

**SECTION F**

**ACTIVITY FUNDS**

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The school board of each public-school district is required to develop policies and establish procedures that comply with the requirements of this section.

## **GENERAL FINANCIAL REQUIREMENTS**

The school board should develop and adopt policies that address the following general financial requirements. The school board should establish procedures that provide a system of adequate controls to ensure compliance with the adopted school board policies.

### **Accounting System**

The school board should adopt a policy that indicates the type of accounting system used in accounting for activity funds. The two types available for use are:

**Centralized Accounting System:** Under this method of accounting for activity funds, the receipt of funds takes place at the local school and the expenditure of funds takes place at the central office. The receipt of funds must be performed according to the guidelines established under the "Receipts" heading below. This method of accounting does not allow a school principal or any other local school employee to write checks on the local school activity funds. This system provides the greatest amount of internal control by the school board.

**Decentralized Accounting System:** This method of accounting provides for both the receipt of funds and the expenditure of funds at the local school level. The school principal has the authority to receipt funds and disburse those funds by writing checks. The receipting of funds and the writing of checks must be performed according to the guidelines established by this section.

### **Fund Classification**

Activity funds at the local school will be classified either as a General Fund or as a Fiduciary Fund. Those funds that are established to account for the financial affairs of school sponsored clubs will have to meet **all** of the following fiduciary criteria in order to be classified as a Fiduciary Fund:

- a. The assets associated with the activity are controlled by the government (as described in paragraph 12 of GASB Statement 84).
- b. The assets associated with the activity are *not* derived either:
  - (1) Solely from the government's own-source revenues (as described in paragraph 13 of GASB Statement 84) or

- (2) From government-mandated nonexchange transactions or voluntary nonexchange transactions except for pass-through grants for which the government does *not* have administrative involvement or direct financial involvement.
- c. The assets associated with the activity have one or more of the following characteristics:
- (1) The assets are:
- (a) administered through a trust in which the government itself is *not* a beneficiary
  - (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and
  - (c) legally protected from the creditors of the government.
- (2) The assets are for the benefit of individuals and the government does *not* have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are *not* derived from the government's provision of goods or services to those individuals.
- (3) The assets are for the benefit of organizations or other governments that are *not* part of the financial reporting entity. In addition, the assets are *not* derived from the government's provision of goods or services to those organizations or other governments.

*Normally most club funds will not meet all of these requirements; therefore, club funds should be classified as general funds.*

Activity funds shall mean all funds received by school officials in all school districts paid or collected to participate in any school activity, such activity being part of the school program and partially financed with public funds or supplemented by public funds. The term activity funds shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised by school employees or received by school employees during school hours or using school facilities, and regardless of whether a school employee exercises influence over the expenditure or disposition of such funds.

### **Bank Accounts**

Local school activity funds will be maintained in bank accounts of financial institutions that are selected as school depositories by the school board. To comply with state law, the school board must ensure that adequate securities are pledged by the financial institution. The superintendent must approve the opening of bank accounts for activity funds. A school principal does not have the authority to open or close activity fund bank accounts. The

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school board must approve the **individuals** having the authority to sign checks on the activity fund bank accounts. The bank statements for each activity fund bank account must be sent directly to or electronically accessible to the central office. The central office will be responsible for preparing the monthly bank reconciliations of the local school activity fund bank accounts. The number of bank accounts used in accounting for the local school activity funds is at the discretion of the superintendent.

## **Receipts**

The local school shall document the receipt of local activity funds. A three-part prenumbered receipt will be issued by the principal's office for all funds received. The person remitting the money will be given the original copy, the second copy will be remitted to the central office and the third copy will remain in the receipt book and become a permanent record at the local school. It is permissible to use an automated system to document receipts provided there is an adequate system of controls. The receipt must contain enough information to adequately account for the transaction. At a minimum, the receipt will contain the date, name of remitter, amount of remittance, type of payment (cash or check), description and the financial accounting code.

Teachers who collect money from students must account for and document the funds collected. Teachers are required, at a minimum, to list those students that have paid money and the amount of money paid by the students. A copy of the list must be submitted by the teacher to the principal's office along with the money collected from the students. The principal's office will issue a receipt to the teacher and cross-reference the list of students to the receipt issued to the teacher. The principal must maintain a copy of this list of students at the local school.

The monies collected by local school clubs will be remitted to the principal's office either by the club sponsor or a member of the school club. The principal's office will be required to issue a three-part receipt for the monies received.

Monies collected by the principal's office for extracurricular activities must be receipted using a three-part receipt.

The deposit slip must indicate the receipt number(s) and corresponding amount(s) for the deposit being made.

The school board should adopt a policy regarding the amount of money that may remain on hand at the local school without being deposited. This office recommends that the amount be kept to an absolute minimum.

## **Disbursements**

The disbursement of all activity funds must be made using pre-numbered checks. All expenditures must be accounted for with invoices or other documentation pertaining to the transaction. Only individuals authorized by the school board may sign checks on local activity fund bank accounts. There must be an accounting of all pre-numbered checks issued.

### **Reporting**

No later than five working days after the close of the month, the principal will deliver to the central office a transmittal report of all activity fund transactions for the preceding month.

Under a decentralized accounting system, the transmittal report shall contain a listing of receipts and disbursements for all local school activity funds, including club funds. The listing will include each receipt and check issued during the month. Under a centralized accounting system, the transmittal report will contain a listing of all receipts issued during the month. The transmittal report will also contain other pertinent information for each transaction, such as date, receipt number, check number, description, and the financial accounting code. Along with the transmittal report, the principal is required to submit to the central office copies of all receipts issued and invoices and statements for which disbursements were made. The central office will be responsible for reviewing the transmittal report for accuracy and completeness and entering the information in the financial accounting system. This information will be used by the central office to reconcile the bank statements.

The school board is required by law to approve **or ratify** the claims/disbursements of the local school activity funds. This approval must be documented in the school board minutes.

### **Purchasing**

All local school activity fund expenditures are subject to the state purchase laws. The school board should establish and adopt a procurement policy for local school activity funds. The policy must provide guidance on the types of purchases allowed from local school activity funds. The procurement policy must require the use of purchase requisitions, purchase orders, and receiving reports at the local school. The system of procurement must contain procedures designed to provide adequate controls to ensure compliance with this section, state purchase laws and school board policy. Purchase orders must be pre-numbered and there must be an accounting of all purchase orders.

### **Extracurricular Events**

The school board should develop and adopt a policy that establishes the amounts charged by the local schools for admission to extracurricular activity events. The policy should include football games, basketball games, baseball games and other similar extracurricular activity events. In the absence of a school board policy, the school principal does not have the authority to set admission charges for extracurricular activity events.

Pre-numbered tickets, whether paper or electronically issued shall be used at all extracurricular events for which a fee is charged for admission, and it is anticipated that the event will generate gross receipts of more than \$100. The school board must adopt a policy regarding the use of and accounting for pre-numbered tickets. The policy must contain procedures designed to provide adequate controls to ensure compliance with board policy. The principal will be required to account for all tickets by completing a School Event Receipt Form (page F-14 of this section).

### **Donations and Contributions**

The school board should develop and adopt policies on the accepting of donations and contributions from citizens and businesses. The policy must state that all donations and contributions will be considered public funds and will be accounted for as other public funds. The school board may adopt policies and procedures that permit the local school principal to accept donations and contributions that are at or below a stated amount as established by the school board. Donations and contributions \$500.00 and greater shall be formally submitted to the school board for acknowledgment and acceptance. All donations shall be deposited promptly upon receipt. The school board must recognize in the official minutes the donor or contributor, the amount, and the purpose for which the money was donated, if any. The superintendent, or his/her designee, will make appropriate budgetary amendments and transfer the donation to the local school if deemed appropriate by the school board.

### **Uses of School Activity Funds**

Activity funds may only be expended for the following: Travel expenses, including advances, incurred by students and their chaperons in attending school related programs; commodities; equipment; travel expenses of school employees; purchased services; and school supplies. It is important to note that local school activity funds cannot be used to compensate school employees. The school board should adopt policies designating for what purposes local school activity funds may be expended. The school board policy should also include guidance on purchased items that may subsequently become the personal property of individuals.

Section 37-7-301(s) Mississippi Code Annotated (1972), states in part, “To expend local school activity funds, or other available school district funds, other than minimum education program funds, for the purposes prescribed under this paragraph. “Activity funds” shall mean all funds received by school officials in all school districts paid or collected to participate in any school activity, such activity being part of the school program and partially financed with public funds or supplemented by public funds. The term “activity funds” shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised by school employees or received by school employees during school hours or using school facilities, and regardless of whether a school employee exercises influence over the expenditure or disposition of such funds. Organizations shall not be required to make any payment to any school for the use of any school facility if, in the discretion of the local school governing board, the organization’s function shall be deemed to be beneficial to the official or extracurricular programs of the school. For the purposes of this provision, the term “organization” shall not include any organization subject to the control of the local school governing board. Activity funds may only be expended for any necessary expenses or travel costs, including advances, incurred by students and their chaperons in attending any in-state or out-of-state school-related programs, conventions or seminars and/or any commodities, equipment, travel expenses, purchased services or school supplies which the local school governing board, in its discretion, shall deem beneficial to the official or extracurricular programs of the district, including items which may subsequently become the personal property of individuals, including yearbooks, athletic apparel, book covers and trophies. Activity funds may be used to pay travel expenses of school district personnel. The local school governing board shall be authorized and empowered to promulgate rules and regulations specifically designating for what purposes school activity funds may be expended. The local school governing board shall provide (i) that such school activity funds shall be maintained and expended by the principal of the school generating the funds in individual bank accounts, or (ii) that such school activity funds shall be maintained and expended by the superintendent of schools in a central depository approved by the board. The local school governing board shall provide that such school activity funds be audited as part of the annual audit required in Section

37-9-18. The State Department of Education shall prescribe a uniform system of accounting and financial reporting for all school activity fund transactions.”

### **Use of School Facilities**

The school board should develop and adopt policies regarding the use of school facilities by outside organizations. In the absence of a school board policy, the authority cannot be delegated to the school principal. It is permissible to allow an outside organization to use a school facility free of charge if, in the discretion of the school board, the organization's function is considered beneficial to the official or extracurricular programs of the school.

## **FUND RAISING REQUIREMENTS**

The school board should develop and adopt policies that address fund raising requirements. The school board should establish procedures that provide for a system of adequate controls to ensure compliance with the adopted school board policies.

### **Sales or Rentals to Students**

#### **As Fund Raising Activities:**

**Authority.** The school board has the statutory authority to conduct fund raising activities as part of the sale or rental of items to students.

**School Board Policy.** The school board should develop and adopt policies on the conducting of fund-raising activities as part of the sale or rental of items to students. The policy must state that a disclosure statement will be made available to prospective purchasers of school pictures and graduation invitations and to those renting caps and gowns when the sale or rental of such items is being conducted as a fund-raising event. At a minimum, the statement must read "NOTICE--“This sale is being conducted as a fund-raising event. A portion of the sales price will be contributed to the local student activity fund.”

**Accounting Procedures.** When a fund-raising activity is being conducted as part of the sale or rental of items to students, a system of accountability must be established for the items sold or rented to the students. The school board may establish a policy that allows the student to pay directly to the vendor the total amount of the sales or rental price including the fee. The vendor would later rebate to the local school the amount of the fee charged to the student. Under this system, the school principal is required to obtain an independent listing of the students and the amounts paid by the students to the vendor. The independent listing of students will provide the local

school with a mechanism to calculate and confirm the amount of the fee due the school by the vendor. The fee amount collected from the vendor must be credited to the general activity fund, general athletic fund or other appropriate General Fund as determined by the school board.

**As Non-Fund-Raising Activities:**

**Authority.** The school board may authorize the sale or rental of items to students that are not being conducted as a fund-raising activity.

**School Board Policy.** The school board should develop and adopt policies on the sale or rental of items to students that are not being conducted as a fund-raising activity.

**Accounting Procedures.** The school board may establish a policy that permits the student to pay directly to the vendor the amount due for the sale or rental of the item.

**School Sponsored Fund Raisers**

School sponsored fund raisers include any fund-raising event approved by the school board as one sponsored or promoted by the local school. Examples would include the operation of vending machines, school stores, concession stands, carnivals, sales by principals and/or teachers to students, organized school wide sales by students and similar types of fund-raising activities. They should not be confused with fund raising events associated with the PTA, PTO, Booster Club, or similar organization.

**Authority.** The school board has the statutory authority to engage in school sponsored fund-raising activities.

**School Board Policy.** The school board should develop and adopt policies regarding school sponsored fund-raising activities. The school board policy should address the types of school sponsored fund-raising activities to be allowed, the individuals responsible for the fund raisers, the fees to be charged, and the sales price of the items. In the absence of school board policy, a school principal may not engage in any school sponsored fund-raising activity.

**Accounting Procedures.** The money collected through school sponsored fund-raising activities is required to be receipted according to the "Receipts" requirements of this section. For all items that are purchased for resale to the students, there must be a reconciliation of the items purchased to the items sold and the gross sales amount. The reconciliation must be performed on a periodic basis and be submitted to the central office for review and approval. The amount

generated through school sponsored fund-raising activities must be accounted for in the local school general activity fund, general athletic fund or other appropriate General Fund as determined by the school board.

### **Fund Raisers by Outside Organizations (PTA, PTO, Boosters, etc.)**

This section pertains to outside organizations and their fund-raising activities taking place at the local school using school employees.

**Authority.** The school board has the authority to permit the collecting of funds for the PTA, PTO, a Booster Club, and similar organizations by school employees during school hours. The funds collected by school employees on behalf of the outside organization are not considered activity funds.

**School Board Policy.** The school board should develop and adopt policies regarding the collecting of funds for the PTA, PTO, a Booster Club, and similar organizations by school employees during school hours. The policy should identify the organizations that will be permitted to use school employees during school hours to collect funds on behalf of the organization. In the absence of a school board policy, a school principal may not permit an outside organization to engage in fund raising activities using school employees during school hours.

**Accounting Procedures.** There are no accounting requirements. Since the funds are not considered **school district** funds, the local school is not accountable for the funds.

### **Miscellaneous**

Private Lessons During School Hours:

**Authority.** The school board has the statutory authority to allow individual lessons for music, art, and other curriculum related activities for academic or nonacademic credit during school hours and using school equipment.

**Policy.** The school board should adopt a policy regarding private lessons of music, art, and other curriculum related activities during school hours using school equipment. The school board policy should address the establishment of the amount to be charged the student by the individual providing the private lesson. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The school board may establish a policy that permits the student to pay directly to the individual providing the private lessons the amount due for the lessons.

**Band Instruments and Extracurricular Activities :**

**Authority.** The school board has the statutory authority to charge a student a reasonable fee for participating in an extracurricular activity for academic or nonacademic credit for necessary and required safety equipment, band instruments and uniforms.

**Policy.** The school board should develop and adopt policies that determine which extracurricular activities will be subject to assessed fees. The school board should also establish the amount of the fees to be charged. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The amounts charged the student will be receipted in the local school general activity or general athletic fund in accordance with the Receipts section of this guide.

**Charity Organizations :**

**Authority.** The school board has the authority to conduct or participate in any fund-raising activities on behalf of or in connection with a tax-exempt charitable organization.

**School Board Policy.** The school board should develop and adopt policies on conducting or participating in fund raising activities on behalf of or in connection with a tax-exempt charitable organization. The policy should identify those organizations that will be allowed to conduct fund raising activities in the local schools. In the absence of a school board policy, this authority cannot be delegated to the local school principal.

**Accounting Procedures.** The money collected by the teacher and/or school principal will be remitted to the charitable organization or the outside organization conducting the fund raiser. Monies should not be deposited into the school's activity fund.

**CLUB SPONSORED FUND RAISERS**

This section pertains to school sponsored clubs and the fund-raising activities of those clubs.

**Authority.** The school board has the authority to establish policies regarding the establishment, operation, and fund-raising activities of school sponsored clubs.

**Policy.** The school board should develop policies and procedures regarding the establishment and operation of school sponsored clubs. The policy should also address the types of fund-raising activities permitted by school sponsored clubs.

**Accounting Procedures.** All fund-raising activities by school sponsored clubs will be accounted for by the local school principal. In almost all situations, the club funds will be accounted for as a General Fund (unless it meets the requirements of GASB 84). The school principal will make available to the club a listing of all club financial transactions and balances. The club fund transactions will be presented on the monthly transmittal report and be submitted to the superintendent's office just as all other general activity funds.

## **STUDENT FEES**

This section pertains to the fees assessed students by the school board for workbooks, lab, paper, and other educational material.

### **Workbooks, Lab, Paper, and Other Educational Material**

**Authority.** The school board has the authority to charge a reasonable fee, not to exceed the actual cost, to students for:

1. Supplemental instructional materials and supplies.
2. Other fees designated by the school board as fees related to a valid curriculum objective.
3. Extracurricular activities and other educational activities not designated as a valid curricular objective.

**School Board Policy.** The school board should develop and adopt policies regarding the assessing and charging of fees to students. The policies must address which fees will be assessed to students and the amount of the fees. In the absence of a school board policy, this authority cannot be delegated to the school principal.

**Accounting Procedures.** The fees collected from students will be receipted into the school principal's office in accordance with the "Receipts" requirements of this section. The money collected will be accounted for in the general activity fund of the local school.

### **Hardship Waiver Policy**

**Authority.** The statute (Code Section 37-7-335) requires the school board to adopt a hardship waiver policy for those students that are unable to pay any fees assessed by the school board.

**School Board Policy.** The school board should develop and adopt a policy regarding a hardship waiver for those students that are unable to pay any fees assessed by the school board. The policy should be furnished to the student at the time the fee is assessed.

### **TRANSMITTAL REPORT**

The sample Transmittal Report (pages F-11 through F-13 of this section) is to be completed by the principal's office and submitted to the central office no later than five working days after the close of the month. The Transmittal Report shall contain a listing of all receipts and disbursements occurring at the local school.

### **SCHOOL EVENT RECEIPT FORM**

Pre-numbered tickets **whether paper or electronically issued** must be used at any local school event for which a fee is charged for admission, and it is anticipated that the event will generate more than \$100. All pre-numbered tickets for such events will be accounted for using the School Event Receipt Form (page F-14 of this section). A separate form must be completed for each individual selling tickets.

**Transmittal Report**

**Cover Sheet**

**(Name of School)**

**(Principal)**

**For the Month Ending**

**This Transmittal Report is verified accurate in all respects.**

**(Signature of Principal)**

**(Date)**

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**Transmittal Report**  
**Receipt Summary Sheet**

(Name of School)

(Principal)

For the Month Ending

**Financial Accounting Data**

<b>Date</b>	<b>Receipt Number</b>	<b>Received From</b>	<b>Fund Code</b>	<b>General Ledger Code</b>	<b>Function Code</b>	<b>Operational Unit Code</b>	<b>Amount</b>
<b>Total</b>							

**NOTE: This schedule must be recapped by fund and function.**

**Transmittal Report**  
**Disbursement Summary Sheet**

(Name of School)

(Principal)

For the Month Ending

**Financial Accounting Data**

<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Fund Code</b>	<b>General Ledger Code</b>	<b>Function Code</b>	<b>Program Code</b>	<b>Object Code</b>	<b>Operational Unit Code</b>	<b>Amount</b>
<b>Total</b>									

This schedule must be recapped by fund, function, and object.

School Event Receipt Form

School Name:  
Event:  
Event Date:

Change Cash Delivered: \$

TICKETS CHECKED OUT:

Reserved tickets		Numbers from ____ to
General admission	Numbers from ____ to	
Adult tickets	Numbers from ____ to	
Student tickets	Numbers from ____ to	

Change Cash and Tickets Delivered To: \_\_\_\_\_  
(Individual's Signature) (Date)

TICKETS SOLD:

Reserved tickets		Numbers from _____ to
General admission	Numbers from _____ to	
Adult tickets	Numbers from _____ to	
Student tickets	Numbers from _____ to	

	Tickets Sold	Per Ticket Price	<u>Amount</u>
Reserved ticket sales	___ X	\$ ___ =	\$
General admission tickets	___ X	\$ ___ =	\$
Adult ticket sales	___ X	\$ ___ =	\$
Student ticket sales	___ X	\$ ___ =	\$
<b>Total Cash from Ticket Sales</b>			\$

TICKETS RETURNED:

Reserved tickets		Numbers from ____ to
General admission		Numbers from
	to	
Adult tickets	Numbers from ____ to	
Student tickets	Numbers from ____ to	

Cash Received from Individual \$ \_\_\_\_ \*  
Less: Change Cash \$  
Total Cash from Ticket Sales \$

\* Receipt Number \_\_\_\_\_, dated \_\_\_\_\_, issued to \_\_\_\_\_ by \_\_\_\_\_ for \$ \_\_\_\_\_ cash received from school activity event.

Notes:  
I verify this report to be correct: \_\_\_\_\_  
(Principal's Signature) (Date)