DULCE INDEPENDENT SCHOOL DISTRICT

ACTIVITY FUND POLICIES

Dulce School Board of Education

January 2011

Chapter I:

Regulations Regarding

Activity Funds

There are two types of activity funds. The first type is a General Activity Fund. The second type is a Student Activity Fund.

General Activity Fund

These funds are used for staff (adults), not students. They required an approved budget to be expended. Revenue must be identified as to its source (the deposits made to the account).

These funds are legally owned by the district, are under the discretionary control of the school district, are considered public monies and are subject to all applicable laws and regulations relating to the Procurement Code. (NMAC 6.2.2)

Student Activity Funds

These funds are classified as Agency Funds and are legally owned by the student or student groups. Student activity funds are used to account for those resources owned, operated and managed by the student body, under guidance of a staff member or another adult, for educational, recreational or cultural purposes. These funds are used for a wide range of activities that can include the school yearbook, student sports or various student clubs.

An Agency Fund is used to account for assets held for other funds, governments or individuals. Agency Funds are custodial in nature and do not involve measurement of operations. While the school district provides bookkeeping and accounting service for these funds, the functions are considered strictly fiduciary in nature. These monies are not considered public money for purposes of the Procurement Code and formal budget integration.

The school district is holding these funds in a fiduciary capacity. Therefore, the school district will be held responsible to safeguard the funds and demonstrate prudent judgment in accounting for and disbursing these funds.

Examples of such activity funds which would be designated as Agency Funds are:

1. Money collected for student fund raising activities whose expenditures are determined by the student/class sponsors (Band, Chorus, Junior Class).

2. Money collected as deposits which are subject to return in whole or in part (airline tickets, shoes, etc).

3. Money collected which will be transmitted to other governmental units, agencies, and associations (lost textbooks, charities, etc).

4. Money collected for activities not supported by public monies for submission to vendors (class rings, school pictures, yearbooks, ski club, etc).

Regardless of the method used to finance school activities, the school district is ultimately responsible for the funds, even though the actual control and operation of these funds are delegated to the respective school principals.

The school district shall require that accurate records be kept of all monies collected and disbursed, in accordance with Section 6-10-2 NMSA, 1978 Compilation as amended:

Public money; cash books; daily balance; public record.

It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which it is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business. Except as may be otherwise provided by law, the cash record is a public record and is open to public inspection.

No activity fund account shall ever be permitted to incur a deficit. Financial records of student activity funds must be in accordance with generally accepted accounting principles and an adequate internal control structure established and maintained, as well as audit trails, in the same manner as the school district's regular funds.

The club sponsor shall bring all monies collected, with the exception of game concessions, to the building secretary for deposit by the end of the day of collection. Monies collected should never be kept in the classroom overnight. The building secretary shall then turn the deposit in to the bookkeeper at the Business Office by the end of the business day so the funds can be deposited in the bank within a twenty-four (24) hour period as per NMAC, 6.20.2.14.C

Game concession funds collected should be counted and verified by the sponsor and at least one student and then turned over the Athletic Director, or designee for safekeeping. On the following business day, the Athletic Director or designee will bring the deposit to the bookkeeper at the Business Office for receipting and depositing.

Student activity funds shall never be used for any purpose which represents accommodation, loan or credit to any individual. Evidence supporting all expenditures must be kept on file and must be in the form of a signed receipt or invoice. Statements or cancelled checks do not completely meet this requirement.

Compliance Matters

General Responsibilities

The Business Office has prepared this manual which details a uniform bookkeeping system. This system shall be followed without deviation, unless written permission by the Business Manager is granted authorizing an alternate accounting system.

Local school districts must advise club sponsors that all activities and clubs/organizations are to notify the principal and bookkeeper of their existence in order to place the club on the schedule of activities ledger. Each activity should show opening balance, beginning of the period, receipts, disbursements and end of period balances.

The principal is responsible for assisting club sponsors and treasurers in order to assure:

1. Timely deposits;
2. Appropriate approvals obtained for disbursements.

The business office will be responsible for:

1. Maintaining adequate collateral pledged for monies in Activity Funds;
2. An internal control structure is in place to safeguard the assets and promote reliability of the activity financial reports;
3. Accurate bank and cash reconciliations are prepared in timely manner;
4. Retaining records for review by auditors.

As with all other school district fund checks, activity fund checks indicate VOID one year from date on the face of the check. Outstanding checks shall be stale dated and removed from the outstanding check list after one year of issuance date, and the funds will be returned to that organization.

Activity Funds:

Defined: Funds collected on campus and/or handled, supervised or in the custody of a school employee or official. All public funds shall be accounted for within the school's activity fund.

Booster Clubs/PTA/PTO

Defined: Funds collected by an organization outside of the control of the school's Board of Education. Employees within scope of employment may not be involved in the handling of the money.

The guidelines illustrated in this manual **do not** govern the activities of these groups. Principals/Sponsors will not use Booster Clubs/PTA/PTO to circumvent the district policy.

Non-district organizations sponsoring fund raising activities are restricted from:

a. having the activity on District property
b. using the District's school name
c. advertising on District property
d. having product delivered or returned items picked up at a District location

e. placing jars in the school to solicit penny (change) donations are prohibited.

Restricted Vendors

The District discourages EMPLOYEES of the District from selling products and/or services to DISD in order to avoid conflict of interest.

Sponsors are restricted from buying products and/or services from other District employees unless they have been approved through Purchasing as an approved vendor.

Retention of Records

All activity fund records shall be retained by the Business Office as per the Records Retention Schedule, Chapter 15, part 5, 1.15.5.1 of NMSA, 1978 Compilation.

Activity Accounting Workshop

The Business Office will conduct a workshop for all building secretaries and building principals annually. Attendance at the workshop by the secretaries and principals is mandatory. These workshops are scheduled at the beginning of each school year.

Year End Procedures

At year end, the activity receipt books shall be turned in to the Business Office. The books are held at the Business Office for the independent auditors to examine. The Senior Class shall submit, by May 15th, a written request to have any left over class monies transferred to the activity account of their choice. The transfer will be made before year end closing on June 30th, allowing time for any outstanding purchases to be paid after graduation.

The building principal has the authority to transfer inactive class/club accounts in writing to benefit students as a whole. Inactive accounts are accounts that have no receipt or disbursement activity after one (1) year.

General Principles of Activity Fund Use: (see Supplement 18)

The following principles have been established by the Public Education Department. Please consider them as directives to be used in your administration of these funds:

1. Student activity funds are to be used to finance a program of non-curricular school activities which augment, but do not replace the activities provided by district funds.

2. Projects for the raising of student activity funds shall in general contribute to the educational experience of students and shall not conflict, but shall add to the instructional program.

3. Funds derived from the student body as a whole shall be so expended in such a way as to benefit the student body as a whole.

4. Student activity funds shall in so far as possible be expended in such a way as to benefit those students currently in school who contributed to the accumulation of such funds.

5. Student body representation is an important factor in the democratic management of funds raised by the student body and expended for its benefit and should be required whenever possible or feasible.

6. Management of student activity funds shall be in accordance with accepted business practices including budgetary and accounting procedures as well as audits in the same manner as regular school funds.

7. Student body business shall be conducted in such a manner as to offer minimum competition to commercial concerns, while still benefiting the student body as a whole.

8. The school board promulgates rules and regulations for the supervision and administration of student body financial activities to conform in principle with the laws governing public monies.

9. All money collected must be deposited in to the official activity bank account. Money shall not be deposited in private bank accounts or expended as cash.

10. Student activity funds shall not be used for any purpose which represents accommodation, loan or credit to any individual.

11. Policies governing student activity expenditures apply regardless of the method of making payment. Evidence supporting all expenditures must be kept on file. These must be in the form of signed receipts or invoices. Cancelled checks do not completely meet this requirement. A voucher system of disbursement is required.

12. Approved, signed purchase orders are required for ALL purchases.

13. Fund raisers for individual students participating in a school sponsored activity will be allowed with prior written approval of their building principal.

14. Change funds can be established for gate, cafeteria, student stores and concessions.

15. Written permission is required for the establishment of a student store. Ongoing, perpetual inventories must be kept and reported on a monthly basis to the Business Office with copies of reports. Restocking requires an approved purchase order.

Chapter 2:

The Principal's Role

The Principal's Responsibility:

The principal is directly responsible for the activity funds at his/her school. This responsibility cannot be delegated. The principal must control, oversee, and safeguard the accounting, depositing, disbursing, and reporting of these funds in accordance with the laws of New Mexico, the policies of the board, and the administrative regulation so established. The record keeping function – such as receipt writing – may be properly delegated to clerical staff.

It is recommended that the principal establish the responsibility that the sponsors and clerical personnel have to him/her in the handling of funds so that all employees and students involved may have an accurate knowledge of what is expected of them.

Principal's Code of Ethics for Activity Fund Custody:

Because student activity fund supervision is a part of the profession of the principal, it is fitting that those who practice it should have a statement of principles guiding their conduct in day-to-day relationship with others. The following standards are herewith offered for consideration in the administration and supervision of fiscal affairs within the scope of the principal:

1. Strives to keep classes and clubs adequately and truthfully informed about all business transactions affecting said activity.

2. Sets standards for business efficiency within the Student Activity and strives to assist activities to obtain maximum value for each dollar expended.

3. Gives a systematic and accurate accounting for all funds property in his/her trust to each activity and to the central office.

4. Recognizes the financial limitations, abilities and trends in the community and plans accordingly.

5. Represents his/her extra-curricular program honestly to other segments of the district.

6. Respects the administrative hierarchy and is loyal to them and carries out the policies and directives to the best of his/her ability.

7. Instills the highest ideals of service in the members of the staff and encourages and assists them to give such service.

8. Is fair, but firm in cases of misconduct or neglect, reprimanding and dismissing only on the basis of fact.

9. Fosters and promotes fair, legal and ethical trade practices and cooperates with agencies engaged in the development of such practices.

10. Declines all gifts, gratuities and other personal favors from vendors.

Legal Directives as a Source for the Principal:

The principal should be knowledgeable with Chapter 18 of the MANUAL OF PROCEDURES FOR PUBLIC SCHOOL ACCOUNTING AND BUDGETING. This chapter deals with state regulations regarding activity funds. This chapter is summarized in chapter one of this manual.

Chapter 3

Receipts
Accounting Controls and Procedures

Controls and Procedures

1. **Generally**: Probably the most important function of a bookkeeper's job is cash receipting. The money that is being accounted within the activity fund is either an agency fund, trust fund or public fund (see Chapter 1). Therefore, the general public is quick to indite by opinion because of poor receipting practices. All receipts shall be issued from a receipt book with a duplicate receipt. All receipts are to be dated, neat, legible complete and correct. Cash shall only be accepted with the issuance of a proper receipt.

2. **Receipting Procedures**:

   a. Cash should always be counted and verified by two people before a receipt is issued. Currency should be straightened out, faced and placed in like denominations before counting. Coins should be counted, but not rolled. After preparation, cash should be counted twice in a like manner. The sponsor or person collecting money shall complete a **Proof of Cash** form for all mixed denominations or cash turned in for receipt (see exhibit 5-1).

   b. All receipts shall be pre-numbered and issued in numerical sequence. Receipt books are provided by the district. Contact the Business Manager for new receipt books.

   c. All receipts (see exhibit 5-2) shall be signed by two people. This will normally be the one who receives the money (building secretary) and the one submitting the money (sponsor, AD), same person who signed (exhibit 5-1)

   d. The receipt shall indicate the name of the person turning in the cash for receipt. The original copy of the receipt is then given to the person that turned in the cash. The yellow copy of the receipt is turned in to the Business Office with the deposit. The pink copy of the receipt must remain intact in the receipt book.

   e. Receipts shall not be altered. If an error has been made on a receipt, the original receipt shall be marked "void" and all 3 copies of the receipt should be stapled back into the receipt book.

   f. All receipts shall note the monies received in cash or check in the appropriate place on the face of the receipt (see exhibit 5-2).

   g. The activity receiving the money shall be noted on the face of the receipt along with the corresponding account number.

PROOF OF CASH

Date of Activity: _____ Bag Control Number: _____

Printed Name of Sponsor: _____

Signature of Sponsor: _____

Activity Account That Will Receive Credit: _____
(if splitting with another activity, a separate forms must be used for each activity)

Account No: _____
(see list on back)

Description of Activity: _____
(i.e., bake sale; fund raiser; hat day; frito pie sale; etc.)

CASH COUNT

Currency:

Denomination	Quantity	Extension
$100.00's		
$ 50.00's		
$ 20.00's		
$ 10.00's		
$ 5.00's		
$ 2.00's		
$ 1.00's		

Total Currency: _____

Coin:

Fractional Currency	Quantity	Extension
$1.00		
$ .50		
$ .25		
$ .10		
$ .05		
$ .01		

Total Coin: _____

Total Receipt: _____

Receipt Number from Administration Office: _____

3. **Multiple Receipting**

Situations arise that make individual receipting cumbersome (i.e., fund raising sales (t-shirts), athletic shoes, classroom collections, etc). In this situation you may use the multiple receipting form that is shown in exhibit 5-3. Multiple receipting procedures are as follows:

a. Teacher/Sponsor may obtain a multiple receipting form from the building secretary. The building secretary shall review multiple receipting procedures with the teacher/sponsor.

b. The multiple receipting form is a daily form and shall not be carried over to the following day. At the end of the day or at a specified time, the completed form and cash collected is given to the building secretary for receipting.

4. **Safeguarding Receipts**

Cash on hand, and the receipt book which records it, must be adequately protected. Proper safeguarding is to deposit all receipts in accordance to District procedures (see depositing procedures detailed below). Whether in the office or at the sponsor level, custody should be assigned to the responsible individual, and it should be kept in a secure place. Also, books of unissued receipts shall be appropriately safeguarded against theft and misuse.

5. **Other Cash On Hand Concerns**

a. Loans to individuals from activity funds or cash on hand is strictly prohibited.

b. The practice of cashing checks for students, staff or other employees or patrons from available un-deposited receipts as an accommodation is strictly prohibited. Without exception, checks may only be accepted from school district employees ONLY for the exact amount of purchase or donation.

6. **Voiding Receipts**

All receipts must be prepared in numerical order and every receipt must be accounted for. When a receipt I ruined, ALL copies must be marked "VOID". All copies should be stapled together and remain in numerical sequence in the receipt book. Erasures on receipts are prohibited (see receipt procedures 2 (e) above).

7. **Posting**

Receipts shall be posted to the general ledger on a timely basis. The Business Office will post the receipts. Daily input is preferred; however, daily input may not be feasible. Therefore, "timely posting" is deemed as weekly. All activity for the week shall be posted by the end of the current work week. Receipts shall be posted exactly as reflected on the original receipt.

Chapter 4

Deposits
Accounting Controls and Procedures

Controls and Procedures

1. **Generally**: It is contrary to prudent accounting practices to allow cash to remain in the school overnight. The vault in your school carries no insurance. Consequently, if cash is stolen by burglary, your school has no means of recovering the loss. Deposit must be made on a DAILY basis. NMAC 6.2.2.14.C

   Deposits on hand should not be for haphazard amounts. Deposits shall be for the sum of a definite number of receipts. THE TOTAL DEPOSITS OF CASH IN THE BANK FOR THE MONTH MUST EQUAL THE TOTAL OF ALL RECEIPTS WRITTEN FOR THAT MONTH.

2. **Procedures – (This does not apply to athletic gate receipts or game concessions. Receipting procedures are addressed in another section.)**

   For school sites:

   a. Compare the sum of the receipts to the total cash and checks to be deposited. The sum of the receipts should equal the total deposit. If these numbers do not agree, investigate the difference before you receipt the money.

   b Once receipted, the white copy of the receipt is given to the person to whom you have receipted; the yellow copies are taken to the Business office for depositing along with the money/checks and respective Collection Report and the pink copy is to remain in the receipt book. THE PINK COPY IS ALWAYS KEPT IN THE RECEIPT BOOK. All receipt numbers must be accounted for on the Collection Report, even the voided receipts. See exhibit _____ . . The sum of the receipts should equal the total deposit. If these numbers do not agree, investigate the difference before you take your deposit to the Business Office.

   c. Once the monies have been receipted at the school sites, they are to be submitted to the Business Office by the building secretary for receipting by the Business Office. The deposit must include the yellow copies of all the receipts along with a respective Collection Report. The building secretary must remain with the person receipting the money at the Business Office until the deposit has been verified and a receipt issued. A DEPOSIT MUST NEVER BEEN LEFT WITHOUT BEING VERIFIED AND A RECIEPT ISSUED.

For the Business Office:

d. Once the second receipt has been issued by the Business Office to the building secretary, the yellow copy/s of the receipts submitted by the building secretary shall be stapled to the pink copy of the Business Office receipt book and the white copy of the Business Office receipt shall been given to the building secretary. The pink copy of the receipt shall ALWAYS remain in the receipt book.

e. The Business Office bookkeeper will prepare a two part deposit slip for depositing to the bank. The deposit slip must clearly note the date, currency and coin counts, names from checks being deposited, and receipt numbers that make up the total deposit. Each deposit slip must account for a complete block of receipts. It is recommended that consolidation of all receipts being deposited to single deposit slip for that a particular deposit date. See exhibit 6-1.

d. The original deposit slip (white and yellow copies) are removed from the deposit book and taken to the bank along with the deposit.

e. The bank will encode the yellow copy of the deposit slip and issue a receipt. Verify the amount the bank has encoded with the written amount total on the deposit slip.

f. Submit the yellow copy of the encoded deposit slip to the bookkeeper at the Business Office for filing.

3. **Deposit Frequency**

Daily

4. **Posting**

At least weekly

5. **Filing and Retention**

Deposit slips shall be filed in the Business Manager's respective banking folder daily. All deposit slips shall be retained for at least six complete years (seven counting the current year).

Chapter 5

Disbursements
Accounting Controls and Procedures

A purchase order must be issued prior to the ordering of ANY product/service. A purchase order is not approved until the Business Office approves it and a purchase order number is assigned.

The vendor will be paid once the activity has generated enough funds to cover the cost.

Payment cannot be processed without on original company invoice which provides description, unit cost, free product, other charges, credits, returns, etc. and sponsor has signed the invoice acknowledging receipt of items.

The Business Manager should be contacted immediately if a campus is having problems with a vendor. The vendor will not be paid until all problems are resolved.

No cash payments are allowed to vendors.

Lost Checks/Stop Payment

If a check is lost the Business Manager must stop payment on the check through the bank. The check is then re-issued to the vendor. The check that is stopped must also be voided on the accounting system. If a check was lost by the vendor, a $35.00 service charge will be assessed to cover the bank fee for stop payments.

Void Checks

Occasionally it will be necessary to void a check. Detailed below are the steps necessary to properly void a check:

a. Write "VOID" across the face of the check with a permanent marker in bold letters.

b. Remove the signature line from the void check (just cut off the signature line with scissors).

c. Staple the check to the check copy and file as usual.

Cash Advance

Occasionally, the need will arise that a sponsor will need cash for an activity function (i.e., out of state trips). See exhibit 7-2.

> **CAUTION**: A cash advance shall only be done when no other arrangements can be made. A cash advance is not a viable solution to cover for lack of planning on the sponsor's part. **Therefore, a cash advance should be an extremely infrequent situation.**

Below are the procedures necessary for cash advancement:

1. Obtain a cash advance form from the bookkeeper. (See exhibit 7-2.)

2. Complete the cash advance form stating a reasonable estimate of cash needed and a justification for the amount requested.

3. The building principal shall authorize the bookkeeper to issue a check payable to the sponsor and the bookkeeper will issue the check.

4. Upon completion of the activity, the sponsor shall return all unexpended cash and receipts for expended cash to equal the amount expended to the bookkeeper.

5. The bookkeeper shall complete the cash reconciliation on the cash advance form. The sponsor is personally liable for any missing cash or receipts. Therefore, the sponsor shall pay the activity fund for any missing receipts or cash.

6. The bookkeeper will issue a receipt to the sponsor for the returned cash.

7. All receipts for expended cash and a copy of the receipt issued to the sponsor for cash returned shall be attached to the cash advance form.

8. The completed form with all supporting documentation shall be filed with the check in check number order.

Chapter 6

Transfers
Accounting Controls and Procedures

Transfers

Upon authorization by the majority group of a particular activity and attested by the fund sponsor, a transfer may be made to any other fund. Transfers require written approval by building principal. See exhibit 8-1 Activity Fund Cash Transfer Form.