WHARTON INDEPENDENT SCHOOL DISTRICT

Activity Fund Manual



Introduction

The Activity Fund Manual has been prepared to provide assistance in the proper handling and accounting for activity fund monies on Wharton ISD campuses.

The Texas Education Agency provides some guidance and requirements on activity fund accounting in the Site Based Decision Making Module of the Financial Accountability Resource System Guide (FASRG) v14. See http ://www.tea.state.tx.us/index4.aspx?id=1222.

The WISD Activity Fund Manual incorporates the guidance provided in the FASRG and sets out specific guidelines and procedures for Wharton ISD.

Financial accounting is essential to the successful operation of schools and school districts. The accuracy of financial information depends on the proper recording of individual transactions. Properly recording transactions at individual campuses is the responsibility of campus personnel. The campus Principal is ultimately responsible for the activity fund monies and the proper accounting of these funds.

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

This manual will be continually updated and improved with more detailed guidelines and information.

What Are Activity Funds?

Activity funds are funds generated and accumulated by the school from the collection of student fees, school and district approved fundraising and other activities. These funds are held in trust by the school district and are used to promote the general welfare of the school and educational development and morale of all students.

There are two main categories of activity funds:

Campus Activity Funds (Fund 461) are funds raised locally by the school or donated to the school and include school office and departmental accounts. Campus activity funds are considered by TEA to be district general funds. The expenditure of these funds must comply with state and board policy and with district regulations. These funds are accounted for with the special revenue governmental funds of the district.

Student Activity Funds (Fund 865) are funds generated by specific student groups, not by the district or campus. Decisions about the expenditure of student activity funds are made by the students with the assistance of a school district employee sponsor. All club and student funds are accounted for in this grouping as well as the faculty hospitality funds. These funds are accounted for as fiduciary trust funds not owned by the district.

Campus Activity Accounts (Fund 461)

Campus activity accounts contain funds raised at a particular campus which are managed by the Principal or other campus administrators. These funds are accounted for as Campus Funds (461) as stipulated by the *Texas Education Agency Financial Accountability System Resource Guide (FASRG).* Campus accounts must be spent to promote the general welfare of the school and the educational development of students. Principals may use these funds to supplement their budgeted district funds. Each campus is to have one activity fund which can be divided into separate accounts using local codes to distinguish between campus groups. Campus funds should not be spent to benefit any individual.

Examples of Authorized Reasons for Collecting Funds for Campus Activity Accounts	
School Fundraisers	Music Class
Field Trips	Athletics
Book Fairs	Yearbooks

Activity accounts are not considered a savings account and therefore should be spent during the same school year the money is collected.

On the following pages is a list of some of the appropriate and prohibited expenditures using campus activity funds (461). The list is not all-inclusive, but can serve as a guideline. Any questionable items should be verified through the Business Services Department.

	Campus Activity Funds **Appropriate Expenditures**
1	Educational field trips, meals, and other activities planned for the benefit of students. The travel expenditures for faculty/staff who must accompany students on a field trip are also acceptable provided that expenditures do not exceed the reimbursable limits established by the district's travel policies.
2	Organization or institutional memberships. However, if an individual membership is only available or is necessary for students to participate in certain activities, then the expenditure is acceptable if a notation is made to document the necessity.
3	Awards such as plaques, paperweights, caps, certificates, in recognition of students, staff or volunteers for services to the school or WISD.
4	Incentives for student involvement.
5	District approved conference attendance and travel costs for employees on school business, subject to travel allowances as established by the district.
6	Scholastic magazines and books.
7	Supplemental classroom instructional needs and general office supplies
8	Improvement of campus and site facilities such as plants, bulletin boards, signs and flags.
9	Expenses and purchases related to sales of items or fundraising activities.
10	Refreshments for teacher in-service and staff development; an agenda and roster of attendance must be provided for each meeting
11	Emergency and health or safety needs for students.
12	Tickets for school related functions when attendance is required by the Principal.
13	Onsite business meals for staff. For reasonable cost comparisons, the per diem amounts are: breakfast $ 11.00; lunch $ 12.00; dinner $ 23.00. **Appropriate documentation including who was at the meeting and what was discussed.**
14	Refreshments and snacks for meetings where the school serves as host for related activities for Students, staff, and patrons.
15	T-shirts may be purchased ONCE a year for each employee as a staff morale booster.

Campus Activity Funds **Prohibited** Expenditures	
1	Reimbursement for luncheons or dinners while attending civic organization's meetings.
2	**Purchase of any GIFT for any person or organization;** this includes gift certificates, retirement gifts, holiday gifts, and food gifts. Gifts of public funds are prohibited under Article III, Section 52 of the Texas Constitution.
3	Extravagant or high priced individual awards such as watches or other jewelry.
4	Payment of an individual's personal bills.
5	**Donations** to individuals, organizations, or scholarship funds. Donations are allowed from group activity funds only. Not campus activity funds.
6	Loans to employees, parents, or students for any reason.
7	Parties for staff, including food, decorations, and favors; simple receptions are acceptable.
8	Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
9	Payment of expenses of spouses or other nonemployees (i.e. travel expenses).
10	Payment of professional organization liability insurance on any individual.
11	Appreciation and fundraising dinner tickets.
12	Extra compensation or bonuses to employees, whether it be in the form of cash or gifts.
13	Abuse of the number of meals furnished to staff.
14	Meals furnished to employees which exceed the reasonable limitations based on meal reimbursements during overnight travel.
15	Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. Use of funds in this manner is prohibited by the Texas Tort Claims Act.
16	Meals for day travel. IRS considers this income that must be reported on the annual Form W2.
17	Transfer of funds to the hospitality/faculty accounts
18	Any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation.
19	Any other expenditure prohibited by federal or state law, TEA or Board policy or WISD regulations.

Student Activity (Fund 865)

Student Activity Funds consist of money that is received and held by the district as trustee. Individual student groups raise these funds and their disbursement is controlled by that group as long as the decisions regarding the use of funds do not conflict with Board policy and/or legal regulations or restrictions. Student activity funds (865) are accounted for the district as agency funds in compliance with the *Texas Education Agency Financial Accountability System Resource Guide (FASRG)*. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities that supplement the educational curriculum of the district. Fundraising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instructional program.

Student activity money shall be expended to benefit a bona-fide student group that contributed to its accumulation. **Fundraising activities should not be for the individual benefit of a student based on sales, but should be equally distributed to the students holding the fund raiser.** A bona **fide student group** is one that has been properly approved by the campus Principal and consists of elected student officers and a faculty sponsor. Students not only participate in the activities of the organization, but also are involved in managing and directing the organization's activities. A roster of newly elected officers is to be furnished to the Principal and the Campus Secretary by **September 1st** of each school year. Clubs that do not elect officers and/or hold regular activities for an entire school year will be considered inactive and any balances transferred to the campus activity funds account. In addition, organizations that do not have a slate of approved officers will not be allowed to conduct tax free fundraising activities.

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

- Minutes of each meeting which detail, at a minimum, attendance, approval of expenditures, discussion of fundraising activities and approval of financial status.
- Fundraising request approved by the Principal and Finance Department.
- Summary sheet to provide the Finance Department with total revenue and expenses for specific fundraiser.

Examples of Authorized Student Activity Groups

Art Club

Auto Club

Journalism Club

National Honor Society

Student Council Chorus Club

Class of 2XXX

Thespian Club

Foreign Language Club

Marching Band

Acceptable Expenditures of Student Activity Funds: See House Bill 3646

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

Unacceptable Expenditures of Student Activity Funds

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

Student activity accounts are not considered a savings account and therefore should be spent during the same school year the money is collected.

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

The **Sponsor Responsibility Listing** Form needs to be completed each school year by the Campus Secretary for each student group utilizing the Student Activity Funds (865). Also, the **Activity Fund Manual Acknowledgement** Form must be signed by the sponsor of each club or organization. A copy of completed form must be sent to the Business Services Department. All forms can be found on the WISD website.

Responsibilities for Campus and Student Activity Accounts

All campus personnel including Principals, Sponsors, Secretaries and Faculty will be held responsible for any campus and student activity funds entrusted to them. The responsible party will reimburse the account for money or property purchased with student activity funds which are lost due to carelessness, fraud, or theft due to carelessness.

The **Principal** is responsible for assurance that the overall administration of the Student Activity Accounts, Campus Activity Accounts, depositing of funds, and compliance with the policies and procedures manual is adhered to. The Principal will approve all fundraising activities in advance and will monitor activities to ensure fundraisers have been approved by the Assistant Superintendent for Administration.

Each campus that handles Campus and Student Activity Funds must make cash deposits the day the cash is received**. Under no circumstances are funds to be kept at the campus overnight**.

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

The **Faculty Sponsor** of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him/her. It is the obligation of the faculty sponsor to follow the procedures presented in the Cash Handling Procedures section of this manual. This includes maintaining detailed financial records, completing the **Request for Organization Fundraiser** form in order to account for all fundraisers and for maintaining a positive balance in the respective account at all times. The faculty sponsor will sign an **Activity Fund Manual Acknowledgement Form** before undertaking the sponsorship of a student club or organization. If forms are not filled out, sponsors will not be allowed to conduct any fundraising activity. The forms will be filed at each campus as well at the Business Services Department.

The **Business Services Department** is responsible for training the campus secretaries and providing an Activity Fund Manual as well as providing help with questions and concerns.

Payments from the Campus and Student Activity

Accounts General Policies

All expenditures shall be paid by check from the appropriate account. No checks will be issued without prior authorization from the Principal. **Under no circumstances should cash collected for a fundraiser ever change hands to make a payment**.

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

Funds held for either the Campus or Student Activity Account may not be used to cash checks. This practice is strictly prohibited because check cashing, in effect, is a loan until the check has cleared the bank.

Purchases of a personal nature shall not be commingled with purchases made for district use. Personnel cannot use the district's tax exempt status to avoid paying sales tax on personal items. If an employee makes both personal and school related purchases from a vendor at the same time, the two purchases must be rung up separately.

Check Requests/Purchase Orders

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

- Purchases must be made using a WISD approved vendor; the PO must be approved by the Campus Principal. All supporting documentation must be turned in at the time of the PO creation. (preferably attached to the requisition)
- Bookkeepers will enter the PO in the SBAA Skyward system and the Principal can then approve the PO for the purchase PRIOR to making the purchase.

A requisition form must be completed and signed by the faculty sponsor. Under no circumstances will a payment be authorized when there are not sufficient funds in the account.

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

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

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

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

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

The following are NOT considered support for checks:

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

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

District Requirements for Employees Handling Cash

- All District Employees handling funds on behalf of Wharton ISD will be required to attend a mandatory annual training session.

- All funds collected on behalf of the Wharton ISD will adhere to all board policies referring to the collection of money.

- Each employee will be required to sign an **Activity Fund Manual Acknowledgement Form**

- Funds collected from all sources within the District shall be receipted by the appropriate methods:
  1. Sponsor will give receipts to all students bringing money to the sponsor.
  2. The Campus Secretary will give receipts to sponsors bringing money to the Secretary.

- All checks deposited into a Wharton ISD bank account must be identified by their proper organization, group, club number, etc., on the bottom part of the check in the memo space.

- A separate deposit slip should be used for each activity and/or fundraiser.

- The District will not provide check cashing services to employees, students, or community patrons.

Cash Handling - Sponsors:

1. If collecting funds for a fundraiser, field trip or another event, the Request for Organization Fundraiser form must be completed and approved before funds can be collected. Fundraisers must be approved in advance by the Assistant Superintendent for Administration.

2. Receipts should be issued for all collections of funds from students and staff either in the form of a receipt book or a form determined by the campus.

3. All funds collected on behalf of Wharton ISD must be placed in a secured place at all times, and turned into the Campus Secretary the day the monies are received, which in turn should be deposited into the bank.

4. All funds must be delivered to the Campus Secretary in the manner they were collected. No checks may be cashed from the collected funds.

5. A Wharton ISD Deposit Form must be completed when receiving funds collected on behalf of the District. Each form requires two signatures:
    A. The sponsor or employee collecting the funds
    B. Another employee that verifies the funds collected
6. After funds have been counted and verified by two employees, a receipt shall be given to the sponsor from the Campus Secretary verifying the deposit. A separate deposit slip should be used for each different activity/fundraiser.

7. The memo line on each check should include the activity name and account.

8. A completed Fundraiser Recap Form must be completed by the Sponsor and delivered to the Campus Secretary within three (3) working days after completion of the fundraiser.

Sponsor End of Year Checkout

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

Fundraising Policies and Procedures

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

All fundraising requests MUST BE submitted to the Assistant Superintendent for Curriculum and Instruction for approval before the event takes place.

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

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

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

SALES TAX

TAX FREE PURCHASES

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

TAXABLE PURCHASES

An organization that is not school-sponsor and is not school supervised must pay sales tax on all taxable items purchased unless the organization separately qualifies under the law as an exempt organization. A school purchasing taxable items for resale must obtain a sales tax permit and issue a resale certificate to the seller in lieu of paying sales tax. All District schools, PTOS, and Booster Clubs excluded, should use the District's tax identification number when purchasing taxable items for resale. When the items are resold, the school must collect and remit the sales tax to the District for remittance to the state. Tax should be collected on total sale price. PTOs and Booster Clubs are responsible for collecting and remitting sales tax to the state for their activities.

TAX FREE SALES

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

A public or private school, student or parent-teacher association in an elementary or secondary school during a regular school day by agreement with school authorities;

Parent-teacher associations during a fundraising sale, if the proceeds do not go to the benefit of an individual;

A person under 18 who is a member of a nonprofit organization devoted exclusively to education, physical, or religious training, or

A group associated with a public, private elementary, or secondary school as part of a fundraising drive sponsored by the organization for its own use.

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

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

Name: _____

Title: _____

Campus: _____

Activity Account: _____

I have received, read, and agree to follow policies and procedures outlined in the Wharton ISD's Activity Fund Manual for the 2024-2025 school year. I have a clear understanding of all its content.

_____

Signature Date