

**TO: PRINCIPALS, EXECUTIVE SECRETARIES, SCHOOL ACCOUNTANTS,
and DIRECTORS**

**FROM: Mark Shepard, Associate Superintendent for Business Affairs
Jill Pauley, Director of Accounting**

SUBJECT: ACTIVITY FUND POLICIES AND PROCEDURES

School Activity Accounts

Regulation 6730.3 -

The aggregate of all activities shall be self-supported within the receipts generated by the activities, except for specific activities budgeted through the Central Interscholastic Activity Fund.

Each school will maintain an activity fund by which it will account for the receipts and expenditures involved in the activity program. Accounting will be done according to procedures established by the office of business affairs. Any expenditure from the activity accounts must be budgeted or made with the specific approval of the principal or designee.

Any amount remaining in an account which has been inactive for a period of three years may be transferred, at the principal's discretion, to the building activity account. Activities accounts which are in a deficit position for three continuous years may be discontinued. Deficits of deactivated activities will be paid from the school activity ticket account or from prorated balances of other activity accounts.

Administrative Procedures for Implementation

1. The principal shall designate an Activity Fund Bookkeeper.
2. Each activity, club, and organization shall have a written budget for the school year. It will include anticipated activities to raise funds, how these funds will be expended, and a brief statement explaining how the budget will support the purpose of the activity, club, or organization. This should be submitted to the principal by the end of the first month of school or the end of the first operating month of the organization.
3. The Activity Fund Bookkeeper shall use LPS prenumbered, bound receipts for all cash or checks received. One copy of each receipt shall be retained in the receipt book.

4. The Activity Fund Bookkeeper shall deposit all receipts intact into the bank on a timely (daily) basis. **NO DISBURSEMENTS FROM CASH COLLECTIONS SHALL BE MADE**. All monies are to be accounted for separately according to sound accounting practices (Refer to BA Bulletin #7).
5. The District purchasing system shall be used for purchase of materials, equipment, supplies, or services (Refer to BA Bulletin #18). **The principal shall sign all disbursement requests from the activity fund.**
6. The School District's sales tax exemption number is for the sole use of the School District and by law cannot be used for any personal gain or any purchase not directly related to approved instructional programs (Refer to BA Bulletin #29).
7. Requisitions for services (as opposed to merchandise) must be marked with the service provider's social security number and address. If services are rendered by a company, the company's tax identification number must be included on the requisition. **Payments for services cannot be made from petty cash or by employees requesting reimbursement.** All payments to employees for services (excluding referees and officials) must be paid through the payroll office.
8. The activity fund bookkeeper shall receive and review financial statements from the District Office. The bookkeeper will distribute copies to the sponsors for their review. Discrepancies shall be reported to the Accounting Office by the 15th of the following month.
9. No activity fund shall have a deficit balance unless approved by the Director of Finance or the Director of Accounting. Individual accounts within the activity fund shall not have a deficit balance at the end of the fiscal year (August 31). In certain circumstances when a deficit exists, a written plan to remove the deficit shall be formulated and implemented. The principal will approve the plan and file it with the bookkeeper. If at the end of three years the deficit has not been corrected, the account will be closed.
10. Outside checking accounts, savings accounts, or other financial arrangements are not authorized for any group, club, or organization connected with any school building. **Lincoln Public School's Federal Tax Identification number shall not be used on any bank account other than accounts established by the District Office.** The use of any reference, verbal or written, to any building name, club, or organization is forbidden without direct written approval of the Associate Superintendent for Business Affairs.

11. All activity funds must be used for direct educational services. Allowable educational services related to staff are:
- a) Registration fees for large or small groups of staff members to attend District approved in-service activities, i.e., reading conferences.
 - b) The payment of travel expenses for staff members to attend out of District professional or instructional activities.
 - c) The purchase of equipment, appliances, or furniture that will remain in the school once acquired. These items must be listed and marked for insurance, theft, and inventory purposes. All such purchases must follow board of education policies and regulations.
 - d) The purchase of institutional memberships above and beyond the cost of individual memberships in those situations where building membership is required or judged to be advantageous to the school staff.

Expenditures not considered educational services include:

- a) The payment of professional organization dues for individuals.
- b) Anything that is for personal use, not regularly used with students, or is not kept in the building continuously.

NOTE: The principal and staff must always use sound professional judgment and common sense in using money for educational services.

Procedures for Teachers, Sponsors, and Student Treasurers

The efficient and accurate recording of school activity funds requires that procedures be established for handling money received and expended. Money may be collected initially by a teacher, sponsor, or by a student treasurer who, in turn, deposits it with the activity fund bookkeeper. In some instances, the activity fund bookkeeper will make the collection. The use of student treasurers is encouraged because of the opportunity to gain valuable experience in maintaining accurate financial records of the clubs and organizations they represent. However, they must be trained, monitored, and guided in order to maintain the high level of accountability and accuracy expected by the board of education. The teacher or sponsor will be responsible for this function. The District's AS/400 computer system now has a School Funds Accounting System, which can be used to meet the accounting requirements for Activity Funds (Refer to BA Bulletin #33).

A. Budget

Each activity, club, and organization shall have a written budget for the school year. It will include anticipated activities to raise funds, how these funds will be expended, and a brief statement explaining how the budget will support the purpose of the activity, club, or organization. This should be submitted to the principal by the end of the first month of school or the end of the first operating month of the organization.

The school secretary, with the principal's approval, may request account numbers from the Accounting Office for individual activities. Separate accounts have been established for receipts and expenditures for each activity. An example of both numbers for a general activity account follows (XXX=school number):

Receipts	50.3666.01790.XXX.
Expenditures	50.3666.41950.XXX.

B. Collection of Funds

1. Written approval of the principal must be obtained before money is collected for any activity. This includes fundraising activities and special assessments for an activity (i.e., food, parties, shows, etc). The approved budget may serve as this approval.
2. Money collected by a teacher, sponsor, or student should be recorded by writing the student's name and amount collected on a dated form.
 - a. The student will initial the amount collected on the space provided.
 - b. All entries are to be recorded in ink or typed.
 - c. The sheet will be totaled daily at the time a deposit is made to the activity fund bookkeeper.
3. All money collected is to be deposited with the activity fund bookkeeper each day.
 - a. All money collected shall be deposited with the activity fund bookkeeper as soon as possible, intact, after it is collected.
 - b. Do not retain funds overnight or leave in a desk, file, or "secret spots." Money is the responsibility of the collector until receipted by the activity fund bookkeeper. Arrangements for after hour deposits should be made with the bookkeeper. Money should be counted by the bookkeeper when received and a receipt given to the sponsor. The sponsor must keep this receipt as proof of turning over the deposit. Copies of receipts should be retained by the bookkeeper for two years after the end of the fiscal year.
4. Checks need to be deposited promptly. Holding checks for any period of time greatly increases the likelihood that the checks will not be good, either due to insufficient funds or closed bank accounts. **Holding checks as a convenience to the person writing the check is not permissible.**

Any check taken by a school, which ultimately cannot be collected by Accounting, will be written off to the account the check was originally deposited into.

C. Disbursements

Nebraska Law Section 79-597. ACCOUNTS; AUDIT; DISBURSEMENTS; HOW MADE - All accounts of a Class IV school district shall be audited by the associate superintendent of business affairs, approved by the chairperson of the board of education, and countersigned by one other member of the board of education. No expenditure greater than one thousand dollars shall be voted by the board of education except in accordance with the provisions of a written contract. No money shall be appropriated out of school funds except on a recorded affirmative vote of a majority of all the members of the board of education.

1. Authority to purchase goods or services is obtained by completing a Non-Stock Requisition (PR0001) or Claim Voucher (AC0017) and submitting it to the activity sponsor and school principal for approval and signature.
2. Upon receipt of merchandise or service:
 - a. Purchase order - Standard purchase order procedures will be followed.

- b. Claim voucher - The invoice is reviewed and verified against the merchandise received and the claim voucher is signed by the teacher or sponsor and forwarded with the invoice to the activity fund bookkeeper.

NOTE: Payments for referees, game officials, and entry fees may be received by completing a pre-payment form and sending the request to the Athletics/Activities Office in the District Offices.

D. Monthly Reporting

1. A monthly financial report of transactions in the school activity fund will be sent from the District Office. This report shall be reviewed for accuracy.
2. A monthly financial report will be given to each activity sponsor and others as designated by the principal.

E. Loans and Accommodations

1. School moneys will not be used for any purpose that represents an accommodation, loan, or credit to the board of education, employees, pupils, or any other persons.
2. Personal checks will not be cashed.
3. No one may make tax exempt or discounted purchases through a school in order to take personal advantage of the school purchasing privilege.

F. Contracts

1. Schools may not obligate themselves by written contract for the purchase of equipment, leasing, fundraisers, supplies, or services from vendors that are to be paid from activity funds. These are subject to the rules of District contract authority.
2. Purchases must meet Board of Education specifications in all instances including bidding and other policies or procedures that are applicable.

G. Voided Checks

Return any checks written, but subsequently not needed, to the Accounting Office. Write "void" across the face of the check. Include with the check the account number used when requesting the check and an explanation of why the check is no longer needed. NEVER re-deposit these checks into the Union Bank account. The Accounting Office will make the necessary entry to void the check on the system and credit your account number for the amount of the voided check. Your account number cannot be credited unless you return the original check.

H. Uncashed Checks

If checks remain uncashed after a certain period of time, the District is required to turn the money over to the State Treasurer's Unclaimed Property Division. To have a check voided and the funds returned to an activity account, the original check must be returned to accounting. If a check is written and not sent, please return the check and have it voided. Voiding the check is necessary even if the vendor might be paid that amount at a later date. Periodically, vendors holding uncashed checks are contacted in an effort to clear these off the check reconciliation system.

A new check can be issued if an original check was lost or destroyed. A stop payment of the lost check must be requested, and a new check will be written in the normal processing timeline.

I. Transfers of Funds

To transfer funds to and from activity accounts, fill out the information in a memo format on regular paper. You must show the amount of the transfer, the account number to debit (transfer from), the account number to credit (transfer to), and a specific reason for the transfer. If your transfer involves correcting the account number of a previous transaction, you must provide enough information to allow the Accounting Office to trace to the original transaction. The school principal must sign all transfer requests.

Lump sum transfers between accounts from different funds are generally not permissible. It is permissible to correct account numbers on expenditures previously paid – if sufficient information to trace those transactions is included with the transfer request.

Incomplete transfer requests will be returned with a note explaining what additional information is needed. Call the Accounting Office (1762) if you have questions on whether or not transfers are permissible.

J. Conflict of Interest, Vendor Selection, Gifts, Discounts, Honorariums, and Other Related Areas

Nebraska Law Section 49-14,101. PUBLIC OFFICIAL, EMPLOYEE, CANDIDATE, AND OTHER INDIVIDUALS; PROHIBITED ACTS; PENALTY. (1) No person shall offer or give to the following persons anything of value, including a gift, loan, contribution, reward, or promise of future employment, based on an agreement that the vote, official action, or judgment of any public official, public employee, or candidate would be influenced thereby;

- (a) A public official, public employee, or candidate;*
 - (b) A member of the immediate family of an individual listed in subdivision (a) of this subsection; or*
 - (c) A business with which an individual listed under subdivision (a) or (b) of this subsection is associated.*
- (2) No person listed in subsection (1) of this section shall solicit or accept anything of value, including a gift, loan, contribution, reward, or promise of future employment based on an agreement that the vote, official action or judgment of the public official, public employee, or candidate would be influenced thereby.*

(3) *Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section*

1. A conflict of interest for any of the activity fund transactions must be disclosed. This includes relatives, friends, or favored associates of sponsors, principals, or activity participants. A conflict of interest shall be reported to the principal before any transaction takes place. This will be reviewed by the principal for approval or disapproval within District policies and regulations. Limitation to specific vendors because of tradition ("we have always done it this way") is strictly forbidden (Reference: LPS Regulations 3615, 3620.1).
2. Gifts, discounts, merchandise, kickbacks, or honorariums to an individual as an incentive to do business are not allowed.
3. All District procurement and bidding policies and procedures will be strictly adhered to when purchasing goods or services.
4. Sponsors, coaches, staff members, and others working with student activities are not permitted to receive any form of personal remuneration related to the activity which is not authorized by the Board. All of the receipts from school-sponsored activities are to be deposited intact into the school activity fund (Reference: LPS Regulation 6730.5).

K. Vending Equipment

1. It is the responsibility of the principal to control the placement of equipment, repair and replacement of equipment, and use of vending generated funds for students' activities and to account for all funds resulting from the use of vending machines.
2. Full accounting and monitoring for machines where money is handled within the school shall include receipts and product purchases.
3. A designated person to oversee the vending machine accounting and monitoring is necessary.
4. Proper accounting and monitoring will prevent accounting errors by vending company personnel, students, and staff.
5. Vending companies are expected to produce timely billings, usage reports, and commission checks where applicable. Generally, this is expected monthly.
6. All revenues from vending machines in student areas will be used for directly related student activities. Outside groups such as PTA's, PTO's, booster clubs, or groups of individuals not connected with the schools do not have authority to place equipment in the building to generate funds for their organizations.

L. Inventories

1. Inventories are a vital part of any organization that expects proper accounting and use of all resources. All supplies, materials, and equipment should be accounted for on a regular basis depending on the specific use.
2. Equipment purchased must be marked with school or District stamps for easy tracking and identification. A list of all equipment purchased should be maintained with a copy sent to the LPS Purchasing Department. Inventory lists should include brand name, description, model, serial number, and date of purchase. Equipment or materials that are purchased with District funds, including activity funds, are District property. Equipment or materials that are surplus to a building's needs or have expended their useful life must be transferred or disposed of according to District procedures for sale or disposal of surplus property.
3. Supplies purchased are generally expendable and are in use over short periods of time. Re-sale supplies should be reconciled with funds collected, invoice, and stock remaining. Every effort should be made to safeguard them from theft or misuse. Clubs and organizations should maintain internal accountability and records that are turned in to the bookkeeper at the conclusion of the activity. The sponsors of the clubs and organizations are responsible for the proper accounting and use of supplies.

M. Fines

1. The general area of fines is the direct responsibility of the principal. The basic procedure is that all fines collected must be properly collected, disbursed, and accounted for according to District accounting procedures.
2. Revenues from fines are to be used to support the function that generates the revenue.
 - a. Revenue from the rental of locks or lockers shall be used only for the replacement of locks, repair of lockers, or projects related to security of school property.
 - b. Parking fines shall be used for expenses directly related to parking areas or for their security and improvement.
 - c. Library fines and moneys collected for lost or damaged books shall be used to purchase additional materials.
 - d. Textbook moneys collected for lost or damaged books shall be used to purchase additional textbooks.

N. Activity Versus "Special Grants" Accounts

Activity Accounts are not intended to be a “catch all” for all money flowing through the schools. Vending machine transactions and approved budgeted activities for school groups should be accounted for in the Activity Fund. Most other money will need to be accounted for in the Special Grants Fund. The types of transactions appropriate for the Special Grants Fund include donations to be used for equipment or other school purposes. Specific donations to be used by a student activity would be appropriate for the Activity Fund. The types of organizations making these donations would include:

- a. VIP, corporate, parent organization, other donations, gifts, or grants.
- b. LPS Foundation, PEF, and other non-federal grants.

Accounting will assist you in determining the correct fund to be used and will assign appropriate account numbers (Refer to Bulletin #34).