ Campus:

1. Be responsible for representing student issues and concerns of _____ Campus to all branches of the Student Executive Board
2. Serve on the Student Executive Board Budget Committee.
3. Serve on the Programs Committee.
4. Work collaboratively with the chair of the _____ Inter-Club Council.

ARTICLE VII

Programs Committee

SECTION 1 The Student Executive Board shall establish a programs committee which shall serve as an advisory body responsible for proposing and outlining implementation of events and activities for student learning, enrichment, and enjoyment.

SECTION 2 The Programs Committee shall be composed of the vice president of programs, vice president of _____ Campus, two student members at-large, one representative of the Academic Executive Board, one representative of the Classified Senate, and one representative of the management team appointed by their constituent groups. Each is entitled to one vote. The associated student president, or designee, shall serve on the committee as an ex-officio member.

SECTION 3 The Programs Committee shall abide by the Programs Committee Code.

ARTICLE VIII

Inter-Club Council

SECTION 1 The Student Executive Board shall establish one Inter-Club Council for the _____ Campus and one for the _____ Campus. These groups shall be responsible for the recognition, activation, and coordination of all clubs and organizations present at each respective campus.

SECTION 2 Each Inter-Club Council shall be composed of a representative for each club or organization recognized by that council. Each is entitled to one vote.

SECTION 3 Each meeting of an Inter-Club Council shall fall under the provisions of the Ralph M. Brown Act.

SECTION 4 Each Inter-Club Council shall abide by the Inter-Club Council Code.

SECTION 5 Each Inter-Club Council shall elect a chair from among the representatives sitting on that body.

ARTICLE IX

Budget

SECTION 1 The Student Executive Board shall establish a Budget Committee. That committee shall serve as an advisory body responsible for generating a budget proposal. This proposal shall be based on the previous year's expenditures and income in addition to recommendations made by the college community.

SECTION 2 The Budget Committee shall be comprised of the Executive Vice President, the Vice President of the _____ Campus, and the Vice President of the _____ Campus. Each is entitled to one vote.

SECTION 3 The Budget Committee shall abide by the Budget Committee Code.

ARTICLE X

Elections

SECTION 1 The Student Executive Board shall appoint a student election coordinator who shall be responsible for the implementation of the Election Code.

SECTION 2 The Student Election Coordinator shall ensure that all polling places are open and fully staffed during the elections and that the ballots are counted promptly after the polling places close.

SECTION 3 The Student Election Coordinator shall have an advisor appointed by the Director of Student Affairs and New Student Programs. This advisor shall not be responsible for executing any of the duties of the Student Election Coordinator.

ARTICLE XI

Initiative, Referendum and Recall Measures

SECTION 1 An initiative measure may be proposed by a petition signed by a number of members equal to one-third (1/3) of the votes cast in the last Associated Students election. The Student Executive Board shall schedule an election to be held during the semester of receipt of a valid petition. Approval of an initiative measure shall require a two-thirds (2/3) majority of the votes cast. Any initiative approved shall go into effect on the first day of the academic year following the elections.

SECTION 2 Any measure may be submitted to referendum by a two-thirds (2/3) vote of the Student Executive Board. The Student Executive Board shall schedule an election to be held during the semester in which the measure is to be submitted to referendum. Approval

of a referendum measure shall require a two-thirds (2/3) majority of the votes cast. Any referendum approved shall go into effect immediately following the election.

SECTION 3 A recall may be proposed by a petition signed by a number of students equal to one-half (1/2) of the votes cast on the last Associated Students election. The Student Executive Board shall schedule an election to be held not more than fifteen (15) instructional days after receipt of a valid petition. Approval of the recall measure shall require a two-thirds (2/3) majority of the votes cast.

Instructional days are Monday through Friday during the semester, as designated by the college according to state reporting guidelines.

ARTICLE XII

Amendatory Systems and Provisions

SECTION 1 Amendments shall be designated as those items which directly or indirectly affect either the intent or scope of those articles within the main body of the Constitution.

No amendment to the constitution may conflict with federal laws, the Education Code or laws of the State of California, or the regulations of the _____ Junior/ Community College District.

Initiative proposals to amend this Constitution must meet the requirements as prescribed in Article IX, Section 1.

Ratification of an amendment shall require two-thirds of all votes cast at a special or general election.

Amendments from general elections shall go into effect on the first day of the academic year following the elections.

Copies of proposed amendment(s) must be made available to all registered students at least twenty (20) instructional days prior to being voted upon.

SECTION 2 A code shall be designated as an area of activity deemed necessary to perpetuate and comply with the purposes of this constitution. It shall contain only ratified statutes.

All codes shall be separate from, but subordinate to, this constitution.

The establishment or amendment of a code shall require at least a one-week postponement and then a simple majority vote of the Student Executive Board for action.

ARTICLE XIII

Enabling Clause

SECTION 1 This constitution shall become effective when approved by a simple majority of the Associated Student Constitution Committee, a simple majority of the Associated Student Executive Board, and two-thirds (2/3) of the votes cast by the Associated Students in the general election, and shall be deemed operational not later than the first day of the summer session, 20___.

Sample ASB Club Constitution at a Community College (Basic)

Club Constitution

Junior/Community College

ARTICLE I

The club shall be called _____

ARTICLE II

The purpose of the _____ Club shall be to

_____

_____

_____

ARTICLE III

Any _____ College student shall be eligible for membership.

There shall be no restrictions. Membership shall begin when a person signs the club roll.

ARTICLE IV

The club shall elect a president by a simple majority vote of members present.

The club shall appoint a representative to the Inter-Club Council, in addition to an alternate for that position.

The club may elect any other officers it deems necessary by a simple majority vote.

There may also be various members appointed to be in charge of various tasks as the need arises.

All officers shall serve for _____. Officers may be removed when a 2/3 vote of the members present at any meeting decides to remove them, whereupon only a simple majority will be needed to elect the new officers.

ARTICLE V

The club shall meet _____. Other meetings shall be held if sufficient need exists in the opinion of the members.

Parliamentary authority shall be Sturgis' *Standard Code of Parliamentary Procedure*.

ARTICLE VI

This constitution shall be amendable with the consent of 2/3 of the members present at a regular meeting. Any amendment the majority decides on shall be considered an amendment, and the constitution shall reflect that change.

ARTICLE VII

This constitution becomes effective upon the acceptance of a majority of the members present at the first meeting.

Sample Budgets

Sample Budget for Large High School

Name of School

Proposed ASB Budget

Fiscal Year 20xx–20xx

Account	Account Description	Budget	
	Net Beginning Fund Balance		**$168,488.18**
Revenue	**Estimated Income**		
4000	Boys' Basketball Income	$8,800.00	
4001	Football Income	9,066.00	
4003	Girls' Basketball Income	4,275.00	
4004	Championship Playoff Income		
4020	Yearbook Income Advertising	17,500.00	
4021	Yearbook Income Sales	48,000.00	
4031	Talent Show Income	1,380.00	
4033	ASB Discount Cards	9,756.00	
4034	Misc. ASB Fundraising	3,000.00	
4045	Copy Machine Income	100.00	
4046	Inactive Clubs		
4052	Spring Musical Income		
4053	ASB Dance Income	6,500.00	
4054	Homecoming Dance Income	13,667.00	
4900	Student Store Sales	1,247.00	
4950	Snack Bar Sales	64,000.00	
	Total Sales and Income		**187,291.00**
	Total Income and Beginning Fund Balance		**355,779.18**
	Estimated Expenses		
5000	Baseball Expense	6,500.00	
5001	Boys' Basketball Expense	8,800.00	
5002	Girls' Basketball Expense	6,500.00	
5003	Football Expense	9,800.00	
5004	Golf Expense	500.00	
5005	Boys' Tennis Expense	100.00	
5006	Girls' Tennis Expense	100.00	
5007	Track Expense	1,500.00	
5008	Wrestling Expense	1,500.00	

Account	Account Description	Budget
5009	Boys' Soccer Expense	2,000.00
5010	Girls' Soccer Expense	2,000.00
5011	Softball Expense	1,500.00
5012	Swimming Expense	500.00
5013	Cross Country Expense	1,000.00
5014	Boys' Volleyball Expense	700.00
5015	Girls' Volleyball Expense	1,500.00
5016	Water Polo Expense	600.00
5017	Championship Playoff Expense	0.00
5018	Athletic Equipment Supply Expense	5,000.00
5019	Athletic Trophy Expense	2,000.00
5021	Athletic Awards Program	500.00
5022	Athletic Letter Expense	2,500.00
5023	CIF League Dues Expense	1,500.00
5030	Band and Music	4,500.00
5031	Cheerleader Expense	685.00
5032	Choir Expense	7,000.00
5050	ASB Dance Expense	5,000.00
5054	Spring Musical Expense	0.00
5055	Homecoming Dance Expense	9,896.00
5056	Talent Show Expense	1,500.00
5061	Yearbook Expense	63,000.00
5063	Bad Debts	0.00
5100	Academic Team Expense	3,144.00
5101	Audio Visual Expense	1,000.00
5102	Other Award Expense	500.00
5103	Armored Car Service Expense	1,850.00
5104	Cash Over and Short Expense	0.00
5105	Commencement Expense	500.00
5106	Bookkeeper's Office Expense	1,250.00
5107	Photocopy Machine Expense	500.00
5108	Community Service Expense	700.00
5109	Conference Expense	5,000.00
5111	Equipment and Supply Expense	8,000.00
5112	Miscellaneous Expense	100.00
5113	Form and Printing Expense	1,000.00
5114	Graphic Art Expense	200.00
5115	Homecoming Expense	600.00
5117	Improvement of Gym Bleacher Expense	20,000.00

Account	Account Description	Budget
5120	Crew Expense	4,000.00
5121	Postage Expense	250.00
5122	Debate Team Expense	5,000.00
5123	Productive Advertising	300.00
5124	Publicity and Spirit Expense	2,500.00
5126	Student Activities Expense	2,750.00
5128	Student Government Expense	5,200.00
5129	Speaker Expense	2,500.00
5130	Student Leader Award Expense	200.00
5132	Substitute Expense	400.00
5133	Transportation Expense	2,135.00
5910	Student Store Purchases	4,000.00
5912	Student Store Change	0.00
5913	Student Store Taxes	100.00
5964	Snack Bar Expense	4,500.00

Total Estimated Expenses		**226,360.00**
Estimated Ending Fund Balance		**129,419.18**
Total Estimated Expenses and Fund Balance		**$355,779.18**
Estimated Operating Loss for Year	**(39,069.00)**	
Summary Net Gain or (Loss)	**($39,069.00)**	

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____
Signature, Title and Date

Principal/School Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Presented to ASB on: _____
Date

Sample Fundraising Summary — Budget-to-Actual Performance

Name of School

Fundraising Summary: Budget to Actual Performance

Fiscal Year 20xx–20xx

Account	Account Description	Budget		Actual		Better	Worse
	Net Beginning Fund Balance		**$168,488.18**		**$168,488.18**		
Revenue	Estimated Income						
4000	Boys' Basketball Income	$8,800.00		$8,830.00		$30.00	
4001	Football Income	9,066.00		9,066.00		0.00	
4003	Girls' Basketball Income	4,275.00		4,275.00		0.00	
4004	Championship Playoff Income			(141.00)			$141.00
4020	Yearbook Income Advertising	17,500.00		17,887.75		387.75	
4021	Yearbook Income Sales	48,000.00		54,055.00		6,055.00	
4031	Talent Show Income	1,380.00		1,380.00		0.00	
4033	ASB Discount Cards	9,756.00		10,886.00		1,130.00	
4034	Misc. ASB Fundraising	3,000.00		3,013.50		13.50	
4045	Copy Machine Income	100.00		83.17			16.83
4046	Inactive Clubs			7,212.63		7,212.63	
4052	Spring Musical Income			1,030.00		1,030.00	
4053	ASB Dance Income	6,500.00		10,728.95		4,228.95	
4054	Homecoming Dance Income	13,667.00		13,667.00		0.00	
4055	Talent Show Income			680.14		680.14	
4900	Student Store Sales	1,247.00		1,423.80		176.80	
4950	Snack Bar Sales	64,000.00		58,725.10			5274.90
	Total Sales and Income		**187,291.00**		**$202,803.04**	**$20,944.77**	**$5,432.73**
	Total Income and Beginning Fund Balance		**$355,779.18**		**$371291.22**		
Expense	Estimated Expenses						
5000	Baseball Expense	6,500.00		6,649.76			149.76
5001	Boys' Basketball Expense	8,800.00		7,305.29		1,494.71	
5002	Girls' Basketball Expense	6,500.00		5,739.77		760.23	
5003	Football Expense	9,800.00		12,592.50			2,792.50
5004	Golf Expense	500.00		524.75			24.75
5005	Boys' Tennis Expense	100.00		120.00			20.00
5006	Girls' Tennis Expense	100.00		42.48		57.52	
5007	Track Expense	1,500.00		1,573.26			73.26
5008	Wrestling Expense	1,500.00		1,739.00			239.00
5009	Boys' Soccer Expense	2,000.00		179.80		1,820.20	
5010	Girls' Soccer Expense	2,000.00		2,589.20			589.20
5011	Softball Expense	1,500.00		1,856.00			356.00

Account	Account Description	Budget	Actual	Better	Worse
5012	Swimming Expense	500.00	90.00	410.00	
5013	Cross Country Expense	1,000.00	653.00	347.00	
5014	Boys' Volleyball Expense	700.00	685.00	15.00	
5015	Girls' Volleyball Expense	1,500.00	1,402.00	98.00	
5016	Water Polo Expense	600.00	574.40	25.60	
5017	Championship Playoff Expense	0.00	276.81		276.81
5018	Athletic Equipment Supply Expense	5,000.00	5,384.64		384.64
5019	Athletic Trophy Expense	2,000.00	1,472.72	527.28	
5021	Athletic Awards Program	500.00	251.33	248.67	
5022	Athletic Letter Expense	2,500.00	1,358.56	1,141.44	
5023	CIF League Dues Expense	1,500.00	1,579.85		79.85
5030	Band and Music	4,500.00	4,461.25	38.75	
5031	Cheerleader Expense	685.00	791.57		106.57
5032	Choir Expense	7,000.00	7,162.81		162.81
5050	ASB Dance Expense	5,000.00	6,907.92		1,907.92
5054	Spring Musical Expense	0.00	1,137.58		1,137.58
5055	Homecoming Dance Expense	9,896.00	10,202.48		306.48
5056	Talent Show Expense	1500.00	514.17	985.83	
5061	Yearbook Expense	63,000.00	82,859.48		19,859.48
5063	Bad Debts	0.00	13.00		13.00
5100	Academic Team Expense	3,144.00	3,413.15		269.15
5101	Audio Visual Expense	1,000.00	214.93	785.07	
5102	Other Award Expense	500.00	356.17	143.83	
5103	Armored Car Service Expense	1,850.00	1,462.20	387.80	
5104	Cash Over and Short Expense	0.00	249.50		249.50
5105	Commencement Expense	500.00	215.27	284.73	
5106	Bookkeeper's Office Expense	1,250.00	1,386.34		136.34
5107	Photocopy Machine Expense	500.00		500.00	
5108	Community Service Expense	700.00	679.36	20.64	
5109	Conference Expense	5,000.00	1,706.50	3,293.50	
5111	Equipment and Supply Expense	8,000.00	5,704.46	2,295.54	
5112	Miscellaneous Expense	100.00		100.00	
5113	Form and Printing Expense	1,000.00	203.41	796.59	
5114	Graphic Art Expense	200.00		200.00	
5115	Homecoming Expense	600.00	192.87	407.13	
5117	Improvement Gym Bleacher Expense	20,000.00	22,789.26		2,789.26
5120	Crew Expense	4,000.00	4,364.44		364.44
5121	Postage Expense	250.00	66.00	184.00	
5122	Debate Team Expense	5,000.00	4,900.00	100.00	
5123	Productive Advertising Expense	300.00		300.00	
5124	Publicity and Spirit Expense	2,500.00	847.53	1,652.47	

Account	Account Description	Budget	Actual	Better	Worse
5126	Student Activities Expense	2,750.00	3,064.18		314.18
5128	Student Government Expense	5,200.00	4,363.31	736.69	
5129	Speaker Expense	2,500.00	1,840.45	659.55	
5130	Student Leader Award Expense	200.00	911.50		711.50
5132	Substitute Expense	400.00		400.00	
5133	Transportation Expense	2,135.00	2,594.75		459.75
5910	Student Store Purchases	4,500.00	2,198.05	1,801.95	
5912	Student Store Change	0.00	53.71		53.71
5913	Student Store Taxes	100.00	99.09	0.91	
5964	Snack Bar Expense	4,500.00	4,514.00		14.00
	Total Estimated Expenses	**226,360.00**	**237,080.81**	**23,020.63**	**33,841.44**
	Estimated Ending Fund Balance	**129,419.18**	**134210.41**		
	Total Estimated Expenses and Fund Balance	**$355,779.18**	**$371,291.22**		

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Verified by ASB Bookkeeper: _____

Signature, Title and Date

Sample ASB Balance Sheet – Large High School

Associated Student Body
Balance Sheet

As of June 30, 20xx

Description	Balance	Total
CA Bank and Trust, Acct XXX	$9,092.65	
CA Bank and Trust, Acct XXX	108,423.06	
CA Bank and Trust, Acct XXX	186,511.59	
Wells Fargo, Acct XXX	54,522.57	
Wells Fargo, Acct XXX	25,666.32	
Total Cash Accounts		$384,216.19
Change Fund	78.50	
Inventory Student Store	282.14	
Total Other Assets		360.64
Total Assets		$384,576.83
Total Class Accounts	17,930.01	
Total Student Club Accounts	49,560.52	
Total Student Body Accounts		$67,490.53
Total General Liabilities	7,786.31	
Total Scholarship Accounts	25,466.32	
Total Other Trust Accounts	29,256.42	
Total Deferred Income Accounts	90,289.00	
Total Clearing Accounts	23,549.91	
Total Trust and General Liability Accounts		$176,347.96
Student Body Reserve, July 1	168,488.18	
Net Loss for Year	($27,749.84)	
Fund Balance as of June 30		140,738.34
Total Liabilities and Fund Balance		$384,576.83

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Verified by ASB Bookkeeper: _____

Signature, Title and Date

Sample Summary Financial Report

		Trial Balance		Income Statement		Balance Sheet	
Account Group	Account Name	Debit	Credit	Debit	Credit	Debit	Credit
Assets	Cash – Checking	$9,092.65				$9,092.65	
	Cash – Savings	375,123.54				375,123.54	
	Change Fund	78.50				78.50	
	Inventory Student Store	228.14				228.14	
Liabilities and Trust	Student Body Accounts		$67,490.53				$67,490.53
	Scholarship Accounts		25,466.32				25,466.32
	Other Trust Accounts		29,256.42				29,256.42
	Deferred Income Accounts		90,289.00				90,289.00
	Other Liability Accounts		31,336.22				31,336.22
Fund Balance	Fund Balance		168,488.18				168,488.18
Income	ASB Cards		10,886.00		$10,886.00		
	Yearbook Sales		54,001.00		54,001.00		
	Yearbook Advertising		17,887.75		17,887.75		
	Interest Income		16,760.13		16,760.13		
	Other Income		109,742.09		109,742.09		
Expenses	Yearbook	82,859.48		$82,859.48			
	Gym Bleacher Project	22,789.26		22,789.26			
	Other Expenses	131,432.07		131,432.07			
	Total	$621,603.64	$621,603.64	$237,080.81	$209,276.97	$384,522.83	$412,326.67
	Profit or (Loss) for Year				27,803.84		
	Total			$237,080.81	$237,080.81		
	Change to Fund Balance					27,803.84	
	Total					$412,326.67	$412,326.67

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____

Signature, Title and Date

Principal/School Administrator: _____

Signature, Title and Date

Verified by ASB Bookkeeper: _____

Signature, Title and Date

Legal References

California Education Codes Specific to K-12 Education

Section **Title and Content**

§ 17545 Sale of Personal Property

(a) The governing board of any school district may sell for cash any personal property belonging to the district if the property is not required for school purposes, or if it should be disposed of for the purpose of replacement, or if it is unsatisfactory or not suitable for school use. There shall be no sale until notice has been given by posting in at least three public places in the district for not less than two weeks, or by publication for at least once a week for a period of not less than two weeks in a newspaper published in the district and having a general circulation there. If there is no such newspaper, then in a newspaper having a general circulation in the district; or if there is no newspaper, then in a newspaper having a general circulation in a county in which the district or any part thereof is situated. The board shall sell the property to the highest responsible bidder, or shall reject all bids.

(b) The governing board may choose to conduct any sale of personal property authorized under this section by means of a public auction conducted by employees of the district or other public agencies, or by contract with a private auction firm. The board may delegate to the district employee responsible for conducting the auction the authority to transfer the personal property to the highest responsible bidder upon completion of the auction and after payment has been received by the district.

§ 17546 Sale of Personal Property

(a) If the governing board, by a unanimous vote of those members present, finds that the property, whether one or more items, does not exceed in value the sum of two thousand five hundred dollars ($2,500), it may be sold at private sale without advertising, by any employee of the district empowered for that purpose by the board.

(b) Any item or items of property having previously been offered for sale pursuant to Section 17545, but for which no qualified bid was received, may be sold at private sale without advertising by any employee of the district empowered for that purpose by the board.

(c) If the board, by a unanimous vote of those members present, finds that the property is of insufficient value to defray the costs of arranging a sale, the property may be donated to a charitable organization deemed appropriate by the board, or it may be disposed of in the local public dump on order of any employee of the district empowered for that purpose by the board.

§ 17547 Sale of Personal Property

The money received from the sale shall be placed to the credit of the fund from which the original expenditure for the purchase of the property was made or in the general or reserve fund of the district.

§ 35182.5 Sales of Non-nutritious Foods and Beverages

(a) The Legislature finds and declares all of the following:

(1) State and federal laws require all schools participating in meal programs to provide nutritious food and beverages to pupils.

(2) State and federal laws restrict the sale of food and beverages in competition with meal programs to enhance the nutritional goals for pupils, and to protect the fiscal and nutritional integrity of the school food service programs.

(3) Parents, pupils, and community members should have the opportunity to ensure, through the review of food and beverage contracts, that food and beverages sold on school campuses provide nutritious sustenance to pupils, promote good health, help pupils learn, provide energy, and model fit living for life.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Nonnutritious beverages" means any beverage that is not any of the following:

(A) Drinking water.

(B) Milk, including, but not limited to, chocolate milk, soy milk, rice milk, and other similar dairy or nondairy milk.

(C) An electrolyte replacement beverage that contains 42 grams or less of added sweetener per 20 ounce serving.

(D) A 100 percent fruit juice, or fruit-based drink that is composed of 50 percent or more fruit juice and that has no added sweeteners.

(2) "Added sweetener" means an additive that enhances the sweetness of the beverage, including, but not limited to, added sugar, but does not include the natural sugar or sugars that are contained within any fruit juice that is a component of the beverage.

(3) "Nonnutritious food" means food that is not sold as part of the school breakfast or lunch program as a full meal, and that meets any of the following standards:

(A) More than 35 percent of its total calories are from fat.

(B) More than 10 percent of its total calories are from saturated fat.

(C) More than 35 percent of its total weight is composed of sugar. This subparagraph does not apply to the sale of fruits or vegetables.

(c) The governing board of a school district shall not do any of the following:

(1) Enter into or renew a contract, or permit a school within the district to enter into or renew a contract, that grants exclusive or nonexclusive advertising or grants the right to the exclusive or nonexclusive sale of carbonated beverages or nonnutritious beverages or nonnutritious food within the district to a person, business, or corporation, unless the governing board of the school district does all of the following:

(A) Adopts a policy after a public hearing of the governing board of the school district to ensure that the school district has internal controls in place to protect the integrity of the public funds and to ensure that funds raised benefit public education, and that the contracts are entered into on a competitive basis pursuant to procedures contained in Section 20111 of the Public Contract Code or through the issuance of a Request for Proposal.

(B) Provides to parents, guardians, pupils, and members of the public the opportunity to comment on the contract by holding a public hearing on the contract during a regularly scheduled board meeting. The governing board of the school district shall clearly, and in a manner recognizable to the general public, identify in the agenda the contract to be discussed at the meeting.

(2) Enter into a contract that prohibits a school district employee from disparaging the goods or services of the party contracting with the governing board of the school district.

(3) Enter into a contract or permit a school within the district to enter into a contract for electronic products or services that requires the dissemination of advertising to pupils, unless the governing board of the school district does all of the following:

(A) Enters into the contract at a noticed public hearing of the governing board of the school district.

(B) Makes a finding that the electronic product or service in question is or would be an integral component of the education of pupils.

(C) Makes a finding that the school district cannot afford to provide the electronic product or service unless it contracts to permit dissemination of advertising to pupils.

(D) Provides written notice to the parents or guardians of pupils that the advertising will be used in the classroom or other learning centers. This notice shall be part of the school district's normal ongoing communication to parents or guardians.

(E) Offers the parents the opportunity to request in writing that the pupil not be exposed to the program that contains the advertising. A request shall be honored for the school year in which it is submitted, or longer if specified, but may be withdrawn by the parents or guardians at any time.

(d) A governing board of the school district may meet the public hearing requirement set forth in subparagraph (B) of paragraph (1) of subdivision (c) for those contracts that grant the right to the exclusive or nonexclusive sale of carbonated beverages or nonnutritious beverages or nonnutritious food within the district, by an annual public hearing to review and discuss existing and potential contracts for the sale of food and beverages on campuses, including food and beverages sold as full meals, through competitive sales, as fundraisers, and through vending machines.

(1) The public hearing shall include, but not be limited to, a discussion of all of the following:

(A) The nutritional value of food and beverages sold within the district.

(B) The availability of fresh fruit, vegetables, and grains in school meals and snacks, including, but not limited to, locally grown and organic produce.

(C) The amount of fat, sugar, and additives in the food and beverages discussed.

(D) Barriers to pupil participation in school breakfast and lunch programs.

(2) A school district that holds an annual public hearing consistent with this subdivision is not released from the public hearing requirements set forth in subparagraph (B) of paragraph (1) of subdivision (c) for those contracts not discussed at the annual public hearing.

(e) The governing board of the school district shall make accessible to the public a contract entered into pursuant to paragraph (1) of subdivision (c) and may not include in that contract a confidentiality clause that would prevent a school or school district from making any part of the contract public.

(f) The governing board of a school district may sell advertising, products, or services on a nonexclusive basis.

(g) The governing board of a school district may post public signs indicating the school district's appreciation for the support of a person or business for the school district's education program.

(h) Contracts entered into before January 1, 2004, may remain in effect, but shall not be renewed if they are in conflict with this section.

(Amended by Stats. 2014, Ch. 71, Sec. 33. Effective January 1, 2015.)

§ 35564 Disposition of Records, Funds, Property, and Obligations When Reorganized

If the reorganization of a school district under this chapter results in the relocation of district boundaries so that a portion of the pupils will not be residents of the district thereafter maintaining a school previously attended by the pupils, and if there is in the school an organized student body, the property, funds, and obligations of the student body shall be divided as determined by the county committee, except that the share shall not exceed an amount equal to the ratio which the number of pupils leaving the school bears to the total number of pupils enrolled. The ownership of the property, funds, and obligations, which is the proportionate share of each segment of the student body, shall be transferred to the student body of the school or schools in which the pupils are enrolled after the reorganization. Funds from devises, bequests, or gifts made to the organized student body of a school shall remain the property of the organized student body of that school and shall not be divided.

§ 44015 Awards to Employees and Pupils

(a) The governing board of a school district may make awards to employees who do any of the following:

(1) Propose procedures or ideas that thereafter are adopted and effectuated, and that result in eliminating or reducing district expenditures or improving operations.

(2) Perform special acts or special services in the public interest.

(3) By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in operations of the school district.

(b) The governing board of a school district may make awards to pupils for excellence.

Before any awards are made pursuant to this section, the governing board shall adopt rules and regulations. The board may appoint one or more merit award committees made up of district officers, district employees, or private citizens to consider employee proposals, special acts, special services, or superior accomplishments and to act affirmatively or negatively thereon or to provide appropriate recommendations thereon to the board.

Any award granted under the provisions of this section that may be made by an awards committee under appropriate district rules, shall not exceed two hundred dollars ($200), unless a larger award is expressly approved by the governing board.

When an awards program is established in a school district pursuant to this section, the governing board shall budget funds for this purpose but may authorize awards from funds under its control whether or not budgeted funds have been provided or the funds budgeted are exhausted.

§ 44032 Payments to Employees

The governing board of any school district shall provide for the payment of the actual and necessary expenses, including traveling expenses, of any employee of the district incurred in the course of performing services for the district, whether within or outside the district, under the direction of the governing board.

§ 47605 Charter School Petitions and Responsibilities

(b) No later than 30 days after receiving a petition, in accordance with subdivision (a), the governing board of the school district shall hold a public hearing on the provisions of the charter, at which time the governing board of the school district shall consider the level of support for the petition by teachers employed by the district, other employees of the district, and parents. Following review of the petition and the public hearing, the governing board of the school district shall either grant or deny the charter within 60 days of receipt of the petition, provided, however, that the date may be extended by an additional 30 days if both parties agree to the extension. In reviewing petitions for the establishment of charter schools pursuant to this section, the chartering authority shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged. The governing board of the school district shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice. The governing board of the school district shall not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

(3) The petition does not contain the number of signatures required by subdivision (a).

(4) The petition does not contain an affirmation of each of the conditions described in subdivision (d).

(5) The petition does not contain reasonably comprehensive descriptions of all of the following:

(A)

(i) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what

it means to be an "educated person" in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.

(ii) A description, for the charter school, of annual goals, for all pupils and for each subgroup of pupils identified pursuant to Section 52052, to be achieved in the state priorities, as described in subdivision (d) of Section 52060, that apply for the grade levels served, or the nature of the program operated, by the charter school, and specific annual actions to achieve those goals. A charter petition may identify additional school priorities, the goals for the school priorities, and the specific annual actions to achieve those goals.

(iii) If the proposed school will serve high school pupils, a description of the manner in which the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements. Courses offered by the charter school that are accredited by the Western Association of Schools and Colleges may be considered transferable and courses approved by the University of California or the California State University as creditable under the "A" to "G" admissions criteria may be considered to meet college entrance requirements.

(B) The measurable pupil outcomes identified for use by the charter school. "Pupil outcomes," for purposes of this part, means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge, and attitudes specified as goals in the school's educational program. Pupil outcomes shall include outcomes that address increases in pupil academic achievement both schoolwide and for all groups of pupils served by the charter school, as that term is defined in subparagraph (B) of paragraph (3) of subdivision (a) of Section 47607. The pupil outcomes shall align with the state priorities, as described in subdivision (d) of Section 52060, that apply for the grade levels served, or the nature of the program operated, by the charter school.

(C) The method by which pupil progress in meeting those pupil outcomes is to be measured. To the extent practicable, the method for measuring pupil outcomes for state priorities shall be consistent with the way information is reported on a school accountability report card.

(D) The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.

(E) The qualifications to be met by individuals to be employed by the school.

(F) The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Section 44237.

(G) The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.

(H) Admission requirements, if applicable.

(I) The manner in which annual, independent financial audits shall be conducted, which shall employ generally accepted accounting principles, and the manner in

which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority.

(J) The procedures by which pupils can be suspended or expelled.

(K) The manner by which staff members of the charter schools will be covered by the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.

(L) The public school attendance alternatives for pupils residing within the school district who choose not to attend charter schools.

(M) A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.

(N) The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.

(O) A declaration whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.

(P) A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities of the charter school, including plans for disposing of any net assets and for the maintenance and transfer of pupil records.

§ 47610 Charter School Applicable Education Code Sections

A charter school shall comply with this part and all of the provisions set forth in its charter, but is otherwise exempt from the laws governing school districts, except all of the following:

(a) As specified in Section 47611.

(b) As specified in Section 41365.

(c) All laws establishing minimum age for public school attendance.

(d) The California Building Standards Code (Part 2 (commencing with Section 101) of Title 24 of the California Code of Regulations), as adopted and enforced by the local building enforcement agency with jurisdiction over the area in which the charter school is located.

(e) Charter school facilities shall comply with subdivision (d) by January 1, 2007.

§ 48930 Purpose and Privileges of Student Body Organization

Any group of students may organize a student body association within the public schools with the approval and subject to the control and regulation of the governing board of the school district. Any such organization shall have as its purpose the conduct of activities on behalf of the students approved by the school authorities and not in conflict with the authority and responsibility of the public school officials. Any student body organization may be granted the use of school premises and properties without charge subject to such regulations as may be established by the governing board of the school district.

§ 48931 Authorization for Sale of Food by Student Organization

The governing board of any school district or any county office of education may authorize any pupil or adult entity or organization to sell food on school premises, subject to policy and regulations of the State Board of Education. The State Board of Education shall develop policy and regulations for the sale of food by any pupil or adult entity or organization, or any combination thereof, which shall ensure optimum participation in the school district's or the county office of education's nonprofit food service programs and shall be in consideration of all programs approved by the governing board of any school district or any county office of education. The policy and regulations shall be effective the first of the month following adoption by the State Board of Education.

Nothing in this section shall be construed as exempting from the California Uniform Retail Food Facilities Law (Chapter 4 (commencing with Section 113700) of Part 7 of Division 104 of the Health and Safety Code), food sales that are authorized pursuant to this section and that would otherwise be subject to the California Uniform Retail Food Facilities Law.

§ 48932 Authorization for Fundraising Activities by Student Organizations

The governing board of any school district may authorize any organization composed entirely of pupils attending the schools of the district to maintain such activities, including fund-raising activities, as may be approved by the governing board.

The governing board of any school district may, by resolution, authorize any student body organization to conduct fund-raising activities on school property during school hours provided that the governing board has determined that such activities will not interfere with the normal conduct of the schools.

§ 48933 Deposit or Investment of Student Funds

(a) The funds of any student body organization established in the public schools of any school district shall, subject to approval of the governing board of the school district, be deposited or invested in one or more of the following ways:

(1) Deposits in a bank or banks, or other institution, whose accounts are federally insured.

(2) Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, provided those associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation.

(3) Purchase of repurchase agreements issued by savings and loan associations or banks.

(4) Purchase of bonds, notes, bills, certificates, debentures, or any other obligations issued by the United States of America.

(5) Shares or certificates for funds received or any form of evidence of interest or indebtedness issued by any credit union in this state, organized under the provisions of Division 5 (commencing with Section 14000) of the Financial Code or the statutes of the United States relating to credit unions insured by the administrator of the National Credit Union Administration or a comparable agency as provided by a state government.

(b) The funds shall be expended subject to such procedure as may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization.

§ 48934 Kindergarten and Grades 1 to 6 Student Body Funds

The funds of a student body organization established in the public schools for kindergarten and grades 1 to 6, inclusive, of any school district maintaining kindergarten and grades 1 to 6, inclusive, may be used to finance activities for noninstructional periods or to augment or to enrich the programs provided by the district.

§ 48936 Additional Uses of Student Funds

In addition to deposit or investment pursuant to Section 48933, the funds of a student body organization may be loaned or invested in any of the following ways:

(a) Loans, with or without interest, to any student body organization established in another school of the district for a period not to exceed three years.

(b) Invest money in permanent improvements to any school district property including, but not limited to, buildings, automobile parking facilities, gymnasiums, swimming pools, stadia and playing fields, where such facilities, or portions thereof, are used for conducting student extracurricular activities or student spectator sports, or when such improvements are for the benefit of the student body. Such investment shall be made on condition that the principal amount of the investment plus a reasonable amount of interest thereon shall be returned to the student body organization as provided herein. Any school district approving such an investment shall establish a special fund in which moneys derived from the rental of school district property to student body organizations shall be deposited. Moneys shall be returned to the student body organization as contemplated by this section exclusively from such special fund and only to the extent that there are moneys in such special fund. Whenever there are no outstanding obligations against the special fund, all moneys therein may be transferred to the general fund of the school district by action of the local governing board.

Two or more student body organizations of the same school district may join together in making such investments in the same manner as is authorized herein for a single student body. Nothing herein shall be construed so as to limit the discretion of the local governing board in charging rental for use of school district property by student body organizations as provided in Section 48930.

§ 48937 Supervision and Audit of Student Funds

The governing board of any school district shall provide for the supervision of all funds raised by any student body or student organization using the name of the school.

The cost of supervision may constitute a proper charge against the funds of the district.

The governing board of a school district may also provide for a continuing audit of student body funds with school district personnel.

§ 48938 Trustee for Funds of Unorganized Student Body

In schools or classes for adults, regional occupational centers or programs, or in elementary, continuation, or special education schools in which the student body is not organized, the governing board may appoint an employee or official to act as trustee for student body funds and to receive these funds in accordance with procedures established by the board. These funds shall be deposited in a bank, a savings and loan association, a credit union, or any combination of these financial institutions, approved by the board and shall be expended subject to the approval of the appointed employee or official and also subject to the procedure that may be established by the board.

§ 49430 The Pupil Nutrition, Health and Achievement Act of 2001

As used in this article, the following terms have the following meanings:

(a) "Elementary school" means a school operated and maintained by a school district or county office of education that maintains any grade from kindergarten to grade 6, inclusive, but no grade higher than grade 6.

(b) "Middle school" means a school operated and maintained by a school district or county office of education that maintains grade 7 or 8, 7 to 9, inclusive, or 7 to 10, inclusive.

(c) "High school" means a school operated and maintained by a school district or county office of education maintaining any of grades 9 to 12, inclusive.

(d) "Full meal" means a combination of food items that meet USDA-approved School Breakfast Program or National School Lunch Program meal pattern requirements.

(e) "Added sweetener" means an additive other than 100 percent fruit juice that enhances the sweetness of a beverage.

(f) "Sold" means the exchange of food or beverages for money, coupons, vouchers, or order forms, when any part of the exchange occurs on a school campus.

(g) "Entrée" means a food that is generally regarded as being the primary food in a meal, and shall include, but not be limited to, sandwiches, burritos, pasta, and pizza.

(h) "Snack" means a food that is generally regarded as supplementing a meal, including, but not limited to, chips, crackers, onion rings, nachos, french fries, donuts, cookies, pastries, cinnamon rolls, and candy.

(i) "Deep fried" means a food item is cooked by total submersion in oil or fat.

(j) "Par fried" means a food item is fried to reach an internal temperature of 160 degrees Fahrenheit then is cooled to room temperature so that it may be refrigerated or frozen for future frying.

(k) "Flash fried" means a food item is quickly fried on both sides in oil with a temperature of 400 degrees Fahrenheit or higher.

§ 49430.3 Notwithstanding any provisions of law, including, but not limited to, Chapter 3 (commencing with Section 38080) of Part 23 or Section 48931, this article shall control over contrary provisions relating to the sale of food items to public school pupils.

§ 49430.5

(a) The reimbursement a school receives for free and reduced-price meals sold or served to pupils in elementary, middle, or high schools included within a school district, charter school, or county office of education shall be twenty-two and forty-eight hundredths cents ($0.2248) per meal, and, for meals served in child care centers and homes, the reimbursement shall be sixteen and seventy-four hundredths cents ($0.1674) per meal.

(b) To qualify for the reimbursement for free and reduced-price meals provided to pupils in elementary, middle, or high schools, a school shall follow the Enhanced Food Based Meal Pattern, Nutrient Standard Meal Planning, or Traditional Meal Pattern developed by the United States Department of Agriculture or the SHAPE Menu Patterns developed by the state.

(c) The reimbursement rates set forth in this section shall be adjusted annually for increases in cost of living in the same manner set forth in Section 42238.1.

§ 49430.7

(a) For purposes of this section, the following terms have the following meanings:

(1) "School" means a school operated and maintained by a school district or county office of education, or a charter school.

(2) "School district" means a school district, charter school, or county office of education.

(3) (3) "Child development program" means a program operated pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1.

(b) As a condition of receipt of funds pursuant to Section 49430.5, commencing with the 2007–08 fiscal year, for meals and food items sold as part of the free and reduced-price meal programs, a school or school district shall comply with all of the following requirements and prohibitions:

(1) (1) Follow the United States Department of Agriculture (USDA) nutritional guidelines or the menu planning options of Shaping Health as Partners in Education developed by the state (SHAPE California network).

(2) Not sell or serve a food item that has in any way been deep fried, par fried, or flash fried by a school or school district.

(3) Not sell or serve a food item containing artificial trans fat. A food item contains artificial trans fat if it contains vegetable shortening, margarine, or any kind of hydrogenated or partially hydrogenated vegetable oil, unless the manufacturer's documentation or the label required on the food, pursuant to applicable federal and state law, lists the trans fat content as less than 0.5 gram per serving.

(4) Not sell or serve a food item that, as part of the manufacturing process, has been deep fried, par fried, or flash fried in an oil or fat that is prohibited by this paragraph. Oils and fats prohibited by this paragraph include, but are not limited to, palm, coconut, palm kernel, lard, typically solid at room temperature and are known to negatively impact cardiovascular health. Oils permitted by this paragraph include, but are not limited to, canola, safflower, sunflower, corn, olive, soybean, peanut, or a blend of these oils, typically liquid at room temperature and are known for their positive cardiovascular benefit.

(c) Commencing with the 2007–08 fiscal year, for meals and food items sold as part of the free and reduced-price meal programs, a child development program is encouraged to comply with all of the following guidelines:

(1) Meet developmentally and programmatically appropriate meal pattern and meal planning requirements developed by the USDA or menu planning options of Shaping Health as Partners in Education developed by the state (SHAPE California network).

(2) Not sell or serve a food item that has in any way been deep fried, par fried, or flash fried by a school, school district, or child development program.

(3) Not sell or serve a food item containing artificial trans fat. A food item contains artificial trans fat if it contains vegetable shortening, margarine, or any kind of hydrogenated or partially hydrogenated vegetable oil, unless the manufacturer's documentation or the label required on the food, pursuant to applicable federal and state law, lists the trans fat content as less than 0.5 gram per serving.

(4) Not sell or serve a food item that, as part of the manufacturing process, has been deep fried, par fried, or flash fried in an oil or fat prohibited by this paragraph. Oils and fats prohibited by this paragraph include, but are not limited to, palm, coconut, palm kernel, lard, typically solid at room temperature and are known to negatively impact cardiovascular health. Oils permitted by this provision include, but are not limited to, canola, safflower, sunflower, corn, olive, soybean, peanut, or a blend of these oils, typically liquid at room temperature and are known for their positive cardiovascular benefit.

(d) The prohibitions and requirements of this section regarding food items sold or served by a school or school district apply to raw bulk USDA commodity foods ordered by schools or school districts and sent to commercial processors for conversion into ready to use end products, but do not apply to other USDA commodity foods until the scheduled 2009 reauthorization of the USDA National School Lunch Program is complete or ingredient and nutrition information is available for all USDA commodity foods, whichever is earlier.

(e) As a condition of receipt of funds pursuant to Section 49430.5, by no later than June 30, 2008, and annually thereafter, schools and school districts shall provide the department with an annual certification of compliance with the provisions of this section.

(f) This section shall become operative only upon an appropriation for its purposes in the annual Budget Act or another statute.

§ 49431 Sale of Foods and Beverages in Elementary Schools

(a) (1) From one-half hour before the start of the schoolday to one-half hour after the schoolday, at each elementary school, the only food that may be sold to a pupil are full meals, individually sold dairy or whole grain foods, and individually sold portions of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruit, vegetables that have not been deep fried, and legumes.

(2) An individually sold dairy or whole grain food item, and individually sold portions of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruit, vegetables that have not been deep fried, and legumes may be sold to pupils at an elementary school, except food sold as part of a USDA meal program, if they meet all of the following standards:

(A) Not more than 35 percent of its total calories shall be from fat. This subparagraph shall not apply to individually sold portions of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruit, vegetables that have not been deep fried, or legumes.

(B) Not more than 10 percent of its total calories shall be from saturated fat. This subparagraph shall not apply to eggs or cheese packaged for individual sale.

(C) Not more than 35 percent of its total weight shall be composed of sugar, including naturally occurring and added sugar. This subparagraph shall not apply to fruit or vegetables that have not been deep fried.

(D) Not more than 175 calories per individual food item.

(b) An elementary school may permit the sale of food items that do not comply with subdivision (a) as part of a school fundraising event in either of the following circumstances:

(1) The sale of those items takes place off of and away from school premises.

(2) The sale of those items takes place on school premises at least one-half hour after the end of the schoolday.

(c) It is the intent of the Legislature that the governing board of a school district annually review its compliance with the nutrition standards described in this section and Section 49431.5.

§ 49431.2 Sale of Foods in Middle, Junior and High Schools

(a) From one-half hour before the start of the schoolday to one-half hour after the schoolday, snacks sold to a pupil in middle school or high school, except food served as part of a USDA meal program, shall meet all of the following standards:

(1) Not more than 35 percent of its total calories shall be from fat. This paragraph does not apply to the sale of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, or legumes.

(2) Not more than 10 percent of its total calories shall be from saturated fat. This paragraph does not apply to eggs or cheese packaged for individual sale.

(3) Not more than 35 percent of its total weight shall be composed of sugar, including naturally occurring and added sugars. This paragraph does not apply to the sale of fruits or vegetables that have not been deep fried.

(4) No more than 250 calories per individual food item.

(b) From one-half hour before the start of the schoolday to one-half hour after the schoolday, entrée items sold to a pupil in middle school or high school, except food served as part of a USDA meal program, shall contain no more than 400 calories per entrée, and shall contain no more than 4 grams of fat per 100 calories contained in each entrée.

(c) A middle school or high school may permit the sale of food items that do not comply with subdivision (a) or (b) in any of the following circumstances:

(1) The sale of those items takes place off of and away from school premises.

(2) The sale of those items takes place on school premises at least one-half hour after the end of the schoolday.

(d) It is the intent of the Legislature that the governing board of a school district annually review its compliance with the nutrition standards described in this section.

§ 49431.5 Sale of Beverages at Schools

(a) (1) Regardless of the time of day, only the following beverages may be sold to a pupil at an elementary school:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweetener.

(B) Vegetable-based drinks that are composed of no less than 50 percent vegetable juice and have no added sweetener.

(C) Drinking water with no added sweetener.

(D) One-percent-fat milk, nonfat milk, soy milk, rice milk, and other similar nondairy milk.

(2) An elementary school may permit the sale of beverages that do not comply with paragraph (1) as part of a school fundraising event in either of the following circumstances:

(A) The sale of those items takes place off and away from the premises of the school.

(B) The sale of those items takes place on school premises at least one-half hour after the end of the schoolday.

(3) From one-half hour before the start of the schoolday to one-half hour after the end of the schoolday, only the following beverages may be sold to a pupil at a middle school or high school:

(A) Fruit-based drinks that are composed of no less than 50 percent fruit juice and have no added sweetener.

(B) Vegetable-based drinks that are composed of no less than 50 percent vegetable juice and have no added sweetener.

(C) Drinking water with no added sweetener.

(D) One-percent-fat milk, nonfat milk, soy milk, rice milk, and other similar nondairy milk.

(E) An electrolyte replacement beverage that contains no more than 42 grams of added sweetener per 20-ounce serving.

(4) A middle school or high school may permit the sale of beverages that do not comply with paragraph (3) as part of a school event if the sale of those items meets either of the following criteria:

(A) The sale of those items takes place off and away from the premises of the school.

(B) The sale of those items takes place on school premises at least one-half hour after the end of the schoolday.

(b) It is the intent of the Legislature that the governing board of a school district annually review its compliance with this section.

(c) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20 of Division 2, compliance with this section may not be waived.

§ 49431.7 Prohibition of Sale of Foods with Artificial Trans Fat

(a) From one-half hour before the start of the schoolday to one-half hour after the end of the schoolday, a school or school district shall not sell to pupils enrolled in kindergarten, or any of grades 1 to 12, inclusive, food containing artificial trans fat, as defined in subdivision (b).

(b) For purposes of this section, a food contains artificial trans fat if a food contains vegetable shortening, margarine, or any kind of partially hydrogenated vegetable oil, unless the manufacturer's documentation or the label required on the food, pursuant to applicable federal and state law, lists the trans fat content as less than 0.5 grams of trans fat per serving.

(c) This section shall not apply to food provided as part of a USDA meal program.

§ 49432 Posting District Information on Nutrition and Physical Activity Policies

Every public school may post a summary of nutrition and physical activity laws and regulations, and shall post the school district's nutrition and physical activity policies, in public view within all school cafeterias or other central eating areas. The department shall develop the summary of state law and regulations.

§ 49434 Compliance Shall be Monitored

Compliance with this article shall be monitored by the department in conformity with the United States Department of Agriculture's administrative review process, as published in the Federal Register, Volume 77, Number 17, on January 26, 2012.

§ 51520 Prohibited Solicitations on School Premises

(a) During school hours, and within one hour before the time of opening and within one hour after the time of closing of school, pupils of the public school shall not be solicited on school premises by teachers or others to subscribe or contribute to the funds of, to become members of, or to work for, any organization not directly under the control of the school authorities, unless the organization is a nonpartisan, charitable organization organized for charitable purposes by an act of Congress or under the laws of the state, the purpose of the solicitation is nonpartisan and charitable, and the solicitation has been approved by the county board of education or by the governing board of the school district in which the school is located.

(b) A licensed dentist who provides voluntary dental health screening programs for pupils on school premises, shall not solicit a pupil, or the pupil's parent or guardian, or encourage, or advise treatment or consultation for the pupil by the licensed dentist, or any entity in which the licensed dentist has a financial interest, for any condition discovered in the course of the dental health screening. It is the intent of the Legislature that no licensed dentist use voluntary dental health screening programs for the generation of referrals or for financial benefit. The Legislature does not intend to deny or limit freedom of choice in the selection of an appropriate dental provider for treatment or consultation.

(c) A licensed optometrist who provides voluntary vision testing programs for pupils on school premises, shall not solicit a pupil, or the pupil's parent or guardian, or encourage, or advise treatment or consultation for the pupil by the licensed optometrist, or any entity in which the licensed optometrist has a financial interest, for any condition discovered in the course of the vision testing. It is the intent of the Legislature that no licensed optometrist use voluntary vision testing programs for the generation of referrals or for financial benefit. The Legislature does not intend to deny freedom of choice in the selection of an appropriate vision care provider for treatment or consultation.

(d) Nothing in this section shall be construed as prohibiting the solicitation of pupils of the public school on school premises by pupils of that school for any otherwise lawful purpose.

§ 51521 Fundraising Projects

No person shall solicit any other person to contribute to any fund or to purchase any item of personal property, upon the representation that the money received is to be used wholly or in part for the benefit of any public school or the student body of any public school, unless such person obtains the prior written approval of either the governing board of the school district in which such solicitation is to be made or the governing board of the school district having jurisdiction over the school or student body represented to be benefited by such solicitation, or the designee of either of such boards.

The prohibitions of this section shall not apply with respect to any solicitation or contribution the total proceeds of which are delivered to a public school, nor to a solicitation of a transfer to be effected by a testamentary act.

§ 52240 Advanced Placement Program

(a) The Legislature hereby finds and declares all of the following:

(1) Advanced placement courses, for which school credit is awarded, provide rigorous academic coursework opportunities for high school pupils and help to improve the overall curriculum at schools where those courses are provided.

(2) The successful completion of advanced placement courses and the subsequent advanced placement examinations, which are conducted by the College Entrance Examination Board and for which college credit is awarded, provide a cost-effective means for high school pupils to obtain college-level coursework experience.

(3) To the extent that economically disadvantaged pupils are provided financial assistance to take advanced placement examinations, they will be provided with successful college-level experience and be encouraged to pursue postsecondary education opportunities.

(b) It is the intent of the Legislature, therefore, that certain state funding that currently is provided to school districts be made available to provide financial assistance to economically disadvantaged pupils for the payment of advanced placement examination fees. It is further the intent of the Legislature that a competitive grant program also be established for the purpose of awarding grants to economically disadvantaged pupils to cover the costs of advanced placement examination fees, thereby creating a second source of financial assistance for economically disadvantaged pupils taking advanced placement examinations.

(c) The Superintendent shall annually update the information on advanced placement available on the department's Internet Web site to include current information on the various means available to school districts to offer or access advanced placement courses, including online

courses. The Superintendent shall annually communicate with high schools that offer advanced placement courses in fewer than five subjects, and inform them of the various options for making advanced placement courses and other rigorous courses available to pupils who may benefit from them.

California Education Codes Specific to Community Colleges

Section **Title and Content**

§ 72673 Auxiliary Organization versus Student Organization, Community Colleges

Student body organizations not formed or operating pursuant to Article 4 (commencing with Section 76060) of Chapter 1 of Part 47; student or faculty societies, social clubs, fraternities, and sororities; and alumni associations shall be exempt from the provisions of this article, unless any such organization, society, club, fraternity, sorority, or association has been established as an auxiliary organization pursuant to the provisions of this article.

This section shall not be construed to alter or limit the powers of the district governing board to establish rules and regulations governing organizations which maintain an official relationship with a college or district or which uses the name or facilities of the college or district.

§ 76060 Purpose and Privileges of Student Body Organization, Community Colleges

The governing board of a community college district may authorize the students of a college to organize a student body association. The association shall encourage students to participate in the governance of the college and may conduct any activities, including fundraising activities, as may be approved by the appropriate college officials. The association may be granted the use of community college premises and properties without charge, subject to any regulations that may be established by the governing board of the community college district.

The governing board of the community college district may authorize the students of a college to organize more than one student body association when the governing board finds that day students and evening students each need an association or geographic circumstances make the organization of only one student body association impractical or inconvenient.

A community college district may assume responsibility for activities formerly conducted by a student body association if the student body association is dissolved. A student body association employee who was employed to perform the activity assumed by the district pursuant to this section shall become a member of the classified service of the district in accordance with Section 88020.

§ 76060.5 Student Representation Fees, Community Colleges

(a) If a student body association has been established at a community college as authorized by Section 76060, the governing body of the association may order that an election be held for the purpose of establishing a student representation fee of two dollars ($2) per semester. The election shall be held in compliance with regulations of the Board of Governors of the California Community Colleges and shall be open to all regularly enrolled students of the community college. The affirmative vote of a majority of the students voting in the election shall be sufficient to establish the fee. However, the election shall not be sufficient to establish the fee unless the number of students who vote in the election equals or exceeds the average of the number of students who voted in the previous three student body association elections.

(b) The student representation fee authorized by this section shall be collected by the officials of the community college, together with all other fees, at the time of registration or before registration and shall be deposited in a separate fiduciary fund established per the California Community Colleges Budget and Accounting Manual for student representation fees. The money collected pursuant to this section shall be expended to provide support for governmental affairs representatives of local or statewide student body organizations who may be stating their positions and viewpoints before city, county, and district governments, and before offices and agencies of state government.

(c) (1) One dollar ($1) of every two-dollar ($2) fee collected shall be expended to establish and support the operations of a statewide community college student organization, recognized by the Board of Governors of the California Community Colleges, with effective student representation and participation in state-level community college shared governance and with governmental affairs representatives to advocate before the Legislature and other state and local governmental entities. This subdivision shall only apply to student representation fees adopted on or after January 1, 2014.

(2) The underlying goals of a statewide community college student organization shall include, but are not limited to, all of the following:

(A) Establishing a sustainable foundation for statewide community college student representation and advocacy.

(B) Promoting institutional and organizational memory.

(C) Ensuring and maintaining responsible community college student organizational oversight and decisionmaking.

(D) Strengthening regional approaches for community college student representation and coordination.

(E) Promoting and enhancing student opportunities for engagement in community college student issues and affairs.

(F) Providing for open and public transparency and accountability.

(d) Fees collected pursuant to subdivision (c) shall be annually distributed to the Board of Governors before February 1. The Board of Governors shall have custody of the moneys and shall, each year by April 15, distribute the moneys to the recognized statewide community college student organization if the recognized statewide community college student organization satisfies all of the following:

(1) Is established as a legal entity registered with the Secretary of State.

(2) Demonstrates compliance with all applicable state and federal laws and reporting requirements.

(3) Exercises prudent fiscal management by establishing generally accepted accounting controls and procedures.

(4)

(A) Commencing after the first year it receives funding pursuant to this subdivision, completes an annual independent financial audit, the results of which shall be annually provided to the Board of Governors for review.

(B)

(i) Except as provided in clause (ii) and after the first year funding is received, it shall be a condition for funding pursuant to this subdivision that the results of the annual audit identify no significant audit findings.

(ii) In no event shall funds be withheld from the statewide community college student organization unless the statewide community college student organization fails to address and correct any identified exceptions, concerns, errors, or deficiencies contained in the annual audit after being given a reasonable opportunity to do so.

(5) Meets the obligations and addresses the goals described in subdivision (c).

(e) Meetings of the recognized statewide community college student organization shall be open to the public and shall comply with the requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(f) Notwithstanding subdivision (c), a student body association that adopted a student representation fee before January 1, 2014, shall retain the authority to continue to receive the one-dollar ($1) fee as authorized pursuant to this section as it read before January 1, 2014. The student body association may conduct an election pursuant to subdivision (a) to adopt a revised student representation fee. If an election conducted pursuant to subdivision (a) establishes the revised student representation fee, then one dollar ($1) of every two-dollar ($2) fee collected shall be expended as described in subdivision (c).

(g) (1) The chief fiscal officer of the community college shall have custody of the money collected pursuant to this section, except as provided in subdivision (d), and the money shall be disbursed for the purposes described in subdivision (b) upon the order of the governing body of the student body association.

(2) The community college district shall annually prepare a summary of all revenue collected from the student representation fee and the expenditures of the proceeds of the student representation fee. The summary shall include the amount distributed to the Board of Governors of the California Community Colleges each year. The summary shall be presented at the community college district board meeting each year and posted to the community college district Internet Web site.

(3) The community college district may retain a portion of the fees collected and deposited pursuant to this section that is equal to the actual cost of administering these fees up to, but not more than, 7 percent.

(h) The student representation fee authorized by this section may be terminated by a majority vote of the students voting in an election held for that purpose. The election shall be called and held in compliance with regulations of the Board of Governors of the California Community Colleges and shall be open to all regularly enrolled students of the community college.

(i) A student may, for religious, political, financial, or moral reasons, refuse to pay the student representation fee established under this section. The refusal shall be submitted in writing to the community college officials at the time the student pays other fees collected by the community college officials. The refusal shall be submitted on the same form that is used for collection of fees as provided by the community college, which, as determined by the community college, shall be as nearly as practical in the same form as a model

form prescribed by regulations of the Board of Governors of the California Community Colleges.

(j) Any costs incurred by the Office of the Chancellor of the California Community Colleges to implement subdivisions (c) and (d) shall be reimbursed by the statewide community college student organization.

(k) If no statewide community college student organization that qualifies for funding in accordance with this section is recognized by the Board of Governors, the funds collected pursuant to this section shall be held by the Office of the Chancellor of the California Community Colleges until a qualifying statewide community college student organization is recognized, or shall be returned to the source of funds.

§ 76061 Student Government Officer Requirements, Community Colleges

A student who is elected to serve as an officer in the student government of a community college shall meet both of the following requirements:

(a) The student shall be enrolled in the community college at the time of election, and throughout his or her term, with a minimum of five semester units, or its equivalent.

(b) The student shall meet and maintain the minimum standards of scholarship prescribed for community college students by the community college district.

§ 76062 Approval of Activities, Community Colleges

The governing board of a community college district may authorize any organization composed entirely of students attending the colleges of the district to maintain any activities, including fundraising activities, as may be approved by the governing board.

§ 76063 Deposit or Investment of Student Funds, Community Colleges

The funds of any student body organization established in the public schools of any community college district shall, subject to approval of the governing board of the district, be deposited or invested in one or more of the following ways:

(a) Deposits in trust accounts of the centralized State Treasury system pursuant to Sections 16305 to 16305.7, inclusive, of the Government Code or in a bank or banks whose accounts are insured by the Federal Deposit Insurance Corporation.

(b) Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, if the associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation and if any money so invested or deposited is invested or deposited in certificates, shares, or accounts fully covered by the insurance.

(c) Purchase of any of the securities authorized for investment by Section 16430 of the Government Code or investment by the Treasurer in those securities.

(d) Participation in funds that are exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and that are open exclusively to nonprofit colleges, universities, and independent schools.

(e) Investment certificates or withdrawable shares in federal or state credit unions, if the credit unions are doing business in this state and have their accounts insured by the National Credit Union Administration and if any money so invested or deposited is invested or deposited in certificates, shares, or accounts fully covered by the insurance.

The funds shall be expended subject to procedures that may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the community college district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization.

§ 76064 Additional Uses of Student Funds, Community Colleges

In addition to deposit or investment pursuant to Section 76063, the funds of a student body organization may be loaned or invested in any of the following ways:

(a) Loans, with or without interest, to any student body organization established in another community college of the district for a period not to exceed three years.

(b) Invest money in permanent improvements to any community college district property including, but not limited to, buildings, automobile parking facilities, gymnasiums, swimming pools, stadia and playing fields, where those facilities, or portions thereof, are used for conducting student extracurricular activities or student spectator sports, or when those improvements are for the benefit of the student body. The investment shall be made on condition that the principal amount of the investment plus a reasonable amount of interest thereon shall be returned to the student body organization as provided herein. Any community college district approving the investment shall establish a fund in accordance with the California Community Colleges Budget and Accounting Manual in which moneys derived from the rental of community college district property to student body organizations shall be deposited. Moneys collected by the governing board for automobile parking facilities as authorized by Section 76360 shall be deposited in the fund designated by the California Community Colleges Budget and Accounting Manual if the parking facilities were provided for by investment of student body funds under this section. Moneys shall be returned to the student body organization as contemplated by this section exclusively from the special fund and only to the extent that there are moneys in the special fund. Whenever there are no outstanding obligations against the special fund, all moneys therein may be transferred to the general fund of the school district by action of the local governing board.

Two or more student body organizations of the same community college district may join together in making the investments in the same manner as is authorized herein for a single student body. Nothing herein shall be construed so as to limit the discretion of the local governing board in charging rental for use of community college district property by student body organizations as provided in Section 76060.

§ 76065 Supervision and Audit of Funds, Community Colleges

The governing board of any community college district shall provide for the supervision of all funds raised by any student body or student organization using the name of the college.

The cost of supervision may constitute a proper charge against the funds of the district.

The governing board of a community college district may also provide for a continuing audit of student body funds with community college district personnel.

§ 76067 Student Political Organizations, Community Colleges

Any student political organization that is affiliated with the official youth division of any political party that is on the ballot of the State of California may hold meetings on a community college campus, and may distribute bulletins and circulars concerning its meetings, provided that there is no endorsement of that organization by the school authorities and no interference with the regular educational program of the district.

Public Contract Code

Section **Title and Content**

§ 20110 The provisions of this part shall apply to contracts awarded by school districts subject to Part 21 (commencing with Section 35000) of Division 3 of Title 2 of the Education Code.

§ 20111

(a) The governing board of any school district, in accordance with any requirement established by that governing board pursuant to subdivision (a) of Section 2000, shall let any contracts involving an expenditure of more than fifty thousand dollars ($50,000) for any of the following:

(1) The purchase of equipment, materials, or supplies to be furnished, sold, or leased to the district.

(2) Services, except construction services.

(3) Repairs, including maintenance as defined in Section 20115, that are not a public project as defined in subdivision (c) of Section 22002.

The contract shall be let to the lowest responsible bidder who shall give security as the board requires, or else reject all bids.

(b) The governing board shall let any contract for a public project, as defined in subdivision (c) of Section 22002, involving an expenditure of fifteen thousand dollars ($15,000) or more, to the lowest responsible bidder who shall give security as the board requires, or else reject all bids. All bids for construction work shall be presented under sealed cover and shall be accompanied by one of the following forms of bidder's security:

(1) Cash.

(2) A cashier's check made payable to the school district.

(3) A certified check made payable to the school district.

(4) A bidder's bond executed by an admitted surety insurer, made payable to the school district.

Upon an award to the lowest bidder, the security of an unsuccessful bidder shall be returned in a reasonable period of time, but in no event shall that security be held by the school district beyond 60 days from the time the award is made.

(c) This section applies to all equipment, materials, or supplies, whether patented or otherwise, and to contracts awarded pursuant to subdivision (a) of Section 2000. This section shall not apply to professional services or advice, insurance services, or any other purchase or service otherwise exempt from this section, or to any work done by day labor or by force account pursuant to Section 20114.

(d) Commencing January 1, 1997, the Superintendent of Public Instruction shall annually adjust the dollar amounts specified in subdivision (a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the prior fiscal year. The annual adjustments shall be rounded to the nearest one hundred dollars ($100).

§ 20111.5

(a) The governing board of the district may require that each prospective bidder for a contract, as described under Section 20111, complete and submit to the district a standardized questionnaire and financial statement in a form specified by the district, including a complete statement of the prospective bidder's financial ability and experience in performing public works. The questionnaire and financial statement shall be verified under oath by the bidder in the manner in which civil pleadings in civil actions are verified. The questionnaires and financial statements shall not be public records and shall not be open to public inspection.

(b) Any school district requiring prospective bidders to complete and submit questionnaires and financial statements, as described in subdivision (a), shall adopt and apply a uniform system of rating bidders on the basis of the completed questionnaires and financial statements, in order to determine the size of the contracts upon which each bidder shall be deemed qualified to bid.

(c) Each prospective bidder on any contract described under Section 20111 shall be furnished by the school district letting the contract with a standardized proposal form that, when completed and executed, shall be submitted as his or her bid. Bids not presented on the forms so furnished shall be disregarded.

(d) A proposal form required pursuant to subdivision (c) shall not be accepted from any person or other entity who is required to submit a completed questionnaire and financial statement for prequalification pursuant to subdivision (a), but has not done so at least five days prior to the date fixed for the public opening of sealed bids or has not been prequalified, pursuant to subdivision (b), for at least one day prior to that date.

(e) Notwithstanding subdivision (d), any school district may establish a process for prequalifying prospective bidders pursuant to this section on a quarterly basis and may authorize that prequalification to be considered valid for up to one calendar year following the date of initial prequalification.

§ 20112 For the purpose of securing bids the governing board of a school district shall publish at least once a week for two weeks in some newspaper of general circulation published in the district, or if there is no such paper, then in some newspaper of general circulation, circulated in the county, and may post on the district's Web site or through an electronic portal, a notice calling for bids, stating the work to be done or materials or supplies to be furnished and the time when and the place and the Web site where bids will be opened. Whether or not bids are opened exactly at the time fixed in the public notice for opening bids, a bid shall not be received after that time. The governing board of the district may accept a bid that was submitted either electronically or on paper.

§ 20113

(a) In an emergency when any repairs, alterations, work, or improvement is necessary to any facility of public schools to permit the continuance of existing school classes, or to avoid danger to life or property, the board may, by unanimous vote, with the approval of the county superintendent of schools, do either of the following:

(1) Make a contract in writing or otherwise on behalf of the district for the performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.

(2) Notwithstanding Section 20114, authorize the use of day labor or force account for the purpose.

(b) Nothing in this section shall eliminate the need for any bonds or security otherwise required by law.

§ 20114

(a) In each school district, the governing board may make repairs, alterations, additions, or painting, repainting, or decorating upon school buildings, repair or build apparatus or equipment, make improvements on the school grounds, erect new buildings, and perform maintenance as defined in Section 20115 by day labor, or by force account, whenever the total number of hours on the job does not exceed 350 hours. Moreover, in any school district having an average daily attendance of 35,000 or greater, the governing board may, in addition, make repairs to school buildings, grounds, apparatus, or equipment, including painting or repainting, and perform maintenance, as defined in Section 20115, by day labor or by force account whenever the total number of hours on the job does not exceed 750 hours, or when the cost of material does not exceed twenty-one thousand dollars ($21,000).

(b) For purposes of this section, day labor shall include the use of maintenance personnel employed on a permanent or temporary basis.

§ 20115 For purposes of Section 20114, "maintenance" means routine, recurring, and usual work for the preservation, protection, and keeping of any publicly owned or publicly operated facility for its intended purposes in a safe and continually usable condition for which it was designed, improved, constructed, altered, or repaired. "Facility" means any plant, building, structure, ground facility, utility system, or real property.

This definition of "maintenance" expressly includes, but is not limited to: carpentry, electrical, plumbing, glazing, and other craftwork designed consistent with the definition set forth above to preserve the facility in a safe, efficient, and continually usable condition for which it was intended, including repairs, cleaning, and other operations on machinery and other equipment permanently attached to the building or realty as fixtures.

This definition does not include, among other types of work, janitorial or custodial services and protection of the sort provided by guards or other security forces.

It is the intent of the Legislature that this definition does not include painting, repainting, or decorating other than touchup, but instead it is the intent of the Legislature that such activities be controlled directly by the provisions of Section 20114.

§ 20116 It shall be unlawful to split or separate into smaller work orders or projects any work, project, service, or purchase for the purpose of evading the provisions of this article requiring contracting after competitive bidding.

The district shall maintain job orders or similar records indicating the total cost expended on each project in accordance with the procedures established in the most recent edition of the California School Accounting Manual for a period of not less than three years after completion of the project.

Informal bidding may be used on work, projects, services, or purchases that cost up to the limits set forth in this article. For the purpose of securing informal bids, the board shall publish

annually in a newspaper of general circulation published in the district, or if there is no such newspaper, then in some newspaper in general circulation in the county, a notice inviting contractors to register to be notified of future informal bidding projects. All contractors included on the informal bidding list shall be given notice of all informal bid projects in any manner as the district deems appropriate.

§ 20117 Notwithstanding any other provision of law, in the event there are two or more identical lowest or highest bids, as the case may be, submitted to a school district for the purchase, sale, or lease of real property, supplies, materials, equipment, services, bonds, or the awarding of any contract, pursuant to a provision requiring competitive bidding, the governing board of any school district may determine by lot which bid shall be accepted.

§ 20118 Notwithstanding Sections 20111 and 20112, the governing board of any school district, without advertising for bids, if the board has determined it to be in the best interests of the district, may authorize by contract, lease, requisition, or purchase order, any public corporation or agency, including any county, city, town, or district, to lease data-processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property for the district in the manner in which the public corporation or agency is authorized by law to make the leases or purchases from a vendor. Upon receipt of the personal property, if the property complies with the specifications set forth in the contract, lease, requisition, or purchase order, the school district may draw a warrant in favor of the public corporation or agency for the amount of the approved invoice, including the reasonable costs to the public corporation or agency for furnishing the services incidental to the lease or purchase of the personal property, or the school district may make payment directly to the vendor. Alternatively, if there is an existing contract between a public corporation or agency and a vendor for the lease or purchase of the personal property, a school district may authorize the lease or purchase of personal property directly from the vendor by contract, lease, requisition, or purchase order and make payment to the vendor under the same terms that are available to the public corporation or agency under the contract.

§ 20118.1 The governing board of any school district may contract with an acceptable party who is one of the three lowest responsible bidders for the procurement or maintenance, or both, of electronic data-processing systems and supporting software in any manner the board deems appropriate.

§ 20118.2

(a) Due to the highly specialized and unique nature of technology, telecommunications, related equipment, software, and services, because products and materials of that nature are undergoing rapid technological changes, and in order to allow for the introduction of new technological changes into the operations of the school district, it is in the public's best interest to allow a school district to consider, in addition to price, factors such as vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, the broadest possible range of competing products and materials available, fitness of purchase, manufacturer's warranties, and similar factors in the award of contracts for technology, telecommunications, related equipment, software, and services.

(b) This section applies only to a school district's procurement of computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus. This section does not apply to contracts for construction or for the procurement of any product that is available in substantial quantities to the general public.

(c) Notwithstanding Section 20118.1, a school district may, after a finding is made by the governing board that a particular procurement qualifies under subdivision (b), authorize the procurement of the product through competitive negotiation as described in subdivision (d).

(d) For purposes of this section, competitive negotiation includes, but is not limited to, all of the following requirements:

(1) A request for proposals shall be prepared and submitted to an adequate number of qualified sources, as determined by the school district, to permit reasonable competition consistent with the nature and requirement of the procurement.

(2) Notice of the request for proposals shall be published at least twice in a newspaper of general circulation, at least 10 days before the date for receipt of the proposals.

(3) The school district shall make every effort to generate the maximum feasible number of proposals from qualified sources and shall make a finding to that effect before proceeding to negotiate if only a single response to the request for proposals is received.

(4) The request for proposals shall identify all significant evaluation factors, including price, and their relative importance.

(5) The school district shall provide reasonable procedures for the technical evaluation of the proposals received, the identification of qualified sources, and the selection for the award of the contract.

(6) Award shall be made to the qualified bidder whose proposal meets the evaluation standards and will be most advantageous to the school district with price and all other factors considered.

(7) If award is not made to the bidder whose proposal contains the lowest price, the school district shall make a finding setting forth the basis for the award.

(e) The school district, at its discretion, may reject all proposals and request new proposals.

(f) Provisions in any contract concerning utilization of small business enterprises, that are in accordance with the request for proposals, shall not be subject to negotiation with the successful proposer.

§ 20118.3 The governing board of any school district may purchase supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals in any amount needed for the operation of the schools of the district without taking estimates or advertising for bids.

This section shall become operative January 1, 1989, and is declaratory of existing law and practice.

§ 20118.4

(a) If any change or alteration of a contract governed by Article 3 (commencing with Section 17595) of Chapter 5 of Part 10.5 of the Education Code is ordered by the governing board of the district, the change or alteration shall be specified in writing and the cost agreed upon between the governing board and the contractor. The board may authorize the contractor to proceed with performance of the change or alteration, without the formality of securing bids, if the cost so agreed upon does not exceed the greater of the following:

(1) The amount specified in Section 20111 or 20114, whichever is applicable to the original contract.

(2) Ten percent of the original contract price.

(b) The governing board of any school district, or of two or more school districts governed by governing boards of identical personnel, having an average daily attendance of 400,000 or more as shown by the annual report of the county superintendent of schools for the preceding year, may also authorize any change or alteration of a contract for reconstruction or rehabilitation work, other than for the construction of new buildings or other new structures, if the cost of the change or alteration is in excess of the limitations in paragraphs (1) and (2) of subdivision (a) but does not exceed 25 percent of the original contract price, without the formality of securing bids, and the change or alteration is a necessary and integral part of the work under the contract and the taking of bids would delay the completion of the contract. Changes exceeding 15 percent of the original contract price shall be approved by an affirmative vote of not less than 75 percent of the members of the governing board.

§ 22002

(a) "Public agency," for purposes of this chapter, means a city, county, city and county, including chartered cities and chartered counties, any special district, and any other agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Public agency" also includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

(b) "Representatives of the construction industry" for purposes of this chapter, means a general contractor, subcontractor, or labor representative with experience in the field of public works construction.

(c) "Public project" means any of the following:

(1) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.

(2) Painting or repainting of any publicly owned, leased, or operated facility.

(3) In the case of a publicly owned utility system, "public project" shall include only the construction, erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

(d) "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:

(1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.

(2) Minor repainting.

(3) Resurfacing of streets and highways at less than one inch.

(4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

(5) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

(e) For purposes of this chapter, "facility" means any plant, building, structure, ground facility, utility system, subject to the limitation found in paragraph (3) of subdivision (c), real property, streets and highways, or other public work improvement.

California Administrative Code, Title 5, Education

Section **Title and Content**

§ 15500 Food Sales in Elementary Schools

(a) Except as provided in subsection (b) and Section 15501, no school providing kindergarten or any of grades one through eight shall permit the sale of food by pupil organizations if such school is participating in the National School Lunch, School Breakfast, or Food Distribution program.

(b) The governing board of a school district or a county superintendent of schools may permit a student organization to sell not more than one food item per sale when all of the following conditions are met:

(1) The specific nutritious food item is approved by the governing board.

(2) The food sales do not begin until after the close of the regularly scheduled midday food service period.

(3) The sales during the regular school day are not of food items prepared on the premises.

(4) There are no more than four such sales per year per school.

(5) (5) The food item sold is a dessert type food, such as pastry, ice cream or fruit.

(6) The food item sold is not one sold in the food service program at that school during that school day.

§ 15501 Food Sales in High Schools and Junior High Schools

The governing board of any district or a county superintendent of schools maintaining a high school or a junior high school may permit an organization consisting solely of pupils of such school to sell food items during or after the regular school day if the following conditions are met:

(a) The specific nutritious food items are approved by the governing board.

(b) A student organization or organizations may be approved to sell food at any time during the school day, including the regularly scheduled food service period(s), as provided in (1) and/or (2):

(1) Only one such organization each school day selling no more than three types of food or beverage items such as confections, popcorn, nuts, fruit, or soft drinks; and/or

(2) Any one or more student organizations may conduct no more than four food sales of any food items during a school year in each school, but such sales shall be held on the same four days for any or all organizations.

(c) The sales during the regular school day are not of food prepared on the premises.

(d) The food items sold during the regular school day are not those sold by the district in the food service program at that school during that school day.

§ 15575 Definitions for Foods.

As used in this article, the term:

(a) "Dairy" means a food made from milk with the exception of cheese packaged for individual sale.

(b) "Entree item" means a food generally regarded as the primary food in a meal and contains:

(1) Two or more of the following groups: meat/meat alternate, grain/bread, vegetable/fruit that are eaten together (e.g., turkey sandwich, pizza, hamburger on a bun, bean burrito, chef's salad, fruit and cheese platter, baked potato with chili, chicken vegetable stir-fry, veggie sandwich), or

(2) A meat/meat alternate alone (e.g., sausage patty, egg, chicken nuggets), excluding nuts, nut butters, seeds, cheese, and yogurt.

(c) "Exempt foods" means nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, and legumes that do not contain added sugars or fat, and

(1) Fruit that is dried and contains added sugar is exempt only if the added sugar is part of the dehydration process or added as dextrose to prevent caking and maintain flowability.

(2) Fruit that is canned or frozen is exempt only if it contains no added sugar other than 100 percent fruit juice.

(d) "Full meal" means any combination of food items that meet the United States Department of Agriculture (USDA) approved School Breakfast Program or National School Lunch Program meal pattern requirements found in 7 CFR 210.10 or 220.8.

(e) "Meat/meat alternates," "grain/breads," and "vegetables/fruits" mean those described in the USDA's Food Buying Guide for Child Nutrition Programs (2001 edition) Sections 1, 2, and 3, which is incorporated by reference.

(f) "Non-exempt foods" means foods other than nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, and legumes that do not contain added sugars or fat.

(g) "Whole grain" means, but is not limited to, whole wheat flour, graham flour, cracked wheat, crushed wheat, wheat berries, entire wheat flour, whole durum flour, whole oats, oat groats, oatmeal, rolled oats, whole corn, whole grain cornmeal, popcorn, brown rice, brown rice flour, wild rice, whole rye, whole rye flour, dehulled barley, dehulled barley flour, whole grain barley, whole grain barley flour, buckwheat groats, whole buckwheat flour, bulgur (cracked wheat), whole millet, whole millet flour, whole quinoa, whole quinoa flour, whole spelt, whole spelt flour, whole sorghum (milo), whole sorghum flour, whole triticale, whole triticale flour.

(h) "Whole grain food item" means:

(1) For purchased grain or bread products:

(A) A product that contains the following statement: "Diets rich in whole grain foods and other plant foods and low in total fat, saturated fat, and cholesterol, may help reduce the risk of heart disease and certain cancers", or

(B) The first listed grain ingredient is a whole grain, or

(C) If the first listed ingredient is not specifically identified as a whole grain, documentation has been obtained within the previous 12 months from the manufacturer that lists whole grains, which, when combined, shall represent at least 51 percent of the weight of the total grains in the product.

(2) For grain or bread products prepared by schools:

(A) The weight of the whole grains shall represent at least 51 percent of the total grain weight of the product.

§ 15576 Definitions for Beverages.

As used in this article the term:

(a) "Beverage" means any potable liquid.

(b) "Electrolyte replacement beverage" means a potable liquid that meets all of the following requirements:

(1) Water as the first ingredient.

(2) Contains no more than 2.1 grams of added sweetener per fluid ounce.

(3) Contains at least 10 milligrams but no more than 150 milligrams of sodium per 8 ounces.

(4) Contains at least 10 milligrams but no more than 90 milligrams of potassium per 8 ounces.

(5) Contains no added caffeine.

(c) "Milk" means cow's or goat's milk that:

(1) Contains Vitamin A, Vitamin D, and at least 25 percent of the FDA-established Daily Value (DV) for calcium per 8 ounces.

(2) Contains no added sweeteners exceeding 28 grams of total sugars per 8 ounces.

(3) Is two-percent fat milk, one-percent fat milk, or nonfat milk.

(d) "Non-dairy milk" alternative (e.g., rice milk, soy milk) means a beverage that:

(1) Contains Vitamin A, Vitamin D and at least 25 percent of the DV for calcium per 8 ounces,

(2) Contains no added sweeteners exceeding 28 grams of total sugars per 8 ounces, and

(3) Contains no more than 5 grams of fat per 8 ounces.

§ 15577 Food and Beverages Restrictions.

As used in this article the term:

(a) "Caloric restriction" means:

(1) In elementary schools, no more than 175 calories per item.

(2) In middle, junior, or high schools, no more than 250 calories per item for a snack item and no more than 400 calories per item for an entree item.

(b) "Fat restriction" means no more than 35 percent of calories from fat.

(c) "Saturated fat restriction" means no more than 10 percent calories from saturated fat.

(d) "Sugar restriction" means no more than 35 percent sugar by weight.

(e) "Sugar" means all free mono- and disaccharides, such as glucose, fructose, lactose, and sucrose.

§ 15578 Sale of Food Items.

(a) Any food items appearing together on a menu and sold together as if they were a single food item, and typically combined for simultaneous consumption (e.g., pita with hummus, salad with dressing, chicken patty on a bun), shall be considered as one item for compliance (1) with the fat restriction, saturated fat restriction, sugar restriction and caloric restriction for a snack item or (2) with the fat restriction and caloric restriction for an entree item.

(b) All non-exempt food items for sale must meet the fat restriction, saturated fat restriction, sugar restriction and caloric restriction for a snack item or the fat restriction and caloric restriction for an entree item.

(c) A food item for sale containing non-exempted foods or ingredients combined with fruits, vegetables, nuts, nut butters, seeds, eggs, or legumes shall comply with the restrictions for non-exempted foods as described in section 15578(b).

(d) A food item for sale containing solely a mix of exempted foods is exempt from the fat restriction, saturated fat restriction, sugar restriction and caloric restriction.

Code of Federal Regulations, Title 7

Section	Title and Content
§ 210.11	Competitive Food Services

(a) Definitions. For the purpose of this section:

(1) Combination foods means products that contain two or more components representing two or more of the recommended food groups: fruit, vegetable, dairy, protein or grains.

(2) Competitive food means all food and beverages other than meals reimbursed under programs authorized by the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 available for sale to students on the School campus during the School day.

(3) Entrée item means an item that is either:

(i) A combination food of meat or meat alternate and whole grain rich food; or

(ii) A combination food of vegetable or fruit and meat or meat alternate; or

(iii) A meat or meat alternate alone with the exception of yogurt, low-fat or reduced fat cheese, nuts, seeds and nut or seed butters, and meat snacks (such as dried beef jerky).

(4) School campus means, for the purpose of competitive food standards implementation, all areas of the property under the jurisdiction of the school that are accessible to students during the school day.

(5) School day means, for the purpose of competitive food standards implementation, the period from the midnight before, to 30 minutes after the end of the official school day.

(b) General requirements for competitive food.

(1) State and local educational agency policies. State agencies and/or local educational agencies must establish such policies and procedures as are necessary to ensure compliance with this section. State agencies and/or local educational agencies may impose additional restrictions on competitive foods, provided that they are not inconsistent with the requirements of this part.

(2) Recordkeeping. The local educational agency is responsible for the maintenance of records that document compliance with the nutrition standards for all competitive food available for sale to students in areas under its jurisdiction that are outside of the control of the school food authority responsible for the service of reimbursable school meals. In addition, the local educational agency is responsible for ensuring that organizations designated as responsible for food service at the various venues in the schools maintain records in order to ensure and document compliance with the nutrition requirements for the foods and beverages sold to students at these venues during the school day as required by this section. The school food authority is responsible for maintaining records documenting compliance with these for foods sold under the auspices of the nonprofit school food service. At a minimum, records must include receipts, nutrition labels and/or product specifications for the competitive food available for sale to students.

(3) Applicability. The nutrition standards for the sale of competitive food outlined in this section apply to competitive food for all programs authorized by the Richard B. Russell

National School Lunch Act and the Child Nutrition Act of 1966 operating on the school campus during the school day.

(4) Fundraiser restrictions. Competitive food and beverage items sold during the school day must meet the nutrition standards for competitive food as required in this section. A special exemption is allowed for the sale of food and/or beverages that do not meet the competitive food standards as required in this section for the purpose of conducting an infrequent school-sponsored fundraiser. Such specially exempted fundraisers must not take place more than the frequency specified by the State agency during such periods that schools are in session. No specially exempted fundraiser foods or beverages may be sold in competition with school meals in the food service area during the meal service.

(c) General nutrition standards for competitive food.

(1) General requirement. At a minimum, all competitive food sold to students on the school campus during the school day must meet the nutrition standards specified in this section. These standards apply to items as packaged and served to students.

(2) General nutrition standards. To be allowable, a competitive food item must:

(i) Meet all of the competitive food nutrient standards as outlined in this section; and

(ii) Be a grain product that contains 50 percent or more whole grains by weight or have as the first ingredient a whole grain; or

(iii) Have as the first ingredient one of the non-grain major food groups: fruits, vegetables, dairy or protein foods (meat, beans, poultry, seafood, eggs, nuts, seeds, etc.); or

(iv) Be a combination food that contains 1⁄4 cup of fruit and/or vegetable; or

(v) For the period through June 30, 2016, contain 10 percent of the Daily Value of a nutrient of public health concern based on the most recent Dietary Guidelines for Americans (i.e., calcium, potassium, vitamin D or dietary fiber). Effective July 1, 2016, the criterion in this paragraph is obsolete and may not be used to qualify as a competitive food; and

(vi) If water is the first ingredient, the second ingredient must be one of the food items in paragraphs (c)(2)(ii), (iii) or (iv) of this section.

(3) Exemptions.

(i) Entrée items offered as part of the lunch or breakfast program. Any entrée item offered as part of the lunch program or the breakfast program under 7 CFR Part 220 is exempt from all competitive food standards if it is offered as a competitive food on the day of, or the school day after, it is offered in the lunch or breakfast program. Exempt entrée items offered as a competitive food must be offered in the same or smaller portion sizes as in the lunch or breakfast program. Side dishes offered as part of the lunch or breakfast program and served à la carte must meet the nutrition standards in this section.

(ii) Sugar-free chewing gum. Sugar-free chewing gum is exempt from all of the competitive food standards in this section and may be sold to students on the school campus during the school day, at the discretion of the local educational agency.

(d) Fruits and vegetables.

(1) Fresh, frozen and canned fruits and vegetables with no added ingredients except water or, in the case of fruit, packed in 100 percent fruit juice or light syrup or extra light syrup, are exempt from the nutrient standards included in this section.

(2) Canned vegetables that contain a small amount of sugar for processing purposes, to maintain the quality and structure of the vegetable, are also exempt from the nutrient standards included in this section.

(e) Grain products. Grain products acceptable as a competitive food must include 50 percent or more whole grains by weight or have whole grain as the first ingredient. Grain products must meet all of the other nutrient standards included in this section.

(f) Total fat and saturated fat.

(1) General requirements.

(i) The total fat content of a competitive food must be not more than 35 percent of total calories from fat per item as packaged or served, except as specified in paragraphs (f)(2) and (3) of this section.

(ii) The saturated fat content of a competitive food must be less than 10 percent of total calories per item as packaged or served, except as specified in paragraph (f)(3) of this section.

(2) Exemptions to the total fat requirement. Seafood with no added fat is exempt from the total fat requirement, but subject to the saturated fat, trans fat, sugar, calorie and sodium standards.

(3) Exemptions to the total fat and saturated fat requirements.

(i) Reduced fat cheese and part skim mozzarella cheese are exempt from the total fat and saturated fat standards, but subject to the trans fat, sugar, calorie and sodium standards. This exemption does not apply to combination foods.

(ii) Nuts and Seeds and Nut/Seed Butters are exempt from the total fat and saturated fat standards, but subject to the trans fat, sugar, calorie and sodium standards. This exemption does not apply to combination products that contain nuts, nut butters or seeds or seed butters with other ingredients such as peanut butter and crackers, trail mix, chocolate covered peanuts, etc.

(iii) Products that consist of only dried fruit with nuts and/or seeds with no added nutritive sweeteners or fat are exempt from the total fat, saturated fat and sugar standards, but subject to the trans fat, calorie and sodium standards.

(g) Trans fat. The trans fat content of a competitive food must be zero grams trans fat per portion as packaged or served (not more than 0.5 grams per portion).

(h) Total sugars.

(1) General requirement. The total sugar content of a competitive food must be not more than 35 percent of weight per item as packaged or served, except as specified in paragraph (h)(2) of this section.

(2) Exemptions to the total sugar requirement.

(i) Dried whole fruits or vegetables; dried whole fruit or vegetable pieces; and dehydrated fruits or vegetables with no added nutritive sweeteners are exempt from the sugar standard, but subject to the total fat, saturated fat,, trans fat, calorie and sodium standards. There is also an exemption from the sugar standard for dried fruits with nutritive sweeteners that are required for processing and/or palatability purposes;

(ii) Products that consist of only dried fruit with nuts and/or seeds with no added nutritive sweeteners or fat are exempt from the total fat, saturated fat, and sugar standards, but subject to the calorie, trans fat, and sodium standards; and

(i) Calorie and sodium content for snack items and side dishes sold à la carte. Snack items and side dishes sold à la carte must have not more than 200 calories and 230 mg of sodium per item as packaged or served, including the calories and sodium contained in any added accompaniments such as butter, cream cheese, salad dressing, etc., and must meet all of the other nutrient standards in this section. Effective July 1, 2016, these snack items and side dishes must have not more than 200 calories and 200 mg of sodium per item as packaged or served.

(j) Calorie and sodium content for entrée items sold à la carte. Entrée items sold à la carte other than those exempt from the competitive food nutrition standards in paragraph (c)(3)(i) of this section must have not more than 350 calories and 480 mg of sodium per item as packaged or served, including the calories and sodium contained in any added accompaniments such as butter, cream cheese, salad dressing, etc., and must meet all of the other nutrient standards in this section.

(k) Caffeine. Foods and beverages available to elementary and middle school-aged students must be caffeine-free, with the exception of trace amounts of naturally occurring caffeine substances. Foods and beverages available to high school-aged students may contain caffeine.

(l) Accompaniments. The use of accompaniments is limited when competitive food is sold to students in school. The accompaniments to a competitive food item must be included in the nutrient profile as a part of the food item served in determining if an item meets all of the nutrition standards for competitive food as required in this section. The contribution of the accompaniments may be based on the average amount of the accompaniment used per item at the site.

(m) Beverages.

(1) Elementary schools. Allowable beverages for elementary school-aged students are limited to:

(i) Plain water or plain carbonated water (no size limit);

(ii) Low fat milk, unflavored (no more than 8 fluid ounces);

(iii) Non fat milk, flavored or unflavored (no more than 8 fluid ounces);

(iv) Nutritionally equivalent milk alternatives as permitted in §210.10 and §220.8 of this chapter (no more than 8 fluid ounces); and

(v) 100 percent fruit/vegetable juice, and 100 percent fruit and/or vegetable juice diluted with water (with or without carbonation and with no added sweeteners) (no more than 8 fluid ounces).

(2) Middle schools. Allowable beverages for middle school-aged students are limited to:

(i) Plain water or plain carbonated water (no size limit);

(ii) Low fat milk, unflavored (no more than 12 fluid ounces);

(iii) Non fat milk, flavored or unflavored (no more than 12 fluid ounces);

(iv) Nutritionally equivalent milk alternatives as permitted in §210.10 and §220.8 of this chapter (no more than 12 fluid ounces); and

(v) 100 percent fruit/vegetable juice, and 100 percent fruit and/or vegetable juice diluted with water (with or without carbonation and with no added sweeteners) (no more than 12 fluid ounces).

(3) High schools. Allowable beverages for high school-aged students are limited to:

(i) Plain water or plain carbonated water (no size limit);

(ii) Low fat milk, unflavored (no more than 12 fluid ounces);

(iii) Non fat milk, flavored or unflavored (no more than 12 fluid ounces);

(iv) Nutritionally equivalent milk alternatives as permitted in §210.10 and §220.8 of this chapter (no more than 12 fluid ounces);

(v) 100 percent fruit/vegetable juice, and 100 percent fruit and/or vegetable juice diluted with water (with or without carbonation and with no added sweeteners) (no more than 12 fluid ounces);

(vi) Calorie-free, flavored water, with or without carbonation (no more than 20 fluid ounces);

(vii) Other beverages that are labeled to contain less than 5 calories per 8 fluid ounces, or less than or equal to 10 calories per 20 fluid ounces (no more than 20 fluid ounces); and

(viii) Other beverages that are labeled to contain no more than 40 calories per 8 fluid ounces or 60 calories per 12 fluid ounces (no more than 12 fluid ounces).

(n) Implementation date. This section is to be implemented beginning on July 1, 2014.

§ 215.1 General Purpose and Scope

This part announces the policies and prescribes the general regulations with respect to the Special Milk Program for Children, under the Child Nutrition Act of 1966, as amended, and sets forth the general requirements for participation in the program. The Act reads in pertinent part as follows:

Section 3

(a) (1) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1970, and for each succeeding fiscal year such sums as may be necessary to enable the Secretary of Agriculture, under such rules and regulations as he may deem in the public interest, to encourage consumption of fluid milk by children in the United States in (A) nonprofit schools of high school grade and under, except as provided in paragraph (2), which do not participate in a meal service program authorized under this Act or the National School Lunch Act, and (B) nonprofit nursery schools, child care centers,

settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children, which do not participate in a meal service program authorized under this Act or the National School Lunch Act.

(2) The limitation imposed under paragraph (1)(A) for participation of nonprofit schools in the special milk program shall not apply to split-session kindergarten programs conducted in schools in which children do not have access to the meal service program operating in schools the children attend as authorized under this Act or the National School Lunch Act (42 U.S.C. 1751 et seq.).

(3) For the purposes of this section "United States" means the fifty States, Guam, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the District of Columbia.

(4) The Secretary shall administer the special milk program provided for by this section to the maximum extent practicable in the same manner as he administered the special milk program provided for by Pub. L. 89-642, as amended, during the fiscal year ending June 30, 1969.

(5) Any school or nonprofit child care institution which does not participate in a meal service program authorized under this Act or the National School Lunch Act shall receive the special milk program upon their request.

(6) Children who qualify for free lunches under guidelines established by the Secretary shall, at the option of the school involved (or of the local educational agency involved in the case of a public school) be eligible for free milk upon their request.

(7) For the fiscal year ending June 30, 1975, and for subsequent school years, the minimum rate of reimbursement for a half-pint of milk served in schools and other eligible institutions shall not be less than 5 cents per half-pint served to eligible children, and such minimum rate of reimbursement shall be adjusted on an annual basis each school year to reflect changes in the Producer Price Index for Fresh Processed Milk published by the Bureau of Labor Statistics of the Department of Labor.

(8) Such adjustment shall be computed to the nearest one-fourth cent.

(9) Notwithstanding any other provision of this section, in no event shall the minimum rate of reimbursement exceed the cost to the school or institution of milk served to children.

§ 220.12 Competitive Food Services

School food authorities must comply with the competitive food service and standards requirements specified in §210.11 of this chapter.

California Penal Code

Section **Title and Content**

§ 319 Definition of a Lottery

A lottery is any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known.

§ 319.3

(a) In addition to Section 319, a lottery also shall include a grab bag game which is a scheme whereby, for the disposal or distribution of sports trading cards by chance, a person pays valuable consideration to purchase a sports trading card grab bag with the understanding that the purchaser has a chance to win a designated prize or prizes listed by the seller as being contained in one or more, but not all, of the grab bags.

(b) For purposes of this section, the following definitions shall apply:

(1) "Sports trading card grab bag" means a sealed package which contains one or more sports trading cards that have been removed from the manufacturer's original packaging. A "sports trading card grab bag" does not include a sweepstakes, or procedure for the distribution of any sports trading card of value by lot or by chance, which is not unlawful under other provisions of law.

(2) "Sports trading card" means any card produced for use in commerce that contains a company name or logo, or both, and an image, representation, or facsimile of one or more players or other team member or members in any pose, and that is produced pursuant to an appropriate licensing agreement.

§ 319.5 Neither this chapter nor Chapter 10 (commencing with Section 330) applies to the possession or operation of a reverse vending machine. As used in this section a reverse vending machine is a machine in which empty beverage containers are deposited for recycling and which provides a payment of money, merchandise, vouchers, or other incentives at a frequency less than upon each deposit. The pay out of a reverse vending machine is made on a deposit selected at random within the designated number of required deposits.

The deposit of an empty beverage container in a reverse vending machine does not constitute consideration within the definition of lottery in Section 319.

§ 320 Operation of a Raffle or Lottery

Every person who contrives, prepares, sets up, proposes, or draws any lottery, is guilty of a misdemeanor.

(a) Nothing in this chapter applies to any raffle conducted by an eligible organization as defined in subdivision (c) for the purpose of directly supporting beneficial or charitable purposes or financially supporting another private, nonprofit, eligible organization that performs beneficial or charitable purposes if the raffle is conducted in accordance with this section.

(b) For purposes of this section, "raffle" means a scheme for the distribution of prizes by chance among persons who have paid money for paper tickets that provide the opportunity to win these prizes, where all of the following are true:

(1) Each ticket is sold with a detachable coupon or stub, and both the ticket and its associated coupon or stub are marked with a unique and matching identifier.

(2) Winners of the prizes are determined by draw from among the coupons or stubs described in paragraph (1) that have been detached from all tickets sold for entry in the draw.

(3) The draw is conducted in California under the supervision of a natural person who is 18 years of age or older.

(4)

(A) At least 90 percent of the gross receipts generated from the sale of raffle tickets for any given draw are used by the eligible organization conducting the raffle to benefit or provide support for beneficial or charitable purposes, or it may use those revenues to benefit another private, nonprofit organization, provided that an organization receiving these funds is itself an eligible organization as defined in subdivision (c). As used in this section, "beneficial purposes" excludes purposes that are intended to benefit officers, directors, or members, as defined by Section 5056 of the Corporations Code, of the eligible organization. In no event shall funds raised by raffles conducted pursuant to this section be used to fund any beneficial, charitable, or other purpose outside of California. This section does not preclude an eligible organization from using funds from sources other than the sale of raffle tickets to pay for the administration or other costs of conducting a raffle.

(B) An employee of an eligible organization who is a direct seller of raffle tickets shall not be treated as an employee for purposes of workers' compensation under Section 3351 of the Labor Code if the following conditions are satisfied:

(i) Substantially all of the remuneration (whether or not paid in cash) for the performance of the service of selling raffle tickets is directly related to sales rather than to the number of hours worked.

(ii) The services performed by the person are performed pursuant to a written contract between the seller and the eligible organization and the contract provides that the person will not be treated as an employee with respect to the selling of raffle tickets for workers' compensation purposes.

(C) For purposes of this section, employees selling raffle tickets shall be deemed to be direct sellers as described in Section 650 of the Unemployment Insurance Code as long as they meet the requirements of that section.

(c) For purposes of this section, "eligible organization" means a private, nonprofit organization that has been qualified to conduct business in California for at least one year prior to

conducting a raffle and is exempt from taxation pursuant to Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t, or 23701w of the Revenue and Taxation Code.

(d) Any person who receives compensation in connection with the operation of the raffle shall be an employee of the eligible organization that is conducting the raffle, and in no event may compensation be paid from revenues required to be dedicated to beneficial or charitable purposes.

(e) No raffle otherwise permitted under this section may be conducted by means of, or otherwise utilize, any gaming machine, apparatus, or device, whether or not that machine, apparatus, or device meets the definition of slot machine contained in Section 330a, 330b, or 330.1.

(f)

(1) No raffle otherwise permitted under this section may be conducted, nor may tickets for a raffle be sold, within an operating satellite wagering facility or racetrack inclosure licensed pursuant to the Horse Racing Law (Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code) or within a gambling establishment licensed pursuant to the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code).

(2) A raffle may not be operated or conducted in any manner over the Internet, nor may raffle tickets be sold, traded, or redeemed over the Internet. For purposes of this paragraph, an eligible organization shall not be deemed to operate or conduct a raffle over the Internet, or sell raffle tickets over the Internet, if the eligible organization advertises its raffle on the Internet or permits others to do so. Information that may be conveyed on an Internet Web site pursuant to this paragraph includes, but is not limited to, all of the following:

(A) Lists, descriptions, photographs, or videos of the raffle prizes.

(B) Lists of the prize winners.

(C) The rules of the raffle.

(D) Frequently asked questions and their answers.

(E) Raffle entry forms, which may be downloaded from the Internet Web site for manual completion by raffle ticket purchasers, but shall not be submitted to the eligible organization through the Internet.

(F) Raffle contact information, including the eligible organization's name, address, telephone number, facsimile number, or e-mail address.

(g) No individual, corporation, partnership, or other legal entity shall hold a financial interest in the conduct of a raffle, except the eligible organization that is itself authorized to conduct that raffle, and any private, nonprofit, eligible organizations receiving financial support from that charitable organization pursuant to subdivisions (a) and (b).

(h)

(1) An eligible organization may not conduct a raffle authorized under this section, unless it registers annually with the Department of Justice. The department shall furnish a registration form via the Internet or upon request to eligible nonprofit organizations. The department shall, by regulation, collect only the information necessary to carry out

the provisions of this section on this form. This information shall include, but is not limited to, the following:

(A) The name and address of the eligible organization.

(B) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.

(C) The name and title of a responsible fiduciary of the organization.

(2) The department may require an eligible organization to pay an annual registration fee of ten dollars ($10) to cover the actual costs of the department to administer and enforce this section. The department may, by regulation, adjust the annual registration fee as needed to ensure that revenues willfully offset, but do not exceed, the actual costs incurred by the department pursuant to this section. The fee shall be deposited by the department into the General Fund.

(3) The department shall receive General Fund moneys for the costs incurred pursuant to this section subject to an appropriation by the Legislature.

(4) The department shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(5) The department shall maintain an automated database of all registrants. Each local law enforcement agency shall notify the department of any arrests or investigation that may result in an administrative or criminal action against a registrant. The department may audit the records and other documents of a registrant to ensure compliance with this section.

(6) Once registered, an eligible organization must file annually thereafter with the department a report that includes the following:

(A) The aggregate gross receipts from the operation of raffles.

(B) The aggregate direct costs incurred by the eligible organization from the operation of raffles.

(C) The charitable or beneficial purposes for which proceeds of the raffles were used, or identify the eligible recipient organization to which proceeds were directed, and the amount of those proceeds.

(7) The department shall annually furnish to registrants a form to collect this information.

(8) The registration and reporting provisions of this section do not apply to any religious corporation sole or other religious corporation or organization that holds property for religious purposes, to a cemetery corporation regulated under Chapter 19 of Division 3 of the Business and Professions Code, or to any committee as defined in Section 82013 that is required to and does file any statement pursuant to the provisions of Article 2 (commencing with Section 84200) of Chapter 4 of Title 9, or to a charitable corporation organized and operated primarily as a religious organization, educational institution, hospital, or a health care service plan licensed pursuant to Section 1349 of the Health and Safety Code.

(i) The department may take legal action against a registrant if it determines that the registrant has violated this section or any regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interests of the public's health, safety, or general welfare. Any action taken pursuant to this subdivision does not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, city attorney, or county counsel.

(j) Each action and hearing conducted to deny, revoke, or suspend a registry, or other administrative action taken against a registrant shall be conducted pursuant to the Administrative Procedure Act (Chapters 4.5 (commencing with Section 11400) and 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code). The department may seek recovery of the costs incurred in investigating or prosecuting an action against a registrant or applicant in accordance with those procedures specified in Section 125.3 of the Business and Professions Code. A proceeding conducted under this subdivision is subject to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure.

(k) The Department of Justice shall conduct a study and report to the Legislature by December 31, 2003, on the impact of this section on raffle practices in California. Specifically, the study shall include, but not be limited to, information on whether the number of raffles has increased, the amount of money raised through raffles and whether this amount has increased, whether there are consumer complaints, and whether there is increased fraud in the operation of raffles.

(l) This section shall become operative on July 1, 2001.

(m) A raffle shall be exempt from this section if it satisfies all of the following requirements:

(1) It involves a general and indiscriminate distribution of the tickets.

(2) The tickets are offered on the same terms and conditions as the tickets for which a donation is given.

(3) The scheme does not require any of the participants to pay for a chance to win.

§ 321–326 Penalties for Operation of a Raffle or Lottery

§ 321 Every person who sells, gives, or in any manner whatever, furnishes or transfers to or for any other person any ticket, chance, share, or interest, or any paper, certificate, or instrument purporting or understood to be or to represent any ticket, chance, share, or interest in, or depending upon the event of any lottery, is guilty of a misdemeanor.

§ 322 Every person who aids or assists, either by printing, writing, advertising, publishing, or otherwise in setting up, managing, or drawing any lottery, or in selling or disposing of any ticket, chance, or share therein, is guilty of a misdemeanor.

§ 323 Every person who opens, sets up, or keeps, by himself or by any other person, any office or other place for the sale of, or for registering the number of any ticket in any lottery, or who, by printing, writing, or otherwise, advertises or publishes the setting up, opening, or using of any such office, is guilty of a misdemeanor.

§ 324 Every person who insures or receives any consideration for insuring for or against the drawing of any ticket in any lottery whatever, whether drawn or to be drawn within this State or not, or who receives any valuable consideration upon any agreement to repay any sum, or deliver the same, or any other property, if any lottery ticket or number of any ticket in any lottery shall prove fortunate or unfortunate, or shall be drawn or not be drawn, at any particular time or in any particular order, or who promises or agrees to pay any sum of money, or to deliver any goods, things in action, or property, or to forbear to do anything for the benefit of any person, with or without consideration, upon any event or contingency dependent on the drawing of any ticket in any lottery, or who publishes any notice or proposal of any of the purposes aforesaid, is guilty of a misdemeanor.

§ 325 All moneys and property offered for sale or distribution in violation of any of the provisions of this chapter are forfeited to the state, and may be recovered by information filed, or by an action brought by the Attorney General, or by any district attorney, in the name of the state. Upon the filing of the information or complaint, the clerk of the court must issue an attachment against the property mentioned in the complaint or information, which attachment has the same force and effect against such property, and is issued in the same manner as attachments issued from the superior courts in civil cases.

§ 326 Every person who lets, or permits to be used, any building or vessel, or any portion thereof, knowing that it is to be used for setting up, managing, or drawing any lottery, or for the purpose of selling or disposing of lottery tickets, is guilty of a misdemeanor.

§ 326.5 Exception for Bingo Games for Charity

(a) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any bingo game that is conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the State Constitution, if the ordinance allows games to be conducted only in accordance with this section and only by organizations exempted from the payment of the bank and corporation tax by Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701w, and 23701l of the Revenue and Taxation Code and by mobilehome park associations, senior citizens organizations, and charitable organizations affiliated with a school district; and if the receipts of those games are used only for charitable purposes.

(b) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any bingo game authorized by Section 19 of Article IV of the State Constitution. Security personnel employed by the organization conducting the bingo game may be paid from the revenues of bingo games, as provided in subdivisions (j) and (k).

(c) A violation of subdivision (b) shall be punishable by a fine not to exceed ten thousand dollars ($10,000), which fine is deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the bingo game. A violation of any provision of this section, other than subdivision (b), is a misdemeanor.

(d) The city, county, or city and county that enacted the ordinance authorizing the bingo game may bring an action to enjoin a violation of this section.

(e) Minors shall not be allowed to participate in any bingo game.

(f) An organization authorized to conduct bingo games pursuant to subdivision (a) shall conduct a bingo game only on property owned or leased by it, or property whose use is

donated to the organization, and which property is used by that organization for an office or for performance of the purposes for which the organization is organized. Nothing in this subdivision shall be construed to require that the property owned or leased by, or whose use is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(g) All bingo games shall be open to the public, not just to the members of the authorized organization.

(h) A bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any bingo game. Only the organization authorized to conduct a bingo game shall operate such a game, or participate in the promotion, supervision, or any other phase of a bingo game. This subdivision does not preclude the employment of security personnel who are not members of the authorized organization at a bingo game by the organization conducting the game.

(i) Any individual, corporation, partnership, or other legal entity, except the organization authorized to conduct a bingo game, shall not hold a financial interest in the conduct of a bingo game.

(j) With respect to organizations exempt from payment of the bank and corporation tax by Section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes.

(k) With respect to other organizations authorized to conduct bingo games pursuant to this section, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Proceeds are the receipts of bingo games conducted by organizations not within subdivision (j). Those proceeds shall be used only for charitable purposes, except as follows:

(1) The proceeds may be used for prizes.

(2)

(A) Except as provided in subparagraph (B), a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or two thousand dollars ($2,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel.

(B) For the purposes of bingo games conducted by the Lake Elsinore Elks Lodge, a portion of the proceeds, not to exceed 20 percent of the proceeds before the deduction for prizes, or three thousand dollars ($3,000) per month, whichever is less, may be used for the rental of property and for overhead, including the purchase of bingo equipment, administrative expenses, security equipment, and security personnel. Any amount of the proceeds that is additional to that permitted under subparagraph (A), up to one thousand dollars ($1,000), shall be used for the purpose of financing the rebuilding of the facility and the replacement of equipment that was destroyed by fire in 2007. The exception to subparagraph (A) that is provided by this subparagraph shall remain in effect only until the cost of rebuilding the facility is repaid, or January 1, 2019, whichever occurs first.

(3) The proceeds may be used to pay license fees.

(4) A city, county, or city and county that enacts an ordinance permitting bingo games may specify in the ordinance that if the monthly gross receipts from bingo games of an organization within this subdivision exceed five thousand dollars ($5,000), a minimum percentage of the proceeds shall be used only for charitable purposes not relating to the conducting of bingo games and that the balance shall be used for prizes, rental of property, overhead, administrative expenses, and payment of license fees. The amount of proceeds used for rental of property, overhead, and administrative expenses is subject to the limitations specified in paragraph (2).

(l)

(1) A city, county, or city and county may impose a license fee on each organization that it authorizes to conduct bingo games. The fee, whether for the initial license or renewal, shall not exceed fifty dollars ($50) annually, except as provided in paragraph (2). If an application for a license is denied, one-half of any license fee paid shall be refunded to the organization.

(2) In lieu of the license fee permitted under paragraph (1), a city, county, or city and county may impose a license fee of fifty dollars ($50) paid upon application. If an application for a license is denied, one-half of the application fee shall be refunded to the organization. An additional fee for law enforcement and public safety costs incurred by the city, county, or city and county that are directly related to bingo activities may be imposed and shall be collected monthly by the city, county, or city and county issuing the license; however, the fee shall not exceed the actual costs incurred in providing the service.

(m) A person shall not be allowed to participate in a bingo game, unless the person is physically present at the time and place where the bingo game is being conducted.

(n) The total value of prizes available to be awarded during the conduct of any bingo games shall not exceed five hundred dollars ($500) in cash or kind, or both, for each separate game which is held.

(o) As used in this section, "bingo" means a game of chance in which prizes are awarded on the basis of designated numbers or symbols that are marked or covered by the player on a tangible card in the player's possession and that conform to numbers or symbols, selected at random and announced by a live caller. Notwithstanding Section 330c, as used in this section, the game of bingo includes tangible cards having numbers or symbols that are concealed and preprinted in a manner providing for distribution of prizes. Electronics or video displays shall not be used in connection with the game of bingo, except in connection with the caller's drawing of numbers or symbols and the public display of that drawing, and except as provided in subdivision (p). The winning cards shall not be known prior to the game by any person participating in the playing or operation of the bingo game. All preprinted cards shall bear the legend, "for sale or use only in a bingo game authorized under California law and pursuant to local ordinance." Only a covered or marked tangible card possessed by a player and presented to an attendant may be used to claim a prize. It is the intention of the Legislature that bingo as defined in this subdivision applies exclusively to this section and shall not be applied in the construction or enforcement of any other provision of law.

(p)

(1) Players who are physically present at a bingo game may use hand-held, portable card-minding devices, as described in this subdivision, to assist in monitoring the

numbers or symbols announced by a live caller as those numbers or symbols are called in a live game. Card-minding devices may not be used in connection with any game where a bingo card may be sold or distributed after the start of the ball draw for that game. A card-minding device shall do all of the following:

(A) Be capable of storing in the memory of the device bingo faces of tangible cards purchased by a player.

(B) Provide a means for bingo players to input manually each individual number or symbol announced by a live caller.

(C) Compare the numbers or symbols entered by the player to the bingo faces previously stored in the memory of the device.

(D) Identify winning bingo patterns that exist on the stored bingo faces.

(2) A card-minding device shall perform no functions involving the play of the game other than those described in paragraph (1). Card-minding devices shall not do any of the following:

(A) Be capable of accepting or dispensing any coins, currency, or other representative of value or on which value has been encoded.

(B) Be capable of monitoring any bingo card face other than the faces of the tangible bingo card or cards purchased by the player for that game.

(C) Display or represent the game result through any means, including, but not limited to, video or mechanical reels or other slot machine or casino game themes, other than highlighting the winning numbers or symbols marked or covered on the tangible bingo cards or giving an audio alert that the player's card has a prize-winning pattern.

(D) Determine the outcome of any game or be physically or electronically connected to any component that determines the outcome of a game or to any other bingo equipment, including, but not limited to, the ball call station, or to any other card-minding device. No other player-operated or player-activated electronic or electromechanical device or equipment is permitted to be used in connection with a bingo game.

(3)

(A) A card-minding device shall be approved in advance by the department as meeting the requirements of this section and any additional requirements stated in regulations adopted by the department. Any proposed material change to the device, including any change to the software used by the device, shall be submitted to the department and approved by the department prior to implementation.

(B) In accordance with Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code, the commission shall establish reasonable criteria for, and require the licensure of, any person that directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides card-minding devices or other supplies, equipment, or services related to card-minding devices designed for use in the playing of bingo games by any nonprofit organization.

(C) A person or entity that supplies or services any card-minding device shall meet all licensing requirements established by the commission in regulations.

(4) The costs of any testing, certification, license, or determination required by this subdivision shall be borne by the person or entity seeking it.

(5) On and after January 1, 2010, the Department of Justice may inspect all card-minding devices at any time without notice, and may immediately prohibit the use of any device that does not comply with the requirements established by the department in regulations. The Department of Justice may at any time, without notice, impound any device the use of which has been prohibited by the commission.

(6) The Department of Justice shall issue regulations to implement the requirements of this subdivision, and the California Gambling Control Commission may issue regulations regarding the means by which the operator of a bingo game, as required by applicable law, may offer assistance to a player with disabilities in order to enable that player to participate in a bingo game, provided that the means of providing that assistance shall not be through any electronic, electromechanical, or other device or equipment that accepts the insertion of any coin, currency, token, credit card, or other means of transmitting value, and does not constitute or is not a part of a system that constitutes a video lottery terminal, slot machine, or device prohibited by Chapter 10 (commencing with Section 330).

(7) The following definitions apply for purposes of this subdivision:

(A) "Commission" means the California Gambling Control Commission.

(B) "Department" means the Department of Justice.

(C) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.

Revenue and Taxation Code

Section **Title and Content**

§ 6361 Irregular or Intermittent Sales

(a) Any organization listed or described in subdivision (b) is a consumer and shall not be considered a retailer within the provisions of this part, of food products, nonalcoholic beverages, or other tangible personal property made or produced by members of the organization provided, however, that the organization's sales are made on an irregular or intermittent basis, and that the organization's profits from those sales are used exclusively in furtherance of the purposes of the organization.

(b) For purposes of this section, "organization" includes any of the following:

(1) Any nonprofit organization which meets all of the following conditions:

(A) The organization qualifies for tax-exempt status under Section 501(c) of the Internal Revenue Code.

(B) The organization's primary purpose is to provide a supervised program of competitive sports for youth, or to promote good citizenship in youth.

(C) The organization does not discriminate on the basis of race, sex, nationality, or religion.

(2)

(A) Any youth group sponsored by or affiliated with a qualified educational institution, including, but not limited to, any student activity club, athletic group, or musical group.

(B) For purposes of this section, "qualified educational institution" means any of the following:

(i) Any public elementary, secondary, or vocational-technical school providing education for kindergarten, grades 1 to 12, inclusive, and college undergraduate programs, or any part thereof, operated by state or local government.

(ii) Any nonprofit private educational institution providing education for kindergarten, grades 1 to 12, inclusive, and college undergraduate programs, or any part thereof, that meets the requirements of the State Department of Education for a school. "Private educational institution" means any entity providing education which satisfies the requirements of state and local laws pertaining to private educational institutions in effect on January 1, 1990, and which does not discriminate on the basis of race, sex, nationality, or religion.

(3) Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner football.

(c) For purposes of this section, "irregular or intermittent" means associated directly with a particular event, such as fairs, galas, parades, scout-a-ramas, games, and similar activities.

That term includes refreshment stands or booths that are utilized at scheduled events of organized leagues, but does not include storefront or mobile retail outlets which ordinarily require local business licenses.

§ 237 Tax Exemptions

(a)

(1) Subject to the requirements set forth in paragraph (2), there is exempt from taxation under this part that portion of the assessed value of property, owned and operated by a federally recognized Indian tribe or its tribally designated housing entity, that corresponds to that portion of the property that is continuously available to, or occupied by, lower income households, as defined in Section 50079.5 of the Health and Safety Code or applicable federal, state, or local financing agreements, at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or rents that do not exceed those prescribed by the terms of the applicable federal, state, or local financing agreements or financial assistance agreements.

(2) The exemption set forth in subdivision (a) applies only if the property and entity meet the following requirements:

(A) At least 30 percent of the property's housing units are either continuously available to, or occupied by, lower income households, as defined in Section 50079.5 of the Health and Safety Code or applicable federal, state, or local financing agreements, at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or rents that do not exceed those prescribed by the terms of the applicable federal, state, or local financing agreements or financial assistance agreements.

(B) The housing entity is nonprofit.

(C) No part of the net earnings of the housing entity inure to the benefit of any private shareholder or individual.

(b) In lieu of the tax imposed by this part, a tribe or tribally designated housing entity may agree to make payments to a county, city, city and county, or political subdivision of the state for services, improvements, or facilities provided by that entity for the benefit of a low-income housing project owned and operated by the tribe or tribally designated housing entity. Any payments in lieu of tax may not exceed the estimated cost to the city, county, city and county, or political subdivision of the state of the services, improvements, or facilities to be provided.

(c) A tribe or tribally designated housing entity applying for an exemption under this section shall provide the following documents to the assessor:

(1) Documents establishing that the designating tribe is federally recognized.

(2) Documents establishing that the housing entity has been designated by the tribe.

(3) Documents establishing that there is a deed restriction, agreement, or other legally binding document requiring that the property be used in compliance with subparagraph (A) of paragraph (2) of subdivision (a).

(d) This exemption shall be known as the "tribal housing exemption."

Board of Equalization, Sales and Use Tax Regulations

Section **Title and Content**

§ 1597 Property Transferred or Sold by a Certain Nonprofit Organizations

(a) IN GENERAL. Sections 6018.9, 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

(b) FLAGS SOLD BY NONPROFIT VETERANS' ORGANIZATIONS. Any nonprofit veterans' organization is a consumer of and shall not be considered a retailer of flags of the United States which it sells where the profits are used solely and exclusively in furtherance of the purpose of the organization.

(c) PRISONERS OF WAR BRACELETS TRANSFERRED BY CHARITABLE ORGANIZATIONS. Any charitable organization qualifying for the welfare exemption from property taxation under Section 214 of the Revenue and Taxation Code is the consumer of bracelets designed to commemorate American prisoners of war, which it distributes, whether or not a contribution is made to such organization, where the profits are used solely and exclusively in furtherance of the purposes of such organization.

(d) HANDCRAFTED OR ARTISTIC TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN QUALIFIED ORGANIZATIONS. Any organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C.A.); which, as its primary purpose, provides services to individuals with developmental disabilities or, effective August 3, 1995, to children with severe emotional disturbances, and which does not discriminate on the basis of race, sex, nationality, or religion is the consumer and not the retailer of any tangible personal property sold by them if all of the following conditions are met:

(1) The tangible personal property is of a handcrafted or artistic nature and is designed, created, or made by individuals with developmental disabilities or, effective August 3, 1995, by children with severe emotional disturbances, who are members of, or receive services from, the qualified organization.

(2) The price of each item of tangible personal property sold does not exceed twenty dollars ($20) or ten dollars ($10) if sold prior to August 3, 1995.

(3) The qualified organization's sales are made on an irregular or intermittent basis.

(4) The qualified organization's profits from the sales are used exclusively in furtherance of the purposes of the organization.

(e) FOOD PRODUCTS, NONALCOHOLIC BEVERAGES AND OTHER TANGIBLE PERSONAL PROPERTY SOLD BY NONPROFIT YOUTH ORGANIZATIONS.

(1) A qualified youth organization is the consumer and not the retailer of food products, nonalcoholic beverages, and tangible personal property created by members of the organization, which are sold on an irregular or intermittent basis provided the profits from such sales are used solely and exclusively in the furtherance of the purpose of the organization.

(A) "Qualified youth organization" means and includes:

1. any nonprofit organization which qualifies for tax-exempt status under Section 501(c) of the Internal Revenue Code (26 U.S.C.A.); which provides a supervised program of competitive sports for youth or promotes good citizenship in youth as its primary purpose; and which does not discriminate on the basis of race, sex, nationality, or religion, or

2. any youth group or club sponsored by or affiliated with a qualified educational institution, including but not limited to any student activity group, e.g., debating team, swimming team, band, or choir.

(B) "Qualified educational institution" means and includes:

1. any public elementary, secondary, or vocation-technical school which provides education for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof, or

2. any nonprofit private school which provides education programs for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof. Nonprofit private school educational programs must meet the requirements of the State Department of Education and must satisfy the requirements of state and local laws governing private educational institutions in effect on January 1, 1990. The term does not include a nonprofit private school which otherwise qualifies but which discriminates on the basis of race, sex, nationality, or religion. For example, a youth group sponsored by a private school which has enrollment open only to females is not a "qualified youth organization".

(C) "Irregular or intermittent" is defined to mean sales made at particular events, such as fairs, galas, parades, scout-a-ramas, games, and similar activities, which are not conducted on a regularly scheduled basis. Sales made at refreshment stands or booths at scheduled events of organized youth sports leagues are considered made on an "irregular or intermittent" basis; however, sales made in storefront or mobile retail outlets which ordinarily require local business licenses do not qualify.

(2) The following organizations are "qualified youth organizations" and are consumers, not retailers, of tangible personal property under the circumstances described in paragraph (e)(1):

Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., formerly Campfire Girls, Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner Football.

(f) TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN NON PROFIT ORGANIZATIONS. The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) Nonprofit parent-teacher associations chartered by the California Congress of Parents, Teachers, and Students, Incorporated, and equivalent organizations performing the

same type of service for public or private schools and authorized to operate within the school by the governing authority of the school.

(2) Nonprofit associations commonly called Friends of the Library, and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library.

(3) Nonprofit parent cooperative nursery schools.

(g) RESALE CERTIFICATES: OBLIGATIONS OF PERSONS WHO SELL TO CONSUMERS. An organization classed as a consumer under this regulation may not give a resale certificate with respect to the property it transfers.

All persons, other than organizations classed as consumers, who make sales of tangible personal property not otherwise exempt, should report tax on their sales unless the purchasers furnish resale certificates which can be accepted in good faith.

It will be presumed that all sales of tangible personal property not otherwise exempt, by organizations not classed as consumers, for delivery in this state to purchasers who do not furnish resale certificates which the seller accepts in good faith are subject to sales tax or that the seller is obligated to collect use tax from the purchasers.

(h) TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY BY OR THROUGH NONPROFIT ORGANIZATIONS. A nonprofit organization is treated as a consumer of tangible personal property it may sell under circumstances described in subdivisions (d), (e) and (f) of this regulation. In other cases, a nonprofit organization is regarded as a retailer of property it sells to consumers, or it is regarded as an agent of the companies which furnish the property to it for delivery to consumers.

When a nonprofit organization solicits orders, collects payments, and distributes tangible personal property for a supplier, it is considered to be the agent of that supplier. Accordingly, the supplier, not the organization, is the retailer of the merchandise sold. This is true unless documentation establishes that the nonprofit organization is buying and selling for its own account. The nonprofit organization is presumed to be buying and selling on its own account if all of the following factors are present: 1) the organization solicits the orders from the public in its own name; 2) the organization collects the sale price from the customer in its own name; 3) the organization is responsible for and pays the supplier for the merchandise; and 4) the contract between the organization and the supplier clearly identifies the fact the organization will purchase and resell the products to its customers. If it is selling for its own account, the nonprofit organization will be required to obtain a permit and will be considered the retailer, unless the supplier has been classified by the Board as a retailer under Revenue and Taxation Code Section 6015, or the nonprofit organization is classified under subdivisions (d), (e) and (f) of this regulation.

If the supplier is a 6015 retailer, the supplier must pay the tax and the organization does not need a seller's permit. The measure of tax is the amount charged to the consumer. When this price is unknown by the supplier, tax will apply to the suggested retail selling price. If the nonprofit organization is classified as a consumer under subdivisions (d), (e) and (f) of this regulation, the supplier will calculate tax measured by the selling price to the nonprofit organization.

(i) TRANSFER OF TANGIBLE PERSONAL PROPERTY TO MEMBERS. From April 1, 2010, until January 1, 2015, an organization described under Section 501(c) of the Internal

Revenue Code (26 U.S.C.A.) is the consumer of tangible personal property transferred to its members, if the following requirements are met:

(1) The tangible personal property bears a logo or other identifying mark of the organization and is a promotional item or other item commonly associated with use by a member to demonstrate the member's association with, or membership in, the organization.

(2) The cost to the member of the organization for the acquisition of the tangible personal property is not more than the cost to the nonprofit organization to obtain and transfer to the member the tangible personal property, including any applicable sales or use tax paid by the nonprofit organization.

(3) Reasonable steps are taken by the organization to ensure that no member is allowed to acquire more than 30 identical items of tangible personal property or to resell the items to another person.

(4) The tangible personal property is not distributed for purposes of organized political campaigning or issue advocacy.

§ 1603 Taxable Sales of Food Products

(a) RESTAURANTS, HOTELS, BOARDING HOUSES, SODA FOUNTAINS, AND SIMILAR ESTABLISHMENTS.

(1) DEFINITIONS.

(A) Boarding House. The term "Boarding House" as used in this regulation means any establishment regularly serving meals on the average to five or more paying guests. The term includes a "guest home," "residential care home," "halfway house," and any other establishment providing room and board or board only, which is not an institution as defined in Regulation 1503 and section 6363.6 of the Revenue and Taxation Code. The fact that guests may be recipients of welfare funds does not affect the application of tax. A person or establishment furnishing meals on the average to fewer than five paying guests during the calendar quarter is not considered to be engaged in the business of selling meals at retail.

(B) American Plan Hotel. The term "American Plan Hotel" as used in this regulation means a hotel which charges guests a fixed sum by the day, week, or other period for room and meals combined.

(C) Complimentary Food and Beverages. As used in this subdivision (a), the term "complimentary food and beverages" means food and beverages (including alcoholic and non-alcoholic beverages) which are provided to transient guests on a complimentary basis and:

1. There is no segregation between the charges for rooms and the charges for the food and beverages on the guests' bills, and

2. The guests are not given an option to refuse the food and beverages in return for a discounted room rental.

(D) Average Retail Value of Complimentary Food and Beverages. The term "average retail value of complimentary food and beverages" (ARV) as used in this regulation means the total amount of the costs of the complimentary food and beverages for the preceding calendar year marked-up one hundred percent (100%) and divided

by the number of rooms rented for that year. Costs of complimentary food and beverages include charges for delivery to the lodging establishment but exclude discounts taken and sales tax reimbursement paid to vendors. The 100% markup factor includes the cost of food preparation labor by hotel employees, the fair rental value of hotel facilities used to prepare or serve the food and beverages, and profit.

(E) Average Daily Rate. The term "average daily rate" (ADR) as used in this regulation means the gross room revenue for the preceding calendar year divided by the number of rooms rented for that year. "Gross room revenue" means and includes the full charge to the hotel customers but excludes separately stated occupancy taxes, revenue from contract and group rentals which do not qualify for complimentary food and beverages, and revenue from special packages (e.g., New Year's Eve packages which include food and beverages as well as guest room accommodations), unless it can be documented that the retail value of the food and beverages provided as a part of the special package is 10% or less of the total package charge as provided in subdivision (a)(2)(B). "Number of rooms rented for that year" means the total number of times all rooms have been rented on a nightly basis provided the revenue for those rooms is included in the "gross room revenue." For example, if a room is rented out for three consecutive nights by one guest, that room will be counted as rented three times when computing the ADR.

(2) APPLICATION OF TAX.

(A) In General. Tax applies to sales of meals or hot prepared food products (see (e) below) furnished by restaurants, concessionaires, hotels, boarding houses, soda fountains, and similar establishments whether served on or off the premises. In the case of American Plan Hotels, special packages offered by hotels, e.g., a New Year's Eve package as described in subdivision (a)(1)(E), and boarding houses, a reasonable segregation must be made between the charges for rooms and the charges for the meals, hot prepared food products, and beverages. Charges by hotels or boarding houses for delivering meals or hot prepared food products to, or serving them in, the rooms of guests are includable in the measure of tax on the sales of the meals or hot prepared food products whether or not the charges are separately stated. (Caterers, see (i) below.) Sales of meals or hot prepared food products by restaurants, concessionaires, hotels, boarding houses, soda fountains, and similar establishments to persons such as event planners, party coordinators, or fundraisers, which buy and sell on their own account, are sales for resale for which a resale certificate may be accepted. (See subdivision (i)(3)(C)2.)

Soufflé cups, straws, paper napkins, toothpicks and like items that are not of a reusable character which are furnished with meals or hot prepared food products are sold with the meals or hot prepared food products. Sales of such items for such purpose to persons engaged in the business of selling meals or hot prepared food products are, accordingly, sales for resale.

(B) Complimentary Food and Beverages. Lodging establishments which furnish, prepare, or serve complimentary food and beverages to guests in connection with the rental of rooms are consumers and not retailers of such food and beverages when the retail value of the complimentary food and beverages is "incidental" to the room rental service regardless of where within the hotel premises the complimentary food and beverages are served. For complimentary food and beverages to qualify as "incidental" for the current calendar year, the average retail value of the

complimentary food and beverages (ARV) furnished for the preceding calendar year must be equal to or less than 10% of the average daily rate (ADR) for that year.

If a hotel provides guests with coupons or similar documents which may be exchanged for complimentary food and beverages in an area of the hotel where food and beverages are sold on a regular basis to the general public (e.g., a restaurant), the hotel will be considered the consumer and not the retailer of such food and beverages if the coupons or similar documents are non-transferable and the guest is specifically identified by name. If the coupons or similar documents are transferable or the guest is not specifically identified, food and beverages provided will be considered sold to the guest at the fair retail value of similar food and beverages sold to the general public. In the case of coupons redeemed by guests at restaurants not operated by the lodging establishment, the hotel will be considered the consumer of food and beverages provided to the hotel's guests and tax will apply to the charge by the restaurant to the hotel.

Lodging establishments are retailers of food and beverages which do not qualify as "incidental" and tax applies as provided in subdivision (a)(2)(A) above. Amounts paid by guests for food and beverages in excess of a complimentary allowance are gross receipts subject to the tax. Lodging establishments are retailers of otherwise complimentary food and beverages sold to non-guests.

In the case of hotels with concierge floor, club level or similar programs, the formula set forth above shall be applied separately with respect to the complimentary food and beverages furnished to guests who participate in the concierge, club or similar program. That is, the concierge, club or similar program will be deemed to be an independent hotel separate and apart from the hotel in which it is operated. The ADR and the retail value of complimentary food and beverages per occupied room will be computed separately with respect to the guest room accommodations entitled to the privileges and amenities involved in the concierge, club or similar program.

The following example illustrates the steps in determining whether the food and beverages are complimentary:

FORMULA: ARV ÷ ADR ≤10%

Average Daily Rate (ADR):

Room Revenue	$9,108,000
Rooms Rented	74,607
ADR ($9,108,000 ÷ 74,607)	$122.08

Average Retail Value of Complimentary Food and Beverages (ARV):

Complimentary Food Cost	$169,057
Complimentary Beverage Cost	52,513
Total	$221,570
Add 100% Markup	221,570
Average Retail Value	$443,140
ARV per occupied room ($443,140 ÷ 74,607)	$5.94
Application of Formula:	$5.94 ÷ $122.08 = 4.87%

In the above example, the average retail value of the complimentary food and beverages per occupied room for the preceding calendar year is equal to or less than 10% of the average daily rate. Therefore, under the provisions of this subdivision (a)(2)(B), the complimentary food and beverages provided to guests for the current calendar year qualify as "incidental." The lodging establishment is the consumer and not the retailer of such food and beverages. This computation must be made annually.

When a lodging establishment consists of more than one location, the operations of each location will be considered separately in determining if that location's complimentary food and beverages qualify as incidental.

(C) "Free" Meals. When a restaurant agrees to furnish a "free" meal to a customer who purchases another meal and presents a coupon or card, which the customer previously had purchased directly from the restaurant or through a sales promotional agency having a contract with the restaurant to redeem the coupons or cards, the restaurant is regarded as selling two meals for the price of one, plus any additional compensation from the agency or from its own sales of coupons. Any such additional compensation is a part of its taxable gross receipts for the period in which the meals are served.

Tax applies only to the price of the paid meal plus any such additional compensation.

(b) "DRIVE-INS." Tax applies to sales of food products ordinarily sold for immediate consumption on or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products purchased at the "drive-in" establishment, even though such products are sold on a "take out" or "to go" order and are actually packaged or wrapped and taken from the premises of the retailer. Food products when sold in bulk, i.e., in quantities or in a form not suitable for consumption on the retailer's premises, are not regarded as ordinarily sold for immediate consumption on or near the location at which parking facilities are provided by the retailer. Accordingly, with the exception of sales of hot prepared food products (see (e) below) and sales of cold food under the 80-80 rule (see (c) below), sales of ice cream, doughnuts, and other individual food items in quantities obviously not intended for consumption on the retailer's premises, without eating utensils, trays or dishes and not consumed on the retailer's premises, are exempt from tax. Any

retailer claiming a deduction on account of food sales of this type must support the deduction by complete and detailed records.*

* The records acceptable in support of such a deduction are:

(a) A sales ticket prepared for each transaction claimed as being tax exempt showing:

(1) Date of the sale,

(2) The kind of merchandise sold,

(3) The quantity of each kind of merchandise sold,

(4) The price of each kind of merchandise sold,

(5) The total price of merchandise sold,

(6) A statement to the effect that the merchandise purchased is not to be consumed on or near the location at which parking facilities are provided by the retailer, and

(b) A daily sales record kept in sufficient detail to permit verification by audit that all gross receipts from sales have been accounted for and that all sales claimed as being tax exempt are included therein.

(c) COLD FOOD SOLD ON A "TAKE-OUT" ORDER.

(1) GENERAL.

(A) Seller Meeting Criteria of 80-80 Rule. When a seller meets both criteria of the 80-80 rule as explained in subdivision (c)(3) below, tax applies to sales of cold food products (including sales for a separate price of hot bakery goods and hot beverages such as coffee) in a form suitable for consumption on the seller's premises even though such food products are sold on a "take-out" or "to go" order. Sales of cold food products which are suitable for consumption on the seller's premises are subject to the tax no matter how great the quantity purchased, e.g., 40 one-half pint containers of milk. Except as provided elsewhere in this regulation, tax does not apply to sales of food products which are furnished in a form not suitable for consumption on the seller's premises.

Operative April 1, 1996, although a seller may meet both criteria of the 80-80 rule, he or she may elect to separately account for the sale of "take-out" or "to go" orders of cold food products which are in a form suitable for consumption on the seller's premises. The gross receipts from the sale of those food products shall be exempt from the tax provided the seller keeps a separate accounting of these transactions in his or her records. Tax will remain applicable to the sale of food products as provided in subdivisions (a), (b), (e), or (f) of this regulation. Failure to maintain the required separate accounting and documentation claimed as exempt under this subdivision will revoke the seller's election under this subdivision.

(B) Seller Not Meeting Criteria of 80-80 Rule. When a seller does not meet both criteria of the 80-80 rule as explained in subdivision (c)(3) below, tax does not apply to sales of cold food products (including sales for a separate price of hot bakery goods and hot beverages such as coffee) when sold on a "take-out" or "to go" order.

(2) DEFINITIONS.

(A) For purposes of this subdivision (c), the term "suitable for consumption on the seller's premises" means food products furnished:

1. In a form which requires no further processing by the purchaser, including but not limited to cooking, heating, thawing, or slicing, and

2. In a size which ordinarily may be immediately consumed by one person such as a large milk shake, a pint of ice cream, a pint of milk, or a slice of pie. Cold food products (excluding milk shakes and similar milk products) furnished in containers larger in size than a pint are considered to be in a form not suitable for immediate consumption.

Pieces of candy sold in bulk quantities of one pound or greater are deemed to be sold in a form not suitable for consumption on the seller's premises.

The term does not include cold food products which obviously would not be consumed on the premises of the seller, e.g., a cold party tray or a whole cold chicken.

(B) For purposes of this subdivision (c), the term "seller's premises" means the individual location at which a sale takes place rather than the aggregate of all locations of the seller. For example, if a seller operates several drive-in and fast food restaurants, the operations of each location stand alone and are considered separately in determining if the sales of food products at each location meet the criteria of the 80-80 rule.

When two or more food-selling activities are conducted by the same person at the same location, the operations of all food related activities will be considered in determining if the sales of food products meet the criteria of the 80-80 rule. For example, if a seller operates a grocery store and a restaurant with no physical separation other than separate cash registers, the grocery store operations will be included in determining if the sales of food products meet the criteria of the 80-80 rule. When there is a physical separation where customers of one operation may not pass freely into the other operation, e.g., separate rooms with separate entrances but a common kitchen, each operation will be considered separately for purposes of this subdivision (c).

(3) 80-80 RULE. Tax applies under this subdivision (c) only if the seller meets both of the following criteria:

(A) More than 80 percent of the seller's gross receipts are from the sale of food products, and

(B) More than 80 percent of the seller's retail sales of food products are taxable as provided in subdivisions (a), (b), (e), and (f) of this regulation.

Sales of alcoholic beverages, carbonated beverages, or cold food to go not suitable for immediate consumption should not be included in this computation. Any seller meeting both of these criteria and claiming a deduction for the sale of cold food products in a form not suitable for consumption on the seller's premises must support the deduction by complete and detailed records of such sales made.

(d) PLACES WHERE ADMISSION IS CHARGED.

(1) GENERAL. Tax applies to sales of food products when sold within, and for consumption within, a place the entrance to which is subject to an admission charge, during the period when the sales are made, except for national and state parks and monuments, and marinas, campgrounds, and recreational vehicle parks.

(2) DEFINITIONS.

(A) "Place" means an area the exterior boundaries of which are defined by walls, fences or otherwise in such a manner that the area readily can be recognized and distinguished from adjoining or surrounding property. Examples include buildings, fenced enclosures and areas delimited by posted signs.

(B) "Within a place" means inside the door, gate, turnstile, or other point at which the customer must pay an admission charge or present evidence, such as a ticket, that an admission charge has been paid. Adjacent to, or in close proximity to, a place is not within a place.

(C) "Admission charge" means any consideration required to be paid in money or otherwise for admittance to a place.

"Admission charge" does not include:

1. Membership dues in a club or other organization entitling the member to, among other things, entrance to a place maintained by the club or organization, such as a fenced area containing a club house, tennis courts, and a swimming pool. Where a guest is admitted to such a place only when accompanied by or vouched for by a member of the club or organization, any charge made to the guest for use of facilities in the place is not an admission charge.

2. A charge for a student body card entitling the student to, among other things, entrance to a place, such as entrance to a school auditorium at which a dance is held.

3. A charge for the use of facilities within a place to which no entrance charge is made to spectators. For example, green fees paid for the privilege of playing a golf course, a charge made to swimmers for the use of a pool within a place, or a charge made for the use of lanes in a public bowling place.

(D) "National and state parks and monuments" means those which are part of the National Park System or the State Park System. The phrase does not include parks and monuments not within either of those systems, such as city, county, regional, district or private parks.

(3) PRESUMPTION THAT FOOD IS SOLD FOR CONSUMPTION WITHIN A PLACE. When food products are sold within a place the entrance to which is subject to an admission charge, it will be presumed, in the absence of evidence to the contrary, that the food products are sold for consumption within the place. Obtaining and retaining evidence in support of the claimed tax exemption is the responsibility of the retailer. Such evidence may consist, for example, of proof that the sales were of canned jams, cake mixes, spices, cooking chocolate, or other items in a form in which it is unlikely that such items would be consumed within the place where sold.

(4) FOOD SOLD TO STUDENTS. The exemption otherwise granted by Section 6363 does not apply to sales of food products to students when sold within, and for consumption within, a place the entrance to which is subject to an admission charge, and such sales are subject to tax except as provided in (q) of this regulation. For example, when food products are sold by a student organization to students or to both students and nonstudents within a place the entrance to which is subject to an

admission charge, such as a place where school athletic events are held, the sales to both students and nonstudents are taxable.

(e) HOT PREPARED FOOD PRODUCTS.

(1) GENERAL. Tax applies to all sales of hot prepared food products unless otherwise exempt. "Hot prepared food products" means those products, items, or components which have been prepared for sale in a heated condition and which are sold at any temperature which is higher than the air temperature of the room or place where they are sold. The mere heating of a food product constitutes preparation of a hot prepared food product, e.g., grilling a sandwich, dipping a sandwich bun in hot gravy, using infra-red lights, steam tables, etc. If the sale is intended to be of a hot food product, such sale is of a hot food product regardless of cooling which incidentally occurs. For example, the sale of a toasted sandwich intended to be in a heated condition when sold, such as a fried ham sandwich on toast, is a sale of a hot prepared food product even though it may have cooled due to delay. On the other hand, the sale of a toasted sandwich which is not intended to be in a heated condition when sold, such as a cold tuna sandwich on toast, is not a sale of a hot prepared food product.

When a single price has been established for a combination of hot and cold food items, such as a meal or dinner which includes cold components or side items, tax applies to the entire established price regardless of itemization on the sales check. The inclusion of any hot food product in an otherwise cold combination of food products sold for a single established price, results in the tax applying to the entire established price, e.g., hot coffee served with a meal consisting of cold food products, when the coffee is included in the established price of the meal. If a single price for the combination of hot and cold food items is listed on a menu, wall sign or is otherwise advertised, a single price has been established. Except as otherwise provided in (b), (c), (d) or (f) of this regulation, or in Regulation 1574, tax does not apply to the sale for a separate price of bakery goods, beverages classed as food products, or cold or frozen food products. Hot bakery goods and hot beverages such as coffee are hot prepared food products but their sale for a separate price is exempt unless taxable as provided in (b), (c), (d) or (f) of this regulation, or in Regulation 1574. Tax does apply if a hot beverage and a bakery product or cold food product are sold as a combination for a single price. Hot soup, bouillon, or consommé is a hot prepared food product which is not a beverage.

(2) AIR CARRIERS ENGAGED IN INTERSTATE OR FOREIGN COMMERCE. Tax does not apply to the sale, storage, use, or other consumption of hot prepared food products sold by caterers or other vendors to air carriers engaged in interstate or foreign commerce for consumption by passengers on such air carriers, nor to the sale, storage, use, or other consumption of hot prepared food products sold or served to passengers by air carriers engaged in interstate or foreign commerce for consumption by passengers on such air carriers. "Air carriers" are persons or firms in the business of transporting persons or property for hire or compensation, and include both common and contract carriers. "Passengers" do not include crew members. Any caterer or other vendor claiming the exemption must support it with an exemption certificate from the air carrier substantially in the form prescribed in Appendix A of this regulation.

(f) FOOD FOR CONSUMPTION AT FACILITIES PROVIDED BY THE RETAILER. Tax applies to sales of sandwiches, ice cream, and other foods sold in a form for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware provided by the retailer or by a person with whom the retailer contracts to furnish, prepare, or serve food products to others.

A passenger's seat aboard a train, or a spectator's seat at a game, show, or similar event is not a "chair" within the meaning of this regulation. Accordingly, except as otherwise provided in (c), (d), and (e) above, tax does not apply to the sale of cold sandwiches, ice cream, or other food products sold by vendors passing among the passengers or spectators where the food products are not "for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware provided by the retailer."

(g) TIPS, GRATUITIES, AND SERVICE CHARGES. (Prior to January 1, 2015)

The provisions of subdivision (g) apply to transactions occurring prior to January 1, 2015. This subdivision applies to restaurants, hotels, caterers, boarding houses, soda fountains, drive-ins and similar establishments.

An optional payment designated as a tip, gratuity, or service charge is not subject to tax. A mandatory payment designated as a tip, gratuity, or service charge is included in taxable gross receipts, even if the amount is subsequently paid by the retailer to employees.

(1) OPTIONAL PAYMENT.

(A) A payment of a tip, gratuity, or service charge is optional if the customer adds the amount to the bill presented by the retailer, or otherwise leaves a separate amount in payment over and above the actual amount due the retailer for the sale of meals, food, and drinks that include services. The following examples illustrate transactions where a payment of a tip, gratuity or service charge is optional and not included in taxable gross receipts. This is true regardless of printed statements on menus, brochures, advertisements or other materials notifying customers that tips, gratuities, or service charges will or may be added by the retailer to the prices of meals, food, or drinks:

Example 1. The restaurant check is presented to the customer with the "tip" area blank so the customer may voluntarily write in an amount, or

Example 2. The restaurant check is presented to the customer with options computed by the retailer and presented to the customer as tip suggestions. The "tip" area is blank so the customer may voluntarily write in an amount:

Guest Check

Food Item A	$9.95
Beverage Item B	3.75
Subtotal	$13.70
8% sales tax	1.10
Subtotal	$14.80
Tip*	
Total	
*Suggested tips: 15%=$2.06; 18%=$2.47; 20%=$2.74; other	

If an employer misappropriates these payments for these charges, as discussed in subdivision (g)(1)(B) below, such payments are included in the retailer's taxable gross receipts.

(B) No employer shall collect, take, or receive any gratuity or a part thereof, paid, given to, or left for an employee by a patron, or deduct any amount from wages

due an employee on account of such gratuity, or require an employee to credit the amount, or any part thereof, of such gratuity against and as a part of the wages due the employee from the employer. (Labor Code section 351.) If this prohibition is violated, any amount of such gratuities received by the employer will be considered a part of the gross receipts of the employer and subject to the tax.

(2) MANDATORY PAYMENT.

(A) An amount negotiated between the retailer and the customer in advance of a meal, food, or drinks, or an event that includes a meal, food, or drinks is mandatory.

(B) When the menu, brochures, advertisements or other printed materials contain statements that notify customers that tips, gratuities, or service charges will or may be added, an amount automatically added by the retailer to the bill or invoice presented to and paid by the customer is a mandatory charge and subject to tax. These amounts are considered negotiated in advance as specified in subdivision (g)(2)(A). Examples of printed statements include:

"An 18% gratuity [or service charge] will be added to parties of 8 or more."

"Suggested gratuity 15%," itemized on the invoice or bill by the restaurant, hotel, caterer, boarding house, soda fountain, drive-in or similar establishment.

"A 15%voluntary gratuity will be added for parties of 8 or more."

An amount will be considered "automatically added" when the retailer adds the tip to the bill without first conferring with the customer after service of the meal and receiving approval to add the tip or without providing the customer with the option to write in the tip. Nonetheless, any amount added by the retailer is presumed to be mandatory. This presumption may be overcome as discussed in subdivision (g)(2)(C) below.

(C) It is presumed that an amount added as a tip by the retailer to the bill or invoice presented to the customer is mandatory. A statement on the bill or invoice that the amount added by the retailer is a "suggested tip," "optional gratuity," or that "the amount may be increased, decreased, or removed" by the customer does not change the mandatory nature of the charge.

This presumption may be controverted by documentary evidence showing that the customer specifically requested and authorized the gratuity be added to the amount billed.

Examples of documentary evidence that may be used to overcome the presumption include:

1. A guest check that is presented to the customer showing sales tax reimbursement and the amount upon which it was computed, without tip or with the "tip" area blank and a separate document, such as a credit card receipt, to which the retailer adds or prints the requested tip.

2. Guest receipts and payments showing that the percentage of tips paid by large groups varies from the percentage stated on the menu, brochure, advertisement or other printed materials.

3. A retailer's written policy stating that its employees shall receive confirmation from a customer before adding a tip together with additional verifiable

evidence that the policy has been enforced. The policy is not in itself sufficient documentation to establish that the customer requested and authorized that a gratuity be added to the amount billed without such additional verifiable evidence.

The retailer must retain the guest checks and any additional separate documents to show that the payment is optional. The retailer is also required to maintain other records in accordance with the requirements of Regulation 1698, Records.

(h) Tips, Gratuities, and Service Charges. (On and after January 1, 2015)

The provisions of subdivision (h) apply to transactions occurring on and after January 1, 2015. This subdivision applies to restaurants, hotels, caterers, boarding houses, soda fountains, drive-ins and similar establishments.

An optional payment designated as a tip, gratuity, or service charge is not subject to tax. A mandatory payment designated as a tip, gratuity, or service charge is included in taxable gross receipts, even if it is subsequently paid by the retailer to employees. For purposes of this subdivision, "amount" means a payment designated as a tip, gratuity, service charge, or any other separately stated payment for services associated with the purchase of meals, food, or drinks.

(1) Optional Payment.

When a retailer keeps records consistent with reporting amounts as tip wages for Internal Revenue Service (IRS) purposes, such amounts are presumed to be optional and not subject to tax. When a retailer does not maintain such records, this presumption does not apply and the amounts may be mandatory and included in taxable gross receipts as discussed in subdivisions (h)(2) and (h)(3).

The following examples illustrate transactions where an amount is optional and not included in taxable gross receipts:

Example 1. The restaurant check is presented to the customer with the "tip" area blank so the customer may voluntarily write in the amount, or

Example 2. The restaurant check is presented to the customer with options computed by the retailer and presented to the customer as tip suggestions. The "tip" area is blank so the customer may voluntarily write in the amount:

Guest Check

Food Item A	$9.95
Beverage Item B	3.75
Subtotal	$13.70
8% sales tax	1.10
Subtotal	$14.80
Tip*	
Total	
*Suggested tips: 15%=$2.06; 18%=$2.47; 20%=$2.74; other	

Under these circumstances, the customer is free to enter the amount on the tip line or leave it blank; thus, the customer may enter an amount free from compulsion. The

customer and restaurant did not negotiate the amount nor did the restaurant dictate the amount.

If an employer misappropriates these amounts, as discussed in subdivision (h)(4) below, such payments are included in the retailer's taxable gross receipts.

(2) Mandatory Payment.

When a retailer's records reflect that amounts are required to be reported to the IRS as non-tip wages, the amount is deemed to be mandatory.

(3) When a retailer does not maintain records for purposes of reporting the amounts to the IRS:

(A) An amount negotiated between the retailer and the customer in advance of a meal, food, or drinks, or an event that includes a meal, food, or drinks is mandatory.

(B) When the menu, brochures, advertisements or other printed materials contain statements that notify customers that tips, gratuities, or service charges will or may be added, an amount automatically added by the retailer to the bill or invoice presented to and paid by the customer is a mandatory charge and subject to tax. These amounts are considered negotiated in advance as specified in subdivision (h)(3)(A). Examples of printed statements include:

"An 18% gratuity [or service charge] will be added to parties of 8 or more."

"Suggested gratuity 15%," itemized on the invoice or bill by the restaurant, hotel, caterer, boarding house, soda fountain, drive-in or similar establishment.

"A 15% voluntary gratuity will be added for parties of 8 or more."

An amount will be considered "automatically added" when the retailer adds the amount to the bill without first conferring with the customer after service of the meal. Nonetheless, any amount added by the retailer is presumed to be automatically added and mandatory. This presumption may be overcome as discussed in subdivision (h)(3)(C) below.

(C) It is presumed that an amount added as a tip by the retailer to the bill or invoice presented to the customer is automatically added and mandatory. A statement on the bill or invoice that the amount added by the retailer is a "suggested tip," "optional gratuity," or that the amount "may be increased, decreased, or removed" by the customer does not change the mandatory nature of the charge.

This presumption may be controverted by documentary evidence showing that the customer specifically requested and authorized the amount be added to the bill.

Examples of documentary evidence that may be used to overcome the presumption include:

1. A guest check that is presented to the customer showing sales tax reimbursement and the figure upon which it was computed, without "tip" or with the "tip" area blank and a separate document, such as a credit card receipt, to which the retailer adds or prints the requested amount.

2. Guest receipts and payments showing that the percentage of amounts paid by large parties varies from the percentage stated on the menu, brochure, advertisement or other printed materials.

3. A retailer's written policy stating that its employees shall receive confirmation from a customer before adding an amount together with additional verifiable evidence that the policy has been enforced. The policy is not in itself sufficient documentation to establish that the customer requested and authorized that the amount be added to the bill without such additional verifiable evidence.

   The retailer must retain the guest checks and any additional separate documents to show that the payment is optional. The retailer is also required to maintain other records in accordance with the requirements of Regulation 1698, Records.

(4) No employer shall collect, take, or receive any gratuity or a part thereof, paid, given to, or left for an employee by a patron, or deduct any amount from wages due an employee on account of such gratuity, or require an employee to credit the amount, or any part thereof, of such gratuity against and as a part of the wages due the employee from the employer. (Labor Code section 351.) If this prohibition is violated, any amount received by the employer will be considered a part of the gross receipts of the employer and subject to the tax.

(i) CATERERS.

(1) DEFINITION. The term "caterer" as used in this regulation means a person engaged in the business of serving meals, food, or drinks on the premises of the customer, or on premises supplied by the customer, including premises leased by the customer from a person other than the caterer, but does not include employees hired by the customer by the hour or day.

(2) SALES TO CATERERS. A caterer generally is considered to be the consumer of tangible personal property normally used in the furnishing and serving of meals, food or drinks, except for separately stated charges by the caterer for the lease of tangible personal property or tangible personal property regarded as being sold with meals, food or drinks such as disposable plates, napkins, utensils, glasses, cups, stemware, place mats, trays, covers and toothpicks.

(3) SALES BY CATERERS.

(A) Caterer as Retailer. Tax applies to the entire charge made by caterers for serving meals, food, and drinks, inclusive of charges for food, the use of dishes, silverware, glasses, chairs, tables, etc., used in connection with serving meals, and for the labor of serving the meals, whether performed by the caterer, the caterer's employees or subcontractors. Tax applies to charges made by caterers for preparing and serving meals and drinks even though the food is not provided by the caterers. Tax applies to charges made by caterers for hot prepared food products as in (e) above whether or not served by the caterers. A caterer who separately states or itemizes charges for the lease of tangible personal property regardless of the use of the property will be deemed to be the lessor of such property. Tax applies in accordance with Regulation 1660, Leases of Tangible Personal Property—In General. Tax does not apply to charges made by caterers for the rental of dishes, silverware, glasses, etc., purchased by the caterer with tax paid on the purchase price if no food is provided or served by the caterers in connection with such rental.

(B) Caterers as Lessors of Property Unrelated to the Serving or Furnishing of Meals, Food, or Drinks by a Caterer.

1. When a caterer who is furnishing or serving meals, food, or drinks also rents or leases from a third party tangible personal property which the caterer does not use himself or herself and the property is not customarily provided or used within the catering industry in connection with the furnishing and serving of food or drinks, such as decorative props related solely to optional entertainment, special lighting for guest speakers, sound or video systems, dance floors, stages, etc., he or she is a lessor of such property. In such instance, tax applies to the lease in accordance with Regulation 1660.

2. When a person who in other instances is a caterer does not furnish or serve any meals, food, or drinks to a customer, but rents or leases from a third party tangible personal property such as dishes, linen, silverware and glasses, etc., for purposes of providing it to his or her customer, he or she is not acting as a caterer within the meaning of this regulation, but solely as a lessor of tangible personal property. In such instances, tax applies to the lease in accordance with Regulation 1660.

(C) Caterers Planning, Designing and Coordinating Events.

1. Tax applies to charges by a caterer for event planning, design, coordination, and/or supervision if they are made in connection with the furnishing of meals, food, or drinks for the event. Tax does not apply to separately stated charges for services unrelated to the furnishing and serving of meals, food, or drinks, such as optional entertainment or any staff who do not directly participate in the preparation, furnishing, or serving of meals, food, or drinks, e.g., coat-check clerks, parking attendants, security guards, etc.

2. When a caterer sells meals, food, or drinks, and the serving of them, to other persons such as event planners, party coordinators, or fundraisers, who buy and sell the same on their own account or for their own sake, it is a sale for resale for which the caterer may accept a resale certificate. However, a caterer may only claim the sale as a resale if the caterer obtains a resale certificate in compliance with Regulation 1668. A person is buying or selling for his or her own account, or own sake, when such person has his or her own contract with a customer to sell the meals, food, or drinks to the customer, and is not merely acting on behalf of the caterer.

3. When a caterer sells meals, food or drinks and the serving of them to other persons who charge a fee for their service unrelated to the taxable sale, the separately stated fee is not subject to tax.

(D) Sales of Meals by Caterers to Social Clubs, Fraternal Organizations. Sales of meals to social clubs and fraternal organizations, as those terms are defined in subdivision (j) below, by caterers are sales for resale if such social clubs and fraternal organizations are the retailers of the meals subject to tax under subdivision (j) and give valid resale certificates therefor.

(E) Tips, Gratuities, or Service Charges. Tips, gratuities, and service charges are discussed in subdivisions (g) and (h).

(4) PREMISES. GENERAL. Separately stated charges for the lease of premises on which meals, food, or drinks are served, are nontaxable leases of real property. Where a charge for leased premises is a guarantee against a minimum purchase of meals, food or drinks, the charge for the guarantee is gross receipts subject to tax. Where a person contracts

to provide both premises and meals, food or drinks, the charge for the meals, food or drinks must be reasonable in order for the charge for the premises to be nontaxable.

(5) PRIVATE CHEFS. A private chef is generally not an employee of the customer, but an independent contractor who pays his or her own social security, and federal and state income taxes. Such a private chef, who prepares and serves meals, food and drinks in the home of his or her customer is a caterer under this regulation.

(j) SOCIAL CLUBS AND FRATERNAL ORGANIZATIONS. "Social Clubs and Fraternal Organizations" as used herein include any corporation, partnership, association or group or combination acting as a unit, such as service clubs, lodges, and community, country, and athletic clubs.

The tax applies to receipts from the furnishing of meals, food, and drink by social clubs and fraternal organizations unless furnished: (1) exclusively to members; and also, (2) less frequently than once a week. Both of these requirements must be met. If the club or organization furnishes meals, food or drink to nonmembers, all receipts from the furnishing of meals, food or drink are subject to tax whether furnished to members or nonmembers, including receipts on occasions when furnished exclusively to members. Meals, food or drink paid for by members are considered furnished to them even though consumed by guests who are not members.

(k) STUDENT MEALS.

(1) DEFINITIONS.

(A) "Food Products." As used herein, the term "food products" as defined in Regulation 1602 (18 CCR 1602) includes food furnished, prepared, or served for consumption at tables, chairs, or counters, or from trays, glasses, dishes, or other tableware provided by the retailer or by a person with whom the retailer contracts to furnish, prepare or serve food to others.

(B) "Meals." As used herein, the term "meals" includes both food and nonfood products, which are sold to students for an established single price at a time set aside for meals. If a single price for the combination of a nonfood product and a food product is listed on a menu or on a sign, a single price has been established. The term "meals" does not include nonfood products which are sold to students for a separate price and tax applies to the sales of such products. Examples of nonfood products are: carbonated beverages and beer. For the purpose of this regulation, products sold at a time designated as a "nutrition break", "recess", or similar break, will not be considered "meals."

(2) APPLICATION OF TAX.

(A) Sales By Schools, School Districts and Student Organizations. Sales of meals or food products for human consumption to students of a school by public or private schools, school districts, and student organizations, are exempt from tax, except as otherwise provided in (d)(4) above.

(B) Sales by Parent-Teacher Associations. Tax does not apply to the sale of, nor the storage, use or other consumption in this state of, meals and food products for human consumption furnished or served to the students of a school by parent-teacher associations. Parent-teacher associations qualifying under Regulation 1597 as consumers are not retailers of tangible personal property, which they sell.

Accordingly, tax does apply to the sale to such associations of nonfood items such as carbonated beverages, containers, straws and napkins.

(C) Sales by Blind Vendors. Tax does not apply to the sale of meals or food products for human consumption to students of a school by any blind person (as defined in Section 19153 of the Welfare and Institutions Code) operating a restaurant or vending stand in an educational institution under Article 5 of Chapter 6 of Part 2 of Division 10 of the Welfare and Institutions Code, except as otherwise provided in (d)(4) above.

(D) Sales by Caterers. The application of tax to sales by caterers in general is explained in subdivision (i) above. However, tax does not apply to the sale by caterers of meals or food products for human consumption to students of a school, if all the following criteria are met:

1. The premises used by the caterer to serve the lunches to the students are used by the school for other purposes, such as sporting events and other school activities, during the remainder of the day;

2. The fixtures and equipment used by the caterer are owned and maintained by the school; and

3. The students purchasing the meals cannot distinguish the caterer from the employees of the school.

(l) EMPLOYEES' MEALS.

(1) IN GENERAL. Any employer or employee organization that is in the business of selling meals, e.g., a restaurant, hotel, club, or association, must include its receipts from the sales of meals to employees, along with its receipts from sales to other purchasers of meals, in the amount upon which it computes its sales tax liability. An employer or an employee organization selling meals only to employees becomes a retailer of meals and liable for sales tax upon its receipts from sales of meals if it sells meals to an average number of five or more employees during the calendar quarter.

(2) SPECIFIC CHARGE. The tax applies only if a specific charge is made to employees for the meals. Tax does not apply to cash paid an employee in lieu of meals. A specific charge is made for meals if:

(A) Employee pays cash for meals consumed.

(B) Value of meals is deducted from employee's wages.

(C) Employee receives meals in lieu of cash to bring compensation up to legal minimum wage.

(D) Employee has the option to receive cash for meals not consumed.

(3) NO SPECIFIC CHARGE. If an employer makes no specific charge for meals consumed by employees, the employer is the consumer of the food products and the nonfood products, which are furnished to the employees as a part of the meals.

In the absence of any of the conditions under (l)(2) a specific charge is not made if:

(A) A value is assigned to meals as a means of reporting the fair market value of employees' meals pursuant to state and federal laws or regulations or union contracts.

(B) Employees who do not consume available meals have no recourse on their employer for additional cash wages.

(C) Meals are generally available to employees, but the duties of certain employees exclude them from receiving the meals and are paid cash in lieu thereof.

(4) MEALS CREDITED TOWARD MINIMUM WAGE. If an employee receives meals in lieu of cash to bring his or her compensation up to the legal minimum wage, the amount by which the minimum wage exceeds the amount otherwise paid to the employee is includable in the employer's taxable gross receipts up to the value of the meals credited toward the minimum wage.

For example, if the minimum rate for an eight-hour day is $46.00, and the employee received $43.90 in cash, and a lunch is received which is credited toward the minimum wage in the maximum allowable amount of $2.10, the employer has received gross receipts in the amount of $2.10 for the lunch.

(5) TAX REIMBURSEMENT. If a separately stated amount for tax reimbursement is not added to the price of meals sold to employees for which a specific charge is made, the specific charge will be regarded as being a tax-included charge for the meals.

(m) RELIGIOUS ORGANIZATIONS. Tax does not apply to the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption furnished or served by any religious organization at a social or other gathering conducted by it or under its auspices, if the purpose in furnishing or serving the meals and food products is to obtain revenue for the functions and activities of the organization and the revenue obtained from furnishing or serving the meals and food products is actually used in carrying on such functions and activities. For the purposes of this regulation, "religious organization" means any organization the property of which is exempt from taxation pursuant to Subdivision (f) of section 3 of Article XIII of the State Constitution.

(n) INSTITUTIONS. Tax does not apply to the sale of, nor the storage, use, or other consumption in this state of, meals and food products for human consumption furnished or served to and consumed by patients or residents of an "institution" as defined in Regulation 1503. Tax, however, does apply to the sale of meals and food products by an institution to persons other than patients or residents of that institution.

(o) MEAL PROGRAMS FOR LOW-INCOME ELDERLY PERSONS. Tax does not apply to the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption furnished or served to low-income elderly persons at or below cost by a nonprofit organization or governmental agency under a program funded by this state or the United States for such purposes.

(p) FOOD PRODUCTS, NONALCOHOLIC BEVERAGES AND OTHER TANGIBLE PERSONAL PROPERTY TRANSFERRED BY NONPROFIT YOUTH ORGANIZATIONS. See Regulation 1597 for the application of tax on food products, nonalcoholic beverages and other tangible personal property transferred by nonprofit youth organizations.

(q) NONPROFIT PARENT-TEACHER ASSOCIATIONS. Nonprofit parent-teacher associations and equivalent organizations qualifying under Regulation 1597 are consumers and not retailers of tangible personal property, which they sell.

(r) MEALS AND FOOD PRODUCTS SERVED TO CONDOMINIUM RESIDENTS. Tax does not apply to the sale of and the storage, use, or other consumption

in this state of meals and food products for human consumption furnished to and consumed by persons 62 years of age or older residing in a condominium and who own equal shares in a common kitchen facility; provided, that the meals and food products are served to such persons on a regular basis.

This exemption is applicable only to sales of meals and food products for human consumption prepared and served at the common kitchen facility of the condominium. Tax applies to sales to persons less than 62 years of age.

(s) VETERAN'S ORGANIZATION. Beginning April 1, 2004, tax does not apply to the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption furnished or served by any nonprofit veteran's organization at a social or other gathering conducted by it or under its auspices, if the purpose in furnishing or serving the meals and food products is to obtain revenue for the functions and activities of the organization and the revenue obtained from furnishing or serving the meals and food products is actually used in carrying on those functions and activities.

(t) FOOD STAMP COUPONS. Tax does not apply to tangible personal property, which is eligible to be purchased with federal food stamp coupons acquired pursuant to the Food Stamp Act of 1977 and so purchased. When payment is made in the form of both food stamps and cash, the amount of the food stamp coupons must be applied first to tangible personal property normally subject to the tax, e.g., nonalcoholic carbonated beverages. Retailers are prohibited from adding any amount designated as sales tax, use tax, or sales tax reimbursement to sales of tangible personal property purchased with food stamp coupons. (See paragraph (c) of Regulation 1602.5 for special reporting provisions by grocers.)

(u) HONOR SYSTEM SNACK SALES. An "honor system snack sale" means a system where customers take snacks from a box or tray and pay by depositing money in a container provided by the seller. Snacks sold through such a system may be subject to tax depending upon where the sale takes place. Sales of such snacks are taxable when sold at or near a lunchroom, break room, or other facility that provides tables and chairs, and it is contemplated that the food sold will normally be consumed at such facilities. Honor system snack sales do not include hotel room mini-bars or snack baskets.

(v) MOBILE FOOD VENDORS. Mobile food vendors include retailers who sell food and beverages for immediate consumption from motorized vehicles or un-motorized carts. Examples of mobile food vendors include food trucks, coffee carts, and hot dog carts. For sales made on or after July 1, 2014, unless a separate amount for tax reimbursement is added to the price, mobile food vendors' sales of taxable items are presumed to be made on a tax-included basis.

This presumption does not apply when a mobile food vendor is making sales as a "caterer" as defined in (i)(1).

California Constitution, Article XVI, Public Finance

Section	Title and Content
§ 6	Use of Public Funds

The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the State from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of state money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

Sample Internal Control Reference Checklist

A "No" response to any of the following questions may indicate an internal control weakness. The district should perform a self-evaluation, investigate all potential weaknesses, and ensure that controls are put into place so the weakness will no longer result in internal control issues.

This checklist is divided by area; another checklist in Chapter 5 of this manual is divided by job position for those with responsibility for ASB organizations.

General Procedures	**YES**	**NO**	**N/A**	**Comments**
1. Does the district have a comprehensive board policy and administrative regulations that provide rules and regulations for ASB governance and operations?	❑	❑	❑	_____
2. Does the district have a comprehensive ASB manual with detailed procedures?	❑	❑	❑	_____
3. Has the FCMAT *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference* been adopted as part of the district's ASB policies and procedures?	❑	❑	❑	_____
4. If the district has a comprehensive manual, is it reviewed and updated as needed, at least annually? Does the update address the areas of concern or confusion identified in the previous year's audit?	❑	❑	❑	_____
5. Does the business office provide annual ASB training for all school and district employees who work with ASB activities and retain a signed and dated training attendance log as proof that employees received training?	❑	❑	❑	_____
6. Do members of the business office staff periodically (at least annually) visit each school to provide support and to review the ASB procedures used at the school?	❑	❑	❑	_____
7. Do school employees and students know whom to call in the district business office if they have questions or concerns about ASB and are unable to get answers at the school?	❑	❑	❑	_____
8. Has the business office taken immediate action to correct annual audit findings related to ASB activities? Are the schools involved in developing action plans to ensure that the findings do not reoccur?	❑	❑	❑	_____
9. Are the forms, processes and systems for ASB operations standardized districtwide?	❑	❑	❑	_____

	YES	NO	N/A	Comments
10. Is the ASB recordkeeping computerized? If so, is the accounting software adequate to meet the needs of the district and clubs?	❑	❑	❑	_____
11. Are the financial reports and other items produced by the system user-friendly and informational?	❑	❑	❑	_____
12. Is the computer on which the ASB accounting software resides user ID- and password-protected?	❑	❑	❑	_____
13. Is the ASB accounting software access user ID- and password-protected?	❑	❑	❑	_____
14. Are ASB computer and accounting software passwords safeguarded, not given out, and changed periodically?	❑	❑	❑	_____
15. Are only ASB funds maintained in ASB bank accounts? (ASB bank accounts should not include PTA or booster club money, or faculty charitable funds).	❑	❑	❑	_____
16. Is a formal application required from any students who want to establish a new club at the school? [Secondary]	❑	❑	❑	_____
17. Is each club advisor a certificated staff member of the school district?	❑	❑	❑	_____
18. Are all ASB bank accounts reconciled within two weeks of receipt of the statement?	❑	❑	❑	_____
19. If bank account reconciliations are not performed within two weeks of receipt of the bank statement, is a reconciliation completion promise date obtained and followed up on to ensure the bank reconciliation is completed?	❑	❑	❑	_____
20. Are all outstanding deposits and checks identified, and are they clearing the bank within a reasonable time? (Deposits should be outstanding for no more than two or three days.)	❑	❑	❑	_____
21. If any journal entries or transfer entries are made, are those entries authorized?	❑	❑	❑	_____
22. Is there a clear distinction between the student body's income and expenditures and those of the district?	❑	❑	❑	_____

	YES	NO	N/A	Comments
23. Do procedures ensure that trust funds will not be used to finance general student body activities?	❑	❑	❑	_____
24. Is prompt action taken to recover deficits in trust accounts?	❑	❑	❑	_____
25. Has the governing board established a policy for disposing of inactive student body organizations' trust balances?	❑	❑	❑	_____
26. Is equipment adequately controlled and recorded?	❑	❑	❑	_____
27. Is the board's designee an authorized signatory on all student body accounts?	❑	❑	❑	_____
28. Is a general ledger maintained?	❑	❑	❑	_____
29. Are all clubs required to prepare and maintain minutes of all meetings, with all necessary items noted? (Secondary)	❑	❑	❑	_____
30. Are the minutes of each individual club reviewed by the general student council?	❑	❑	❑	_____
31. Do the minutes contain approval for fundraising activities?	❑	❑	❑	_____
32. Are disbursements of student body funds specifically approved, item-by-item, and in the minutes?	❑	❑	❑	_____
33. Are the activities of the student body reflected in the minutes?	❑	❑	❑	_____
34. Does every recognized club and the student council have a constitution on file that establishes the policies and rules for the student governance of the council or club?	❑	❑	❑	_____
35. Does the general student council have bylaws in place?	❑	❑	❑	_____
36. Are accounting controls for the clubs the same as those for the general ASB?	❑	❑	❑	_____
37. Are student store inventories reviewed periodically?	❑	❑	❑	_____
38. Are financial reports prepared regularly (at least monthly)? Are they reviewed and included in the ASB minutes?	❑	❑	❑	_____

	YES	NO	N/A	Comments
39. Do employees and students know to report any questionable or suspicious activities to the district's business office for investigation?	❑	❑	❑	_____
40. Does the district have access to an independent third-party fraud reporting whistleblower website and telephone hotline? Are employees aware of the fraud reporting options?	❑	❑	❑	_____
41. Is there a safe at each school adequate to hold all cash receipts until deposit as well as cash boxes, check stock and other necessary items? Is access to the safe limited, with a log identifying who has the access?	❑	❑	❑	_____

Cash Receipts / Fundraisers	YES	NO	N/A	Comments
1. Are all proposed fundraising events approved by the governing board or its designee at the beginning of each school year? Is this list updated throughout the year?	❑	❑	❑	_____
2. Are fundraising activities in accordance with those prescribed by the district and approved by the governing board/designee to help ensure success?	❑	❑	❑	_____
3. Are fundraising activities approved by the principal/school administrator and by the general student council?	❑	❑	❑	_____
4. Are revenue potentials prepared for each approved fundraiser and completed once the fundraiser is over?	❑	❑	❑	_____
5. Do supervisory personnel exercise adequate control over student fundraisers to ensure that the participants are following all district policies and exercising strong internal controls?	❑	❑	❑	_____
6. Is staff aware of the appropriate internal controls for cash receipts for each type of fundraising event (i.e. prenumbered receipts, tickets, and tally sheets)?	❑	❑	❑	_____
7. Is an adequate stock of supplies for cash receipt control procedures—such as prenumbered tickets and prenumbered receipt books—kept in a safe, locked place?	❑	❑	❑	_____

	YES	NO	N/A	Comments
8. Is control maintained over tickets, numbered forms and receipt books when not in use?	❑	❑	❑	_____
9. Are details about the number of items receipted and the unit price recorded on the receipt or other documentation used for cash receipts?	❑	❑	❑	_____
10. Are all cash receipts from student fundraising activities turned in to the ASB bookkeeper immediately, or as soon as possible after the fundraising event? Is the correct documentation turned in with the collected cash, such as reports on tickets issued and other items?	❑	❑	❑	_____
11. Do two people count the funds raised at the end of a fundraising event, with both individuals signing and dating the fundraising cash collection form?	❑	❑	❑	_____
12. When individuals turn in cash to the ASB bookkeeper, does the bookkeeper count the cash in the presence of at least one other person? Is an acknowledgment of receipt of the money and accuracy of amount signed and dated?	❑	❑	❑	_____
13. Are duplicates of cash count forms kept, as well as all other forms that are part of the financial process?	❑	❑	❑	_____
14. If a startup cash change box is issued, does the person(s) receiving the change count the startup cash in front of the ASB bookkeeper and do they sign indicating that the startup change is accurate?	❑	❑	❑	_____
15. Are undeposited cash receipts kept in a safe?				
16. Does the ASB bookkeeper record cash receipts promptly when received?	❑	❑	❑	_____
17. Are bank deposits made within a few days of receipt, but at least weekly?	❑	❑	❑	_____
18. Is a summary or detail of amounts making up the deposits retained for a sufficient audit trail?	❑	❑	❑	_____
19. Are shortages/overages handled as prescribed by established district policy?	❑	❑	❑	_____

	YES	NO	N/A	Comments
20. Is control of associated student body card sales maintained, including the number of cards issued and the beginning and ending numbers of the cards sold?	❑	❑	❑	_____
21. Are commissions from vending machine sales received promptly when due?	❑	❑	❑	_____
22. Are the profit and loss statements for the student store reviewed periodically? Are prices adjusted when necessary based on analysis of sales?	❑	❑	❑	_____
23. Are personal checks prohibited from being cashed from ASB funds?	❑	❑	❑	_____
24. If food is sold in the student store, has it been approved by the director of food services? [Secondary only. Primary grades cannot sell food daily.]	❑	❑	❑	_____
25. Are only ASB receipts deposited into the ASB account?	❑	❑	❑	_____

Cash Disbursements / Expenditures	YES	NO	N/A	Comments
1. Does the business office report the sales and use tax for the student store and other purchases on its sales tax report?	❑	❑	❑	_____
2. Does the business office issue 1099s for all independent contractors paid with ASB funds?	❑	❑	❑	_____
3. Are cash balances reconciled with bank balances monthly, and are detailed items listed on bank statements recorded in the ASB's books?	❑	❑	❑	_____
4. Are prenumbered checks used for cash disbursements?	❑	❑	❑	_____
5. Are voided checks retained?	❑	❑	❑	_____
6. Are controls established to ensure that expenditures do not exceed budgeted funds?	❑	❑	❑	_____
7. Are all expenses approved in advance?	❑	❑	❑	_____
8. Are purchase orders used to show the proper preapproval of all expenditures (prior to purchase)?	❑	❑	❑	_____

	YES	NO	N/A	Comments
9. Do purchase orders have the required one approval signature (unorganized) or three approval signatures? [Secondary]	❑	❑	❑	_____
10. Are approved purchase orders, whether voided or not, retained in a file?	❑	❑	❑	_____
11. Are contractual obligations properly authorized by board-designated signers? Are they kept within established limits?	❑	❑	❑	_____
12. Are students approving expenditures rather than adults (teachers, advisors or coaches) making the decisions? [Secondary]	❑	❑	❑	_____
13. Do checks require double signatures? Are there backup signers on the account?	❑	❑	❑	_____
14. Are all disbursements supported by an original invoice and adequate receiving documents?	❑	❑	❑	_____
15. Are all checks written to a specific payee (vendor or employee), with no checks written to cash?	❑	❑	❑	_____
16. Is a record maintained of all equipment purchased with ASB funds?	❑	❑	❑	_____
17. Are only allowable expenses paid from ASB funds?	❑	❑	❑	_____
18. Are ASB funds spent to enhance the general welfare, morale and educational experience of the entire student body rather than just one or two students, individuals or a specific group?	❑	❑	❑	_____
19. Are disbursements from petty cash properly supported by vouchers or receipts?	❑	❑	❑	_____
20. Are the checkbook and the check stock stored in a locked file cabinet or safe?	❑	❑	❑	_____
21. Is there a process in place to determine whether a worker is an employee or an independent contractor?	❑	❑	❑	_____
22. Are all employees who perform work for the ASB paid through the district's payroll and then invoiced to ASB?	❑	❑	❑	_____

	YES	NO	N/A	Comments
23. Is an IRS Form W-9, Request for Taxpayer Identification Number and Certification, obtained from all independent contractors before any disbursements are issued to them?	❑	❑	❑	_____
24. Are only board-approved staff signing contracts up to the allowed amount?	❑	❑	❑	_____

Financial Reporting	YES	NO	N/A	Comments
1. Are all bank accounts reconciled monthly? Are they shared and reviewed by the ASB advisor, principal/school administrator and district's business office?	❑	❑	❑	_____
2. Are bank reconciliations initialed/signed and dated as evidence of being reviewed after they are prepared?	❑	❑	❑	_____
3. Are profit and loss statements for the student store prepared and reviewed periodically by the general student council, principal/school administrator and district office?	❑	❑	❑	_____
4. Are monthly reports on the financial transactions of various trust and club accounts prepared and submitted to the advisors, principal/school administrator, general student council and district office?	❑	❑	❑	_____
5. Are periodic financial statements prepared and submitted to the district's business office? Are these reports included in the student council minutes?	❑	❑	❑	_____
6. Does the business office receive and review periodic financial statements from the ASB organizations and sign and date that they have reviewed the documents?	❑	❑	❑	_____
7. Does the student council and each club prepare, adopt and monitor an annual budget?	❑	❑	❑	_____
8. Does the general student council approve each club's budget?	❑	❑	❑	_____
9. Is every club and the student council required to prepare a budget for the fiscal year?	❑	❑	❑	_____
10. Is there a policy in place that dictates how much carryover is allowed for individual clubs?	❑	❑	❑	_____

	YES	NO	N/A	Comments
11. Is spending monitored during the year to ensure that the club will not end the year with a large carryover balance or a negative balance?	❑	❑	❑	_____
12. Is a balance sheet and statement of revenues and expenditures prepared at least at the end of the year?	❑	❑	❑	_____
13. Are all of the student organization's funds and annual financial reports audited annually by the district's independent auditor?	❑	❑	❑	_____

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BP 1230

School-Connected Organizations

****Note: The term "school-connected organization" may include booster clubs, parent-teacher associations aligned with the California State PTA, or other parent-teacher organizations. These organizations generally raise money for classroom activities or activities at specific schools. For policy language about a district's relationship with a foundation, see BP 1260 - Educational Foundation. ****

****Note: The following optional policy should be revised to reflect district practice. ****

The Governing Board recognizes that parents/guardians and community members may wish to organize parent organizations and/or booster clubs for the purpose of supporting district and extracurricular programs, such as athletic teams, debate teams, or musical groups. The Board appreciates the contributions made by such organizations and encourages their interest and participation in supporting district activities and helping to achieve the district's vision for student learning.

(cf. 0200 - Goals for the School District)
(cf. 6020 - Parent Involvement)

****Note: Generally, booster and parent clubs are separate legal entities from the district and thus are not under the control or the responsibility of district personnel. However, Education Code 51521 requires that any fundraising activity by a school-connected organization, designed to raise money to benefit a school or its students, receive approval from the Governing Board. Thus, it is recommended that districts create an internal control procedure to help ensure district compliance with law. ****

****Note: Certain tax-exempt organizations may be required to register with the state Attorney General's Registry of Charitable Trusts. As part of this registration, the organization may also be required to file copies of the organization's articles of incorporation and other documents governing its operations. ****

The Board recognizes that school-connected organizations are separate legal entities, independent of the district. However, in order to help the Board fulfill its legal and fiduciary responsibility to manage district operations, any school-connected organization that desires to raise money to benefit any district student shall submit a request for authorization to the Board, in accordance with Board policy and administrative regulation. In addition, the Superintendent or designee shall establish appropriate internal controls for the relationship between school-connected organizations and the district.

(cf. 1321 - Solicitation of Funds from and by Students)
(cf. 1330 - Use of School Facilities)
(cf. 3452 - Student Activity Funds)

****Note: Generally, the funds raised by school-connected organizations benefit a single school. In some districts, there may be legal or equity concerns that result from the benefit provided to a particular school while other schools in the district do not receive the benefit from the additional resources. For example, pursuant to federal and state law (Title IX, 20 USC 1681-1688; Education Code 200-262.4; 5 CCR 4900-4965), the Board is responsible for ensuring that the district's athletic program provides equivalent opportunities for both males and females. Booster club activities must be included in the district's analysis of the equivalent opportunities provided by each school. See BP/AR 6145.2 - Athletic Competition. Because school-connected organizations are separate legal entities, if a concern arises regarding the equitable distribution of funds, the Superintendent or designee should consult with the*

*leadership of such organizations and district legal counsel. For language regarding acceptance of gifts and grants, see BP 3290 - Gifts, Grants, and Bequests. ****

****Note: Pursuant to Education Code 51520, food sales by outside organizations may not compete with the district's school nutrition program and must comply with the nutritional standards specified in Education Code 49431 and 49431.2. See BP/AR 3554 - Other Food Sales. ****

The Board encourages school-connected organizations to consider the impact of fundraising activities on the overall school and district program. School-connected organizations may consult with the principal to determine school needs and priorities. Activities by school-connected organizations shall not conflict with law, Board policies, administrative regulations, or any rules of the sponsoring school.

(cf. 3290 - Gifts, Grants and Bequests)
(cf. 3554 - Other Food Sales)
(cf. 5030 - Student Wellness)
(cf. 6145 - Extracurricular and Cocurricular Activities)
(cf. 6145.2 - Athletic Competition)

Legal Reference:
EDUCATION CODE
200-262.4 Prohibition of discrimination on the basis of sex
35160 Authority of governing boards
38130-38138 Civic Center Act, use of school property for public purposes
48931 Authorization for sale of food by student organization
48932 Authorization for fundraising activities by student organization
49431 Sale of food to elementary students during the school day
49431.2 Sale of food to middle, junior, or high school students
49431.5 Sale of beverages at elementary, middle, or junior high schools
51520 Prohibited solicitation on school premises
51521 Fundraising project
BUSINESS AND PROFESSIONS CODE
17510-17510.95 Solicitations for charitable purposes
25608 Alcohol on school property; use in connection with instruction
GOVERNMENT CODE
12580-12599.7 Fundraisers for Charitable Purposes Act
PENAL CODE
319-329 Lottery, raffle
CODE OF REGULATIONS, TITLE 5
4900-4965 Nondiscrimination in elementary and secondary education programs
15500 Food sales in elementary schools
15501 Food sales in high schools and junior high schools
CODE OF REGULATIONS, TITLE 11
300-312.1 Fundraising for charitable purposes
UNITED STATES CODE, TITLE 20
1681-1688 Discrimination based on sex or blindness, Title IX
COURT DECISIONS
Serrano v. Priest, (1976) 18 Cal. 3d 728

Management Resources:
CALIFORNIA DEPARTMENT OF EDUCATION LEGAL ADVISORIES
1101.89 School District Liability and "Hold Harmless" Agreements, LO: 4-89
WEBSITES

CSBA: http://www.csba.org
California Office of the Attorney General, charitable trust registry: http://caag.state.ca.us/charities
California State PTA: http://www.capta.org

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BP 1321

Solicitation of Funds From and By Students

****Note: The following optional policy applies to solicitations of students on behalf of the school or charitable organizations. For policy regarding solicitation of funds from and by staff members in personal profit-making ventures, see BP 4135/4235/4335 - Soliciting and Selling. For policy regarding distribution of promotional materials to students and parents/guardians, see BP 1325 - Advertising and Promotion. ****

The Governing Board recognizes that student participation in fundraising activities for the schools and nonprofit, nonpartisan charitable organizations can help develop a sense of social responsibility in students, enhance the relationship between the school and community, and contribute to the improvement of the school program.

(cf. 1325 - Advertising and Promotion)
(cf. 4135/4235/4335 - Soliciting and Selling)
(cf. 5022 - Student and Family Privacy Rights)
(cf. 6142.4 - Service Learning/Community Service Classes)

Whether solicitations are made on behalf of the school or on behalf of a charitable organization, students shall not be barred from an event or activity because they did not participate in fundraising. Potential donors, including parents/guardians and members of the community, should not be unduly pressured to contribute to the school system or charitable organizations. Staff are expected to emphasize the fact that donations are always voluntary.

The Superintendent or designee shall ensure that parents/guardians are informed of the purpose of fundraisers.

****Note: Pursuant to Education Code 51521, prior written approval is required for sales or solicitations whenever any portion of the funds raised is to be applied to the costs of the fundraiser or to the costs of merchandise sold, such as the sale of candy or wrapping paper. Such approval is not required if the total proceeds of a solicitation are to be delivered to the school without deductions for expenses. ****

With the prior written approval of the Superintendent or designee, official school-related organizations may organize fundraising events involving students.

(cf. 0420 - School Plans/Site Councils)
(cf. 1230 - School-Connected Organizations)
(cf. 1260 - Educational Foundation)
(cf. 3290 - Gifts, Grants and Bequests)
(cf. 3554 - Other Food Sales)

****Note: The following paragraph is optional. ****

After the fundraiser has been held, parents/guardians shall be informed how much money was raised and how it was spent.

Solicitations on Behalf of Charities

****Note: Nonprofit organizations and charities conducting fundraising activities are subject to various state laws regarding those activities. For example, Business and Professions Code 17510.2 and 17510.3 specify that solicitations made by nonprofit community or educational organizations must comply with the state disclosure laws. Business and Professions Code 17510.3 requires volunteers over 18 years old to present potential donors or buyers with information, including the purpose of the solicitation and the address from which further information about revenues and administrative expenses may be obtained. In addition, Penal Code 320.5 provides that, prior to conducting a raffle, a nonprofit organization, unless specifically exempted, must first register with the Attorney General's Registry of Charitable Organizations and file financial disclosure reports on each raffle event.****

When approved in advance by the Superintendent or designee, nonprofit, nonpartisan organizations that are properly chartered or licensed by state or federal law may solicit students on school grounds during school hours and within one hour before school has opened and one hour after school has closed. (Education Code 51520)

Legal Reference:
EDUCATION CODE
51520 Prohibited solicitations on school premises
51521 Unlawful solicitations of contribution or purchase of personal property for benefit of public school or student body; exception
BUSINESS AND PROFESSIONS CODE
17510-17510.95 Charitable solicitations
PENAL CODE
319-329 Raffles
REVENUE AND TAX CODE
6361 Sales tax exemption for certain sales
CODE OF REGULATIONS, TITLE 8
11706 Dangerous activities and occupations

Management Resources:
CSBA PUBLICATIONS
Healthy Food Policy Resource Guide, 2003
ATTORNEY GENERAL PUBLICATIONS
Guide to Charitable Solicitation, 1999
Attorney General's Guide for Charities, 1988
WEBSITES
Office of the Attorney General: http://caag.state.ca.us

(9/87 9/90) 7/03

BP 1325

****Note: The following optional policy addresses the distribution of commercial and noncommercial materials as well as advertising in school-sponsored publications and on school facilities by outside/nonschool groups. Student speech, including the distribution of printed materials by students, is addressed in BP/AR 5145.2 - Freedom of Speech/Expression. ****

The Governing Board establishes this policy to ensure effective and consistent implementation of its directions related to advertisements and promotions by nonschool groups in school-sponsored publications, websites, and social media and on school facilities. Student speech shall be regulated in accordance with BP/AR 5145.2 - Freedom of Speech/Expression.

(cf. 1113 - District and School Web Sites)
(cf. 1114 - District-Sponsored Social Media)
(cf. 1330 - Use of School Facilities)
(cf. 5145.2 - Freedom of Speech/Expression)
(cf. 6145.5 - Student Organizations and Equal Access)

****Note: School facilities and school-sponsored publications are public property and are subject to freedom of expression rights granted by the First Amendment to the United States Constitution and Article 1, Section 2 of the California State Constitution. However, because school facilities and school-sponsored publications are generally for school purposes, they are regarded as "nonpublic fora" and the Governing Board has extensive authority to regulate them. In exercising this authority, the Board may decide not to accept any form of advertising or distribution of materials (nonpublic forum), as stated in Option 1 below, or to accept some advertising and/or distribution of materials, but only from certain groups or on certain topics (limited public forum), as provided in Option 2. In addition, the Board may maintain a "nonpublic forum" for advertising in school publications or on school facilities while designating a "limited public forum" for distribution of materials at district schools, or a "nonpublic forum" at its elementary schools and a "limited public forum" at its high schools.****

****Note: Whichever option the district chooses, school officials should ensure that they enforce the policy in a consistent manner, as courts look beyond the district's intent as stated in its policy and look to the actual practice of school officials in determining whether a district facility or publication is a "nonpublic" or "limited public" forum (Board of Education of the Westside Community Schools v. Mergens). Because this area of law is complex, it is strongly recommended that legal counsel be consulted prior to the adoption of policy in this area. ****

OPTION 1: Nonpublic Forum

The Board believes that in order to maintain focus on academic achievement in district schools, students' exposure to the persuasive influence of marketing should be minimized. The Superintendent or designee shall not allow any advertisement from any nonschool group to be included in any district- or school-sponsored publication, web site, or social media, or to be posted on any school property such as scoreboards and billboards. In addition, no nonschool group's announcement, flyer, or other promotional material shall be disseminated by the district or distributed at any school facility or grounds.

****Note: Districts that have created a "nonpublic forum" must delete the remainder of this policy in order to ensure that their "nonpublic forum" status is maintained. ****

OPTION 2: Limited Public Forum

****Note: When the Board chooses Option 2, it may adopt any rules that are reasonable to achieve its intended purpose for the forum, as long as the rules do not discriminate against members of the public based on their*

*viewpoints. In Hills v. Scottsdale Unified School District 48, the Ninth Circuit Court of Appeals held that the district discriminated against the plaintiff on the basis of his religious viewpoint and violated his First Amendment right when the district refused to distribute the plaintiff's brochure for summer camps because it included some religious classes, though it permitted the distribution of similar literature by secular groups. ****

The Board desires to promote positive relationships between district schools and the community in order to enhance community support and involvement in the schools. The Superintendent or designee may approve:

****Note: The Board may select any or all of optional items #1-5 below to reflect the types of materials and/or advertising that it will allow.****

1. Distribution of noncommercial materials that publicize services, special events, public meetings, or other gatherings of interest to students or parents/guardians

   (cf. 1400 - Relations Between Other Governmental Agencies and the Schools)
   (cf. 6162.8 - Research)

2. Distribution of promotional materials of a commercial nature to students or parents/guardians

   (cf. 1700 - Relations Between Private Industry and the Schools)

3. Paid advertisements on school property, including, but not limited to, advertisements on billboards and scoreboards

4. Paid advertisements in school-sponsored publications, yearbooks, announcements, and other school communications, including websites and social media

5. Products and materials donated by commercial enterprises for educational use, including those that bear the name and/or logo of the donor, as long as they do not unduly promote the donor or any commercial activity or product

   (cf. 3290 - Gifts, Grants and Bequests)
   (cf. 6161.11 - Supplementary Instructional Materials)

****Note: Generally, courts have upheld procedures that place reasonable "time, place, and manner" restrictions on materials to be distributed, as long as the same restrictions were placed on all materials (Hemry v. School Board of Colorado Springs). The district might want to consider developing procedures that limit the "time, place, and manner" of distributions, such as limiting distribution to before or after school hours or creating a central location for the distribution of all materials. Legal counsel should be consulted as needed. ****

Prior to the distribution, posting, or publishing of any nonschool group's promotional materials or advertisement, the Superintendent, principal, or designee shall review the materials or advertisement based on the criteria listed below. He/she may not disapprove materials or advertisement in an arbitrary or capricious manner or in a way that discriminates against a particular viewpoint on a subject that is otherwise allowed by Board policy.

All materials to be distributed shall bear the name and contact information of the sponsoring entity.

****Note: The district might also consider requiring sponsoring entities to include a disclaimer on all materials to be distributed. For example, a disclaimer might state, "this event is not school-sponsored or approved" or, "opinions are not necessarily those of the school district or school personnel." The district should consult legal counsel as needed. ****

As necessary, the Superintendent, principal, or designee shall require a disclaimer on any nonschool group's promotional materials to be distributed, posted, or published, stating that the distribution, posting, or publishing of the materials does not imply district endorsement of the group's activities, products, or services.

District- and school-sponsored publications shall include a disclaimer stating that the district or school does not endorse any advertised products or services.

Criteria for Approval

****Note: The following optional section is for use by districts that select Option 2 (limited public forum) above and may be revised to reflect criteria established by the Board.****

The Superintendent, principal, or designee shall not accept for distribution any materials or advertisements that:

1. Are lewd, obscene, libelous, or slanderous
2. Incite students to commit unlawful acts, violate school rules, or disrupt the orderly operation of the schools

****Note: Optional item #3 below prohibits the distribution of political materials or political advertising except under certain circumstances. Pursuant to Education Code 7058, the Board may conduct a political forum if it is made available to all sides on an equitable basis. ****

3. Promote any particular political interest, candidate, party, or ballot measure, unless the candidates or advocates from all sides are provided the opportunity to present their views to the students during school hours or during events scheduled pursuant to the Civic Center Act

(cf. 1160 - Political Processes)
(cf. 4119.25/4219.25/4319.25 - Political Activities of Employees)

****Note: In DiLoreto v. Downey Unified School District, the Ninth Circuit Court of Appeals held that a district's refusal to post a paid religious advertisement featuring the Ten Commandments on an athletic field fence reserved for commercial advertising was a reasonable way for the district to avoid being placed on one side of a controversial issue. The court concluded that, as a nonpublic forum, the district had the right to regulate content since it did not open the forum (the fence) to all expressive activities but, in fact, had reserved it for commercial speech. Districts wishing to establish policy dealing with the distribution of religious materials should consult legal counsel. ****

4. Proselytize or position the district on any side of a controversial issue

   (cf. 6144 - Controversial Issues)

5. Discriminate against, attack, or denigrate any group on account of any unlawful consideration

   (cf. 0410 - Nondiscrimination in District Programs and Activities)

6. Promote the use or sale of materials or services that are illegal or inconsistent with school objectives, including, but not limited to, materials or advertisements for tobacco, intoxicants, non-nutritious foods and beverages, and movies or products unsuitable for children

   (cf. 5030 - Student Wellness)
   (cf. 5131.6 - Alcohol and Other Drugs)
   (cf. 5131.62 - Tobacco)

7. Solicit funds or services for an organization, with the exception of solicitations authorized in Board policy

   (cf. 1321 - Solicitation of Funds from and by Students)

8. Distribute unsolicited merchandise for which an ensuing payment is requested

The Superintendent or designee also may consider the educational value of the materials or advertisements, the age or maturity of the students in the intended audience, and whether the materials or advertisements support the basic educational mission of the district, directly benefit the students, or are of intrinsic value to the students or their parents/guardians.

(cf. 0000 - Vision)

Schools may establish additional criteria pertaining to the content of advertisements in school publications and yearbooks, as deemed appropriate by the Superintendent or designee in accordance with law and Board policy.

Legal Reference:
CALIFORNIA CONSTITUTION
Article 1, Section 2, Free speech rights
EDUCATION CODE
7050-7058 Political activities of school officers and employees
35160 Authority of governing boards
35160.1 Broad authority of school districts
35172 Promotional activities
38130-38138 Civic Center Act
BUSINESS AND PROFESSIONS CODE
25664 Advertisements encouraging minors to drink
U.S. CONSTITUTION
Amendment 1, Freedom of speech and expression
COURT CASES
Hills v. Scottsdale Unified School District 48, (2003) 329 F.3d 1044
DiLoreto v. Downey Unified School District, (1999) 196 F.3d 958
Yeo v. Town of Lexington, (1997) U.S. First Circuit Court of Appeals, No. 96-1623
Hemry v. School Board of Colorado Springs, (D.Col. 1991) 760 F.Supp. 856
Bright v. Los Angeles Unified School District, (1976) 134 Cal. Rptr. 639, 556 P.2d 1090, 18 Cal. 3d 350
Lehman v. Shaker Heights, (1974) 418 U.S. 298

Management Resources:
CSBA PUBLICATIONS
School-Based Marketing of Foods and Beverages: Policy Implications for School Boards, Policy Brief, March 2006
WEBSITES
CSBA: http://www.csba.org

(6/96 11/01) 4/13

BP 3600

Consultants

The Governing Board authorizes the use of consultants to provide expert professional advice or specialized technical or training services which are not needed on a continuing basis and which cannot be provided by district staff because of limitations of time, experience or knowledge. Individuals, firms or organizations employed as consultants may assist management with decisions and/or project development related to financial, economic, accounting, engineering, legal, administrative, instructional or other matters.

Note: Internal Revenue Service (IRS) Publication 15-A identifies 20 common-law factors which the IRS uses to determine whether an individual is an employee or an independent contractor. *

As part of the contract process, the Superintendent or designee shall determine, in accordance with Internal Revenue Service guidelines, that the consultant is properly classified as an independent contractor. District employees who perform extra-duty consultant services shall not be retained as independent contractors. They shall be considered employees for all purposes, even if the additional services are not related to their regular duties.

All consultant contracts shall be brought to the Board for approval.

(cf. 3312 - Contracts)

The district shall not contract for consulting services that can be performed without charge by a public agency or official unless these services are unavailable from the public source for reasons beyond the district's control.

All qualified firms or resource persons shall be accorded equal opportunity for consultant contracts regardless of race, creed, color, gender, national or ethnic origin, age or disability.

(cf. 3311 - Bids)
(cf. 3551 - Food Service Operations/Cafeteria Fund)
(cf. 4030 - Nondiscrimination in Employment)

Independent contractors applying for a consultant contract shall submit a written conflict of interest statement disclosing financial interests as determined necessary by the Superintendent or designee, depending on the range of duties to be performed by the consultant. The Superintendent or designee shall consider this statement when deciding whether to recommend the consultant's employment.

(cf. 9270 - Conflict of Interest)

When employees of a public university, county office of education or other public agency serve as consultant or resource persons for the district, they shall certify as part of the consultant agreement that they will not receive salary or remuneration other than vacation pay from any other public agency for the specific days when they work for this district.

Legal Reference:
EDUCATION CODE
10400-10407 Cooperative improvement programs
35010 Control of districts; prescription and enforcement of rules
35172 Promotional activities
35204 Contract with attorney
17596 Limit on continuing contracts

44925 Part-time readers employed as independent contractors
45103 Classified service in districts not incorporating the merit system
45103.5 Contracts for food service consulting services
45134-45135 Employment of retired classified employee
45256 Merit system districts; classified service; positions established for professional experts on a temporary basis
GOVERNMENT CODE
53060 Contract for special services and advice

Management Resources:
INTERNAL REVENUE SERVICE PUBLICATIONS
15-A Employer's Supplemental Tax Guide

(1/85 9/88) 10/96

BP 3452

Student Activity Funds

****Note: Pursuant to Education Code 48930, the Governing Board may approve the formation of associated student body organizations (ASBs), composed entirely of students. Generally, there are two types of ASBs. ASBs in high schools and middle schools are called organized ASBs because the students, organizing their activities around student clubs and/or a student council, have primary responsibility for the ASB, with the assistance of an adviser. In elementary schools, the ASB is called unorganized because there is no student council and the principal or designee usually oversees the fundraising and spending decisions, with more limited involvement from the students. ****

****Note: Unlike parent-teacher associations or other school-connected organizations, ASBs are legally considered part of the district. See BP /AR 1230 - School-Connected Organizations. ****

****Note: The following optional policy may be modified to reflect district practice. ****

The Governing Board recognizes that student organizations can provide students with an opportunity to conduct worthwhile cocurricular activities beyond those provided by the district and can also help students learn about effective financial practices. To that end, student organizations may raise and spend funds to support activities that promote the general welfare, morale, and educational experiences of the student body.

(cf. 3260 - Fees and Charges)
(cf. 5000 - Concepts and Roles)
(cf. 6145 - Extracurricular and Cocurricular Activities)
(cf. 6145.5 - Student Organizations and Equal Access)

Fundraising Events

****Note: Education Code 48932 requires the board to approve or disapprove a student organization's fundraising events and to determine whether such activities will interfere with the normal conduct of the schools. The following paragraph provides for the board to delegate the review and approval of ASB fundraising events to the superintendent or designee and should be modified to reflect district practice. ****

***Note: Education Code 49431 and 49431.5 limit the number of fundraising events and types of food that may be sold on school grounds, see BP/AR 3550 - Other Food Sales. For a list of activities that may be prohibited on school grounds because of safety concerns, see AR 5142 - Safety. ***

At the beginning of each school year, each principal or designee shall submit to the Superintendent or designee a list of the fundraising events that each student organization proposes to hold that year. The Superintendent or designee shall review the proposed events and determine whether the events contribute to the educational experience and whether they conflict with or detract from the school's educational program. When reviewing proposed events, the Superintendent or designee shall consider the effects of the activities on student health and safety, evaluate the risk of liability to the district, and ensure that the proposed activities are in compliance with law, Board policy, and administrative regulation.

(cf. 1321 - Solicitation of Funds from and by Students)
(cf. 3530 - Risk Management/Insurance)
(cf. 3554 - Other Food Sales)
(cf. 5030 - Student Wellness)
(cf. 5142 - Safety)
(cf. 5143 - Insurance)

Management of Funds

****Note: Education Code 48937 requires the district to provide for the supervision of all funds raised by any student body organization or student organization using the name of the school. The acceptable investment and use of such funds are detailed in Education Code 48933, 48934, and 48936. The Fiscal Crisis & Management Assistance Team (FCMAT) has developed the* Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*, available on its website, to outline the district's fiscal and managerial responsibilities relative to these funds. ****

Student body funds shall be managed in accordance with law and sound business procedures designed to encourage the largest possible educational return to students without sacrificing the security of funds.

The Superintendent or designee shall develop internal control procedures to safeguard the organization's assets, promote the success of fundraising ventures, provide reliable financial information, and reduce the risk of fraud and abuse. These procedures shall detail the oversight of activities and funds including, but not limited to, the appropriate role and provision of training for staff and students, parameters for events on campus, appropriate and prohibited uses of funds, and accounting and record-keeping processes, including procedures for handling questionable expenditures.

(cf. 3400 - Management of District Assets/Accounts)

The principal or designee shall be responsible for the proper conduct of all student organization financial activities. The budget adopted by the student body organization should serve as the financial plan for the school year and shall be submitted to the Superintendent or designee at the beginning of each school year. The Superintendent or designee shall periodically review the organization's use of funds to ensure compliance with the district's internal control procedures.

Funds derived from the student body shall be disbursed according to procedures established by the student organization. All disbursements must be approved by a Board-designated official, the certificated employee who is the student organization advisor, and a student organization representative. (Education Code 48933)

****Note: Because the ASB is an entity of the district, ASB funds are reviewed as part of the annual audit of the district conducted pursuant to Education Code 41020, as specified below.****

The Board shall provide an annual audit of student accounts by a certified public accountant or licensed public accountant. The cost of the audit shall be paid from district funds. (Education Code 41020)

(cf. 3460 - Financial Reports and Accountability)

Legal Reference:
EDUCATION CODE
35182.5 Non-nutritious foods and beverages, vending machines
35564 Funds, obligation of the student body
41020 Requirement for annual audit
48930-48938 Student body organization
49431 Sale of food and beverages, elementary school
49431.5 Sale of food and beverages, middle and high schools
51520 School premise, prohibited solicitations
51521 Fundraising projects
CODE OF REGULATIONS, TITLE 5
15500 Food sales, elementary schools
15501 Food sales, middle and junior high schools
COURT DECISIONS
Prince v. Jacoby, (2002) 303 F.3d 1074

Management Resources:
FISCAL CRISIS MANAGEMENT & ASSISTANCE TEAM PUBLICATIONS
Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, 2015
WEBSITES
California Department of Education: http://www.cde.ca.gov
Fiscal Crisis Management & Assistance Team: http://www.fcmat.org

(9/88) 7/07

BP 3400

Management of District Assets/Accounts

The Governing Board recognizes its fiduciary responsibility to effectively manage and safeguard the district's assets and resources in order to help achieve the district's goals for student learning. The Superintendent or designee shall establish and maintain an accurate, efficient financial management system that enhances the district's ability to meet its fiscal obligations, produces reliable financial reports, and complies with laws, regulations, policies, and procedures. He/she shall ensure that the district's accounting system provides ongoing internal controls and meets generally accepted accounting standards.

(cf. 3000 - Concepts and Roles)
(cf. 3100 - Budget)
(cf. 3300 - Expenditures and Purchases)
(cf. 3312 - Contracts)
(cf. 3314 - Payment for Goods and Services)
(cf. 3460 - Financial Reports and Accountability)

Capital Assets

****Note: Statement #34 from the Governmental Accounting Standards Board (GASB), the national group responsible for establishing accounting and financial reporting standards for state and local governments, requires that districts determine an appropriate capitalization threshold and identify and valuate capital assets. The California Department of Education (CDE) recommends, for most districts, a capitalization threshold that includes a unit acquisition cost criterion of at least $5,000, although a lower threshold may be necessary for small districts and a higher threshold for larger districts. The following optional paragraph establishes a $5,000 capitalization*

*threshold consistent with the CDE's recommendation. The district should revise the following paragraph if it has established a different threshold. ****

The Superintendent or designee shall develop a system to accurately identify and value district assets in order to help ensure financial accountability and to minimize the risk of loss or misuse. District assets with a useful life of more than one year and an initial acquisition cost of $5,000 or more shall be considered capital assets. The Superintendent or designee shall determine the estimated useful life of each capital asset and shall calculate and report the estimated loss of value or depreciation during each accounting period for all capital assets.

(cf. 3440 - Inventories)

Internal Controls/Fraud Prevention

****Note: Internal controls are defined as safeguards that are in place to provide assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Internal controls are checks and balances to help prevent fraud, waste, and abuse. ****

****Note: The following section contains recommendations by auditors of internal control policies and procedures and should be modified to reflect district practice. ****

The Board expects Board members, employees, consultants, vendors, contractors, and other parties maintaining a business relationship with the district to act with integrity and due diligence in dealings involving the district's assets and fiscal resources.

The Superintendent or designee shall develop internal controls that aid in the prevention and detection of fraud, financial impropriety, or irregularity within the district. These internal controls may include, but are not limited to, segregating employee duties relating to authorization, custody of assets, and recording or reporting of transactions; providing detailed, written job descriptions explaining the segregation of functions; adopting an integrated financial system; conducting background checks on business office employees; and requiring continuing in-service training for business office staff on the importance of fraud prevention.

All employees shall be alert for any indication of fraud, financial impropriety, or irregularity within their area of responsibility. Any employee who suspects fraud, impropriety, or irregularity shall immediately report those suspicions to his/her immediate supervisor and/or the Superintendent or designee. In addition, the Superintendent or designee shall establish a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.

(cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)

The Superintendent or designee shall have primary responsibility for any necessary investigations of suspected fraud, impropriety, or irregularity, in coordination with legal counsel, the district's auditors, law enforcement agencies, or other governmental entities, as appropriate.

The Superintendent or designee shall provide regular reports to the Board on the status of the district's internal control procedures and recommend any necessary revisions to related Board policies or administrative regulations.

Legal Reference:
EDUCATION CODE
14500-14508 Financial and compliance audits
35035 Powers and duties of superintendent
35250 Duty to keep certain records and reports

41010-41023 Accounting regulations, budget controls and audits
42600-42604 Control of expenditures
42647 Drawing of warrants by district on county treasurer; form; reports, statements and other data
GOVERNMENT CODE
53995-53997 Obligation of contract
Management Resources:
CSBA PUBLICATIONS
Maximizing School Board Governance: Budget Planning and Adoption, 2006
Maximizing School Board Governance: Fiscal Accountability, 2006
School Finance CD-ROM, 2005
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, June 1999
WEBSITES
CSBA: http://www.csba.org
California Association of School Business Officials: http://www.casbo.org
California Department of Education, School Finance: http://www.cde.ca.gov/fg
California State Controller's Office: http://www.sco.ca.gov
Fiscal Crisis & Management Assistance Team: http://www.fcmat.org
Governmental Accounting Standards Board: http://www.gasb.org
School Services of California: http://www.sscal.com

(7/01 7/03) 7/07

BP 3400

Other Food Sales

****Note: The following policy addresses food and beverage sales outside of the district's food service/cafeteria program, including the use of vending machines, student stores, and food sales on school premises by student and/or adult organizations. For policy addressing sales by the food service/cafeteria program, see BP/AR 3550 - Food Service/ Child Nutrition Program. ****

****Note: All outside food sales are subject to state law regarding nutritional standards, time and location of the sale, and other conditions; see the accompanying administrative regulation. In addition, pursuant to 7 CFR 210.11 and 220.12, districts participating in the National School Lunch Program (42 USC 1751-1769) and/or School Breakfast Program (42 USC 1771-1791) are mandated to establish rules or regulations to control the sale of food in competition with the breakfast or lunch program. The federal Child Nutrition and Women, Infants and Children (WIC) Reauthorization Act of 2004 (42 USC 1758b) also mandates that each district participating in the National School Lunch and/or Breakfast Program adopt a districtwide student wellness policy. See BP 5030 - Student Wellness for language fulfilling the student wellness mandate. ****

The Governing Board believes that sales of foods and beverages at school during the school day should be aligned with the district's goals to promote student wellness. Any food sales conducted outside the district's food service program shall meet nutritional standards specified in law, Board policy, and administrative regulation and shall not reduce student participation in the district's food service program.

(cf. 3550 - Food Service/Child Nutrition Program)
(cf. 3551 - Food Service Operations/Cafeteria Fund)
(cf. 3553 - Free and Reduced Price Meals)
(cf. 5030 - Student Wellness)
(cf. 5141.27 - Food Allergies/Special Dietary Needs)

The Board authorizes the Superintendent or designee to approve the sale of foods and beverages outside the district's food service program, including sales by student or school-connected organizations, sales through vending machines, and/or sales at secondary school student stores for fundraising purposes.

(cf. 1230 - School-Connected Organizations)
(cf. 1321 - Solicitations of Funds from and by Students)

When vending machines are sponsored by the district or a student or adult organization, the Superintendent or designee shall determine how and where vending machines may be placed at school sites, district offices, or other school facilities.

(cf. 3312 - Contracts)

Legal Reference:
EDUCATION CODE
35182.5 Contracts, non-nutritious beverages
48931 Authorization and sale of food
49430-49434 Pupil Nutrition, Health, and Achievement Act of 2001
51520 School premises; prohibited solicitations
CODE OF REGULATIONS, TITLE 5
15500 Food sales in elementary schools
15501 Sales in high schools and junior high schools
15575-15578 Requirements for foods and beverages outside the federal meals program
HEALTH AND SAFETY CODE
113700-114437 California Retail Food Code
UNITED STATES CODE, TITLE 42
1751-1769j National School Lunch Act, including:
1758b Local wellness policy
1771-1791 Child nutrition, School Breakfast Program
CODE OF FEDERAL REGULATIONS, TITLE 7
210.1-210.31 National School Lunch Program
220.1-220.21 National School Breakfast Program

Management Resources:
CSBA PUBLICATIONS
Nutrition Standards for Schools: Implications for Student Wellness, Policy Brief, rev. October 2007
Monitoring for Success: Student Wellness Policy Implementation Monitoring Report and Guide, 2007
Student Wellness: A Healthy Food and Physical Activity Policy Resource Guide, rev. April 2006
CALIFORNIA DEPARTMENT OF EDUCATION MANAGEMENT BULLETINS
06-110 Restrictions on Food and Beverage Sales Outside of the School Meal Program, August 2006
FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM PUBLICATIONS
Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, 2015
NATIONAL ASSOCIATION OF STATE BOARDS OF EDUCATION PUBLICATIONS
Fit, Healthy and Ready to Learn, 2000
WEB SITES
CSBA: http://www.csba.org
California Department of Education, Nutrition Services Division: http://www.cde.ca.gov/ls/nu
California Department of Public Health: http://www.cdph.ca.gov
California Healthy Kids Resource Center: http://www.californiahealthykids.org
California Project LEAN (Leaders Encouraging Activity and Nutrition): http://www.californiaprojectlean.org
Centers for Disease Control and Prevention: http://www.cdc.gov
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org
National Association of State Boards of Education (NASBE): http://www.nasbe.org

U.S. Dept. of Agriculture, Food and Nutrition Information Center: http://www.nal.usda.gov/fnic

(11/03 11/05) 11/07

BP 4156.2

Awards And Recognition

****Note: The following policy addresses commendation of district employees and may be revised to reflect district practice. For policy addressing recognition of community members/organizations or students, see BP 1150 - Commendations and Awards and BP/AR 5126 - Awards for Achievement. ****

The Governing Board values its instructional and noninstructional staff and desires to recognize their outstanding service in order to increase employee morale and encourage creative and innovative performance.

(cf. 1150 - Commendations and Awards)
(cf. 5126 - Awards for Achievement)

****Note: Education Code 45460, as well as legislative resolutions, encourage recognition of employees on designated days of significance including the Day of the Teacher, Classified School Employee Week, and Week of the School Administrator; see BP/AR 6115 - Ceremonies and Observances.****

The Board encourages recognition of all staff during days of significance designated by the Board, state law, or state resolution.

(cf. 6115 - Ceremonies and Observances)

****Note: If the governing board adopts a program to provide awards to individual employees for the reasons provided below, Education Code 44015 mandates that the board first adopt rules and regulations to implement the program. The remainder of this policy may be revised to reflect district practice. ****

The Board authorizes awards to individual employees who: (Education Code 44015)

1. Propose procedures or ideas that result in eliminating or reducing district expenditures or improving district operations
2. Perform special acts or services in the public interest
3. By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in district operations

As the district budget permits, the Superintendent or designee may recognize such employees by issuing service pins, certificates, plaques, and/or other mementos. In addition, he/she may recommend employees to the Board for recognition at a public Board meeting.

(cf. 3100 - Budget)
(cf. 3300 - Expenditures and Purchases)

The Superintendent or designee shall establish procedures for the selection of individual employees to receive awards.

The Superintendent or designee may appoint one or more merit award committees consisting of Board members, district employees, and/or private citizens to review employee contributions and recommend awards.

Monetary awards to employees shall not exceed $200 unless expressly approved by the Board. (Education Code 44015)

(cf. 1220 - Citizen Advisory Committees)

(cf. 9140 - Board Representatives)

Legal Reference:
EDUCATION CODE
35160 Authority of governing boards
35160.1 Broad authority of school districts
35161 Powers and duties generally
44015 Awards to employees
45460 Classified School Employee Week

Management Resources:
CSBA PUBLICATIONS
Maximizing School Board Governance: The Board's Relationship to District Staff, 2008
WEBSITES
CSBA: http://www.csba.org
Fiscal Crisis and Management Assistance Team: http://www.fcmat.org

(1/85 12/91) 7/10

BP 5126

Awards For Achievement

The Governing Board encourages excellence as a goal for all students and wishes to publicly recognize students for exemplary achievement in academic, athletic, extracurricular, or community service activities.

(cf. 5121 - Grades/Evaluation of Student Achievement)
(cf. 5127 - Graduation Ceremonies and Activities)
(cf. 6142.4 - Service Learning/Community Service Classes)

District/School Awards

****Note: Education Code 44015 authorizes the Governing Board to give district-level awards to students for excellence and mandates that the district adopt rules and regulations implementing any such awards program. See the accompanying administrative regulation for language implementing this mandate. ****

Student awards may include verbal recognition, a letter, a certificate, a Board resolution, public ceremony, trophy, gift, plaque, or cash gift.

The Superintendent or designee shall develop criteria for the selection of student award recipients.

Golden State Seal Merit Diploma

****Note: The following optional section is for use by districts that maintain high schools. Education Code 51450-51455 establish the Golden State Seal Merit Diploma, which may be awarded by the Superintendent of Public Instruction (SPI) and the State Board of Education to students identified by the district as demonstrating mastery of the high school core curriculum. See the accompanying administrative regulation for eligibility criteria. ****

At graduation from high school, special recognition shall be awarded to those students whose academic achievements in core curriculum areas have been outstanding.

The Superintendent or designee shall identify high school students who have demonstrated mastery of the high school curriculum qualifying them for the Golden State Seal Merit Diploma. (Education Code 51454)

(cf. 6162.51 - State Academic Achievement Tests)

Biliteracy Award

****Note: The following optional paragraph is for use by districts maintaining one or more high schools. Education Code 51460-51464, as added by AB 815 (Ch. 618, Statutes of 2011), establish the State Seal of Biliteracy, a voluntary program that recognizes high school graduates who have attained a high level of proficiency in one or more languages in addition to English. The SPI will provide an insignia that can be affixed to the diploma or transcript of eligible students. See the accompanying administrative regulation for eligibility criteria for the award. Districts that choose to adopt their own criteria and present a district-level biliteracy award may revise the following paragraph accordingly. ****

The district shall present the State Seal of Biliteracy to each graduating high school student who has attained a high level of proficiency in speaking, reading, and writing in one or more languages in addition to English. (Education Code 51460-51464)

(cf. 6142.2 - World/Foreign Language Instruction)
(cf. 6174 - Education for English Language Learners)

****Note: The following optional paragraph is for use by districts that choose to present biliteracy awards at other grade levels and should be revised to reflect district practice. Californians Together, a statewide coalition working to enhance the success of English learners, recommends issuing local "pathway awards" recognizing benchmarks toward biliteracy at preschool, grade 3, end of elementary school, and end of middle school. ****

In order to affirm the value of bilingualism and encourage students' enrollment in world language programs, the Superintendent or designee may present awards at appropriate grade levels to recognize the pursuit and/or attainment of grade-level proficiency in one or more languages in addition to English.

Scholarship and Loan Fund

****Note: The following section is optional. Education Code 35310-35319 authorize the Board to establish and maintain a scholarship and loan fund. If the district chooses to establish such a fund, it should revise the following paragraph to reflect only those purposes for which it wishes to make money available. ****

The Board shall establish and maintain a scholarship and loan fund which may be used to provide interest-free loans for educational advancement, scholarship, or grants-in-aid to bona fide organizations, students, or graduates of district schools. (Education Code 35310, 35315)

(cf. 1260 - Educational Foundation)
(cf. 3290 - Gifts, Grants and Bequests)

Legal Reference:
EDUCATION CODE
220 Nondiscrimination
35160 Authority of governing boards
35310-35319 Scholarship and loan funds
44015 Awards to employees and students
51243-51245 Credit for private school foreign language instruction
51450-51455 Golden State Seal Merit Diploma
51460-51464 State Seal of Biliteracy
52164.1 Assessment of English language skills of English learners
CODE OF REGULATIONS, TITLE 5
876 Golden State Seal Merit Diploma
1632 Credit for private school foreign language instruction
11510-11516 California English Language Development Test

Management Resources:
WEBSITES
CSBA: http://www csba.org
California Department of Education: http://www.cde.ca.gov
Californians Together: http://www.californianstogether.org

(7/04 3/09) 3/12

Sample Administrative Regulations

Community Relations

AR 1230

School-Connected Organizations

****Note: The following optional administrative regulation should be modified to reflect district practice. Items # 1-10 below are based on internal control procedures developed by the Fiscal Crisis and Management Assistance Team (FCMAT) for booster clubs, foundations, and other parent-teacher associations. However, districts may consider establishing different procedures for different types of entities, depending on the entity's fiscal controls and organizational structure. For example, local units of the PTA that are chartered by the state PTA are subject to the internal financial policies and bylaws of the statewide PTA; therefore a different level of district oversight may be sufficient. ****

Persons proposing to establish a school-connected organization shall submit a request to the Governing Board for authorization to operate at the school. The request for authorization shall contain:

1. The name and purpose of the organization
2. The date of application
3. Bylaws, rules, and procedures under which the organization will operate, including procedures for maintaining the organization's finances, membership qualifications, if any, and an agreement that the group will not engage in unlawful discrimination
4. The names, addresses, and phone numbers of all officers
5. A list of specific objectives
6. An agreement to grant the district the right to audit the group's financial records at any time, either by district personnel or a certified public accountant
7. The name of the bank where the organization's account will be located and the names of those authorized to withdraw funds
8. The signature of the principal of the supporting school
9. Planned use for any money remaining at the end of the year if the organization is not continued or authorized to continue in the future

****Note: Education Code 38134 requires school-connected organizations to insure against any liability resulting from the organization's negligence during an organization-sponsored event on school facilities. See BP/AR 1330 - Use of School Facilities. ****

10. An agreement to provide evidence of liability insurance as required by law

(cf. 1330 - Use of School Facilities)

****Note: The following optional paragraph requires an organization to request renewal of the authorization from the superintendent or designee annually. Districts that allow for an automatic renewal or that require approval from the board should modify the following paragraph accordingly. ****

Requests for subsequent authorization shall be presented to the Superintendent or designee annually, along with a financial statement showing all income and expenditures from fundraisers. If the Superintendent or

designee proposes to deny the request for reauthorization, he/she shall present his/her recommendation to the Board for approval.

****Note: The following paragraph should be modified to reflect district practice. ****

Upon consent of the Superintendent or designee, school-connected organizations may use the school's name, school team's name, or any logo attributable to the school or district.

School-connected organizations are prohibited from hiring or directly paying district employees. Organizations may make donations to the district to cover the costs of additional employees, but only if such positions are approved in advance by the Board. At their discretion, employees may volunteer to perform activities for school-connected organizations during non-working hours.

(cf. 4127/4227/4327 - Temporary Athletic Team Coaches)

(9/90 12/90) 7/07

AR 1321

Solicitation of Funds From and By Students

Note: The following regulation is optional and should be revised to reflect district practice. *

The Superintendent or designee shall approve all fundraising activities at least 15 days before the activity. If the event involves a contract with a commercial vendor, the Superintendent or designee shall review the contract.

In order to minimize interruptions to the educational program, staff shall limit fundraising activities to appropriate time periods designated by the principal.

(cf. 6116 - Classroom Interruptions)

No student shall be required to raise a specified amount of money in order to participate in an activity sponsored by a school-related organization.

(cf. 1230 - School-Connected Organizations)

Students engaged in fundraising activities on behalf of the school or for school-related projects are expected to be courteous and respectful towards all individuals and businesses.

Door-to-Door Sales

****Note: The following section is optional and should be deleted by districts that do not allow students to engage in door-to-door sales. Items 1-4 below detail the requirements for students participating in such sales as specified in 8 CCR 11706. ****

Students under 16 years old may engage in door-to-door sales of newspaper or magazine subscriptions, candy, cookies, flowers or other merchandise only under the following conditions:

1. The students shall work in pairs, as a team, on the same or opposite side of the street. (8 CCR 11706)
2. The students shall be supervised by an adult, with one adult for every crew of 10 or fewer students. (8 CCR 11706)

3. The students must be within the sight or sound of their adult supervisor at least once every 15 minutes. (8 CCR 11706)

4. The students shall be returned to their respective homes or meeting places after each day's work. (8 CCR 11706)

****Note: Optional items #5-7 below should be revised to reflect district practice. ****

5. The students shall not engage in door-to-door sales after dark.

6. The students shall not work outside of their immediate neighborhood.

7. Students in grades _____ shall not be involved in any door-to-door sales or solicitations.

(9/87 9/90) 7/03

AR 3400

Management of District Assets/Accounts

Accounts

The district's accounting system shall fully comply with the definitions, instructions and procedures set forth in the California Department of Education School Accounting Manual. (Education Code 41010)

The Superintendent or designee shall ensure that funds are encumbered in the district accounting records immediately after an expenditure is committed for subsequent payment.

(cf. 3110 - Transfer of Funds)

Fraud Prevention and Investigation

****Note: The following optional section may be revised to reflect district practice and definitions. ****

Fraud, financial improprieties or irregularities include but are not limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the district
2. Forgery or unauthorized alteration of a check, bank draft or any other financial document
3. Misappropriation of funds, securities, supplies or other assets
4. Impropriety in the handling of money or reporting of financial transactions
5. Profiteering as a result of insider knowledge of district information or activities
6. Disclosing confidential and/or proprietary information to outside parties

(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)

7. Disclosing investment activities engaged in or contemplated by the district

(cf. 3430 - Investing)

8. Accepting or seeking anything of material value from contractors, vendors or persons providing services or materials to the district
9. Destroying, removing or inappropriately using records, furniture, fixtures or equipment
10. Failing to provide financial records to authorized state or local entities
11. Any other dishonest or fraudulent act

The Superintendent or designee shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential.

If an investigation substantiates the occurrence of a fraudulent activity, the Superintendent or designee shall issue a report to appropriate personnel and to the Governing Board. The final disposition of the matter and any decision to file a criminal complaint or refer the matter to the appropriate law enforcement and/or regulatory agency for independent investigation shall be made in consultation with legal counsel. The result

of the investigation shall not be disclosed to or discussed with anyone other than those individuals with a legitimate need to know.

(cf. 4112.6/4212.6/4312.6 - Personnel Files)
(cf. 4119.1/4219.1/4319.1 - Civil and Legal Rights)

(10/93 6/95) 7/03

AR 3554

Other Food Sales

Requirements for Schools Not Participating in Federal Meal Program

****Note: The following section is for use by districts that have one or more schools that do not participate in the National School Lunch and/or Breakfast Program (42 USC 1751-1769j, 1773). Requirements for other schools are described below in the section titled Requirements for Schools Participating in Federal Meal Program.****

****Note: Food sales outside the district's food service program that occur on school premises during the school day are subject to the nutrition standards specified in Education Code 49431-49431.7, as amended by AB 626 (Ch. 706, Statutes of 2013). These include nutrition standards for foods in elementary schools (Education Code 49431) and middle and high schools (Education Code 49431.2) and for beverages in all schools (Education Code 49431.5), as well as a prohibition against the sale of foods containing artificial trans fat at any grade level (Education Code 49431.7). See AR 3550 - Food Service/Child Nutrition Program for further information regarding nutrition standards. ****

Food and beverage sales outside the district's food service program shall comply with applicable nutritional standards specified in Education Code 49431-49431.7 and 5 CCR 15500-15501 and 15575-15578.

(cf. 3550 - Food Service/Child Nutrition Program)
(cf. 5030 - Student Wellness)
(cf. 5141.27 - Food Allergies/Special Dietary Needs)

****Note: Pursuant to Education Code 49431-49431.5, foods and beverages that do not comply with state nutrition standards may be sold outside of the district's food services program under certain conditions. As amended by AB 626 (Ch. 706, Statutes of 2013), Education Code 49431-49431.5 provide that the same requirements apply to sales of both foods and beverages and to all grade levels. AB 626 also amended Education Code 49431 and 49431.5 to eliminate the requirement that sales of noncompliant foods and beverages in elementary schools only be allowed if the items are sold by students of the school.****

The sale of foods or beverages that do not comply with the standards in Education Code 49431-49431.5 may be permitted in either of the following circumstances: (Education Code 49431-49431.5)

1. The sale takes place off and away from school premises.

2. The sale takes place on school premises at least one-half hour after the end of the school day.

(cf. 1230 - School-Connected Organizations)
(cf. 1321 - Solicitations of Funds from and by Students)
(cf. 6145 - Extracurricular and Cocurricular Activities)

Requirements for Schools Participating in Federal Meal Program

****Note: The following section is for use by districts that have one or more schools participating in the National School Lunch and/or Breakfast Program (42 USC 1751-1769j, 1773). 7 CFR 210.11 and 220.12 mandate that such districts adopt rules and regulations to ensure compliance with federal requirements for competitive foods. ****

****Note: Pursuant to 42 USC 1779, the U.S. Secretary of Agriculture has established nutrition standards which are consistent with the most recent Dietary Guidelines for Americans and apply to all foods sold outside the school meal programs on school campuses at any time during the school day. These standards are contained in 7 CFR 210.11 and 220.12, as amended by 78 Fed. Reg. 125, and were required to be implemented by July 1, 2014. ****

****Note: Note that, in some instances, state nutrition standards (Education Code 49431-49431.7) may be stricter than federal standards. In such cases, the stricter standard prevails. In addition, although 7 CFR 210.11 and 220.12 allow states to adopt criteria for special exemptions from nutrition standard compliance for infrequent school-sponsored fundraisers, the California Department of Education (CDE) provides no exemption. Thus, all infrequent school-sponsored fundraisers are subject to the same rules as other outside food sales. ****

For any district school participating in the National School Lunch and/or Breakfast Program, food and beverage sales conducted outside the district's food service program on school campuses during the school day shall comply with applicable nutritional standards specified in 7 CFR 210.11 and 220.12 or with state nutrition standards in Education Code 49431-49431.7 and 5 CCR 15500-15501 and 15575-15578, whichever rule is stricter.

****Note: As amended by 78 Fed. Reg. 125, 7 CFR 210.11 adds the following definition of "school day" for purposes of the regulations governing competitive food and beverage sales. ****

These standards shall apply to all competitive foods and beverages sold from midnight before the school day to one-half hour after the end of the school day. (7 CFR 210.11)

****Note: The remainder of this section reflects 5 CCR 15500-15501 pertaining to sales by student organizations in schools that participate in a federal meal program, but delegates to the Superintendent or designee the responsibility for approval of the specific food item to be sold; see the accompanying Board policy.****

****Note: To the extent that any Title 5 requirement conflicts with the nutrition standards specified in Education Code 49431-49431.7 or federal law, the stricter standard prevails. Thus, although 5 CCR 15500 provides that a student organization may only sell a dessert-type item, such as a pastry, ice cream, or fruit, stricter state and federal nutrition standards supersede and so this provision is not shown in the list below. ****

****Note: Items #1-6 below are for use by districts that maintain any of grades K-8. ****

In a school with any of grades K-8 that is participating in the National School Lunch and/or Breakfast Program, the Superintendent or designee shall not permit the sale of foods by a student organization except when all of the following conditions are met: (5 CCR 15500)

1. The student organization sells only one food item per sale.
2. The specific nutritious food item is approved by the Superintendent or designee in accordance with Board policy.
3. The sale does not begin until after the close of the regularly scheduled midday food service period.
4. The sale during the regular school day is not of food items prepared on the premises.
5. There are no more than four such sales per year per school.
6. The food sold is not one sold in the district's food service program at that school during that school day.

****Note: Items #1-4 below are for use by districts that maintain middle schools or high schools.****

In any middle or high school, a student organization may be approved to sell food items during or after the school day if all of the following conditions are met: (5 CCR 15501)

1. Only one student organization conducts a food sale on a given school day and the organization sells no more than three types of food or beverage items, except that up to four days during the school year may be designated on which any number of organizations may conduct the sale of any food items.
2. The specific nutritious food items are approved by the Superintendent or designee in accordance with Board policy.
3. Food items sold during the regular school day are not prepared on the premises.
4. The food items sold are not those sold in the district's food service program at that school during that school day.

****Note: 7 CFR 210.11, as amended by 78 Fed. Reg. 125, requires the district to maintain specified records. ****

The Superintendent or designee shall maintain records, and shall require organizations selling foods and beverages to maintain records, to document compliance with federal nutrition standards for all competitive foods and beverages sold through and outside the district's food services program. At a minimum, these records shall include receipts, nutrition labels, and/or product specifications. (7 CFR 210.11)

(11/05 11/07) 12/13

AR 5126

Awards For Achievement

District/School Awards

****Note: Education Code 44015 authorizes the governing board to give district-level awards to students for excellence. Before any awards are given under the authority of this law, the board is mandated to adopt rules and regulations implementing the awards program. The following section should be revised to reflect any such rules and regulations adopted by the district. ****

The Superintendent or designee may appoint an awards committee at each school which may consist of school administrators, teachers, parents/guardians, community members, and student representatives. The committee shall submit recommendations for student awards to the Superintendent or designee for approval.

(cf. 1220 - Citizen Advisory Committees)

Individual awards in excess of $200 must be expressly approved by the Governing Board. (Education Code 44015)

Golden State Seal Merit Diploma

****Note: The following optional section is for use by districts that maintain high schools. Education Code 51450-51455 establish the Golden State Seal Merit Diploma, which may be awarded by the Superintendent of Public Instruction (SPI) and the State Board of Education (SBE) to students identified by the district as demonstrating mastery of the high school curriculum according to the following criteria. ****

****Note: Education Code 51452 requires the SBE to determine the means, performance standards, and achievement levels that demonstrate mastery of the curriculum. Eligibility criteria are published on the California Department of Education (CDE) website. ****

To be eligible to receive the Golden State Seal Merit Diploma upon high school graduation, a student shall complete all requirements for a high school diploma and demonstrate, in accordance with the means adopted by the State Board of Education, mastery of the curriculum in at least six subject areas, four of which shall be mathematics, English language arts, science, and United States history, with the remaining two subject matter areas selected by the student. (Education Code 51451, 51452; 5 CCR 876)

(cf. 6143 - Courses of Study)
(cf. 6146.1 - High School Graduation Requirements)
(cf. 6146.11 - Alternative Credits Toward Graduation)
(cf. 6162.52 - High School Exit Examination)

****Note: Items #1-5 below reflect the means adopted by the SBE for students to demonstrate mastery of the curriculum for purposes of awarding the Golden State Seal Merit Diploma. ****

To demonstrate mastery of these subject areas, the student shall earn a scaled score of 370 or above on six separate high school California Standards Tests (CST), including:

1. One mathematics exam, including Algebra II, Geometry, Summative High School Mathematics, or Integrated Mathematics 2 or 3

2. One English language arts exam at grade 9, 10, or 11

3. One science exam, including Biology, Chemistry, Physics, Earth Science, or Integrated/Coordinated Science 1, 2, 3, or 4

4. The grade 11 History-Social Science exam (United States history)

5. Two CSTs of the student's choice, which may include World History or any additional exams listed in items #1-4 above which have not already been used to establish eligibility

(cf. 6162.51 - State Academic Achievement Tests)

The Superintendent or designee shall maintain appropriate records to identify students who are eligible for the merit diploma and shall affix an insignia to the diploma and transcript of each student awarded the merit diploma. (Education Code 51454)

(cf. 5125 - Student Records)

****Note: The CDE requires each district to annually submit one districtwide insignia request on a form provided by the CDE. The CDE's website encourages districts to submit the request far enough in advance of the graduation ceremony date to allow sufficient time for processing by the CDE and for district staff to place the insignias on the diplomas. The CDE begins mailing requested insignias the first week of April. ****

The Superintendent or designee shall submit an insignia request form to the California Department of Education in sufficient time to allow processing of the request prior to the high school graduation ceremony.

Biliteracy Award

****Note: The following optional section is for use by districts that maintain high schools and choose to recognize graduating students' bilingual/multilingual proficiency with the State Seal of Biliteracy pursuant to Education Code 51460-51464, as added by AB 815 (Ch. 618, Statutes of 2011); see the accompanying board policy. Districts that choose to present district-level biliteracy awards to students at other grade levels may revise the following section to add eligibility criteria for those awards. ****

To be eligible to receive the State Seal of Biliteracy upon graduation, a student shall meet all the following criteria: (Education Code 51461)

1. Complete all English language arts requirements for high school graduation with an overall grade point average (GPA) of 2.0 or above in those classes

2. Pass the CST in English language arts administered in grade 11 at the proficient level or above

3. Demonstrate proficiency in one or more foreign languages, which may include American sign language, by fulfilling one of the following criteria:

****Note: Education Code 51461, as added by AB 815 (Ch. 618, Statutes of 2011), authorizes the SPI to provide a list of equivalent summative tests that districts may use in place of an Advanced Placement examination for the purpose described below when an Advanced Placement examination is not available in a particular language. ****

   a. Pass a foreign language Advanced Placement examination with a score of 3 or higher or an International Baccalaureate examination with a score of 4 or higher

(cf. 6141.5 - Advanced Placement)

****Note: Pursuant to Education Code 51243-51245 and 5 CCR 1632, districts are required to grant credit toward high school graduation for foreign language studies completed in a private school; see BP/AR 6146.11 - Alternative Credits Toward Graduation. ****

b. Successfully complete a four-year high school course of study in a foreign language, attaining an overall GPA of 3.0 or above in that course of study.

(cf. 6142.2 - World/Foreign Language Instruction)

****Note: Pursuant to Education Code 51461, when an Advanced Placement or off-the-shelf language test does not exist in a particular language, the district may develop a foreign language test for the purpose of determining eligibility for the State Seal of Biliteracy, provided the district certifies to the SPI that the exam meets the rigor of a four-year high school course of study in that language. When an Advanced Placement or off-the-shelf test is available, the district may only offer a district-developed foreign language test if it first receives approval from the SPI. ****

c. Pass a district language examination that meets the rigor of a four-year high school course of study in that language, provided the test has been certified to or approved by the Superintendent of Public Instruction.

d. Pass the SAT II foreign language examination with a score of 600 or higher.

In addition to meeting the criteria in items #1-3 above, a student in any of grades 9-12 whose primary language is other than English shall attain the early advanced proficiency level or higher on the California English Language Development Test (CELDT). As necessary for this purpose, the district may administer the CELDT an additional time outside of the regularly scheduled administration specified in AR 6174 - Education for English Language Learners. (Education Code 51461)

(cf. 6174 - Education for English Language Learners)

****Note: The CDE requires each district to submit one districtwide insignia request on a form provided by the CDE. The CDE begins mailing requested insignias the first week of April. ****

The Superintendent or designee shall maintain appropriate records to identify high school students who qualify for the award and shall affix the insignia to the diploma or transcript of each student who earns the award. (Education Code 51463)

Scholarship and Loan Fund

****Note: The following section is for use by any district whose board has established a scholarship and loan fund pursuant to Education Code 35310-35319; see the accompanying board policy. Pursuant to Education Code 35310, districts maintaining this fund are mandated to develop rules and regulations specifying the terms of office and method of selection of the committee appointed to administer the fund. The following section should be revised to reflect district practice. Districts that have not established such a program should delete this section. ****

The district's scholarship and loan fund shall be administered by a district committee composed of Board members, the Superintendent, and such other community, teacher, administrative, and/or student representatives as determined by the Board. (Education Code 35310)

Members of this committee shall be appointed by the Board and shall serve two-year terms.

The Superintendent shall serve as chairperson of the committee and chief executive officer of the fund. The committee shall meet at least once each fiscal year and at other such times as it may be called into session by the Superintendent. (Education Code 35311, 35312)

Scholarship and loan funds shall be deposited, administered, and audited in accordance with Education Code 35314 and 35318.

(cf. 3400 - Management of District Assets/Accounts)
(cf. 3460 - Financial Reports and Accountability)

The committee may accept gifts, donations, and bequests made for the purposes of the fund. The committee also may prescribe conditions or restrictions on these gifts and bequests. The committee shall review any conditions imposed by the donor and make a recommendation to the Board as to the compatibility of such conditions with the intent and purpose of the fund. The Board may prohibit the committee from accepting any donation under conditions it finds incompatible with the fund's intents and purposes. (Education Code 35313)

(cf. 1260 - Educational Foundation)
(cf. 3290 - Gifts, Grants and Bequests)

****Note: Education Code 35316 mandates that districts maintaining this fund adopt regulations governing applications, provided such regulations do not limit student eligibility based on any conditions listed in Education Code 220; see BP 0410 - Nondiscrimination in District Activities and Programs. The following paragraph may be expanded to describe the district's application procedures. ****

The Superintendent or designee shall establish criteria, procedures, and deadlines for student applications for scholarships and/or loans from the fund. As applicable, he/she may require the student to submit letters of recommendation or other supplementary materials providing evidence of the student's accomplishments and/or need.

(cf. 0410 - Nondiscrimination in District Activities and Programs)

The Superintendent or designee shall report to the Board at least annually regarding the status and activity of the fund. (Education Code 35319)

Notifications

****Note: The following optional section may be revised to reflect programs offered by the district. ****

The Superintendent or designee shall annually distribute information about eligibility requirements for the Golden State Seal Merit Diploma, State Seal of Biliteracy, and/or any district awards programs to students at the applicable grade levels.

(7/04 3/09) 3/12

Student Activity Funds

The collection, disbursement and recording of transactions pertaining to student activity funds shall be performed in accordance with the Fiscal Crisis & Management Assistance Team's (FCMAT's) *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference*.

In addition, no contracts shall be entered into by any clubs or students of the associated student body organization without prior review and approval of the administrators listed as approved contract signers in the district's board policy, including the superintendent and the associate superintendent, business services/chief business official.

All applicable laws, regulations, and codes pertaining to the purchase of goods and services, bids, and quotations for general funds of the district apply to the commitment and disbursement of associated student body funds.

(07/82, 10/96, 1212, 3/15)

Chapter 25

Chapter 25 – FCMAT Online Frequently Asked Questions Archive and Help Desk

FCMAT has answered many ASB-related questions through the years at its online help desk (http://fcmat.org/helpdesklandingpage/), and answers to many of the most frequently asked question are in a searchable archive that we encourage users to consult before submitting a question to the help desk. The frequently asked questions page can be accessed from the main help desk page, or directly at https://servicedesk.csis.k12.ca.us/footprints/fcmat_kb.html.

FCMAT's frequently asked questions (FAQs) are intended to be a guide. Each person using these FAQs should check with the local district business staff and auditors to be certain that the answers provided complement the local district policy and practice.

FCMAT's help desk is designed to provide guidance related to school business and operations in California. Responses are intended to share the expertise of our office and are not intended as legal advice. If a matter involves interpretation of laws, regulations or court precedent, or otherwise calls for legal advice, consult legal counsel before acting on the resulting guidance.