PG-5.180: ACTIVITY FUNDS

Sec. 1. PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the "Board") of Midland Academy Charter doing business as Midland Academy (hereafter, the "School") shall address the legal requirements, as applicable, promulgated at:

(a) Texas Education Code ("Tex. Ed. Code") Sections 12.115(a)(2);
(b) Texas Business Organizations Code ("Tex. Bus. Org. Code");
(c) Texas Administrative Code, Title 19 ("19 TAC"), § 100.1047(b);
(d) Financial Accountability System Resource Guide ("FASRG"); and
(e) *Government Auditing Standards*.

Additionally, through this policy, the Board shall address best practices adopted by public schools.

Sec. 2. APPLICABILITY OF POLICY.

This policy pertains to the receipt, safeguarding, and use of activity funds, as defined herein.

Sec. 3. AUTHORITY OVER FISCAL MATTERS.

Sec. 3.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board's Policy relating to its Authority Over Fiscal Matters (the "Controlling Policy") for requirements applicable to this policy.

Sec. 3.2. The Delegate, as defined in Sec. 3.2 of the Controlling Policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,[1] interested[2] or related[3] party, as defined in other Board policy or applicable law. The School and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Sec. 3.3. As established in Sec. 4 of the Controlling Policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase "or designee"), the Delegate may confer such authority to a single designee.

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[1] Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135
[2] 19 TAC § 100.1047(f)
[3] Tex. Ed. Code § 12.1166

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Sec. 4. DEFINITIONS.

Sec. 4.1. Cocurricular Activities.[4]

"Cocurricular Activities" are School sponsored activities that directly add value to classroom instruction and curriculum.

Sec. 4.2. Extracurricular Activities.[5]

"Extracurricular Activities" are School sponsored activities outside the school day that are generally ones designed to motivate students and provide them with enjoyment and skill improvement in either a competitive or noncompetitive setting.

Sec. 4.3. Student Activity Funds.[6]

"Student Activity Funds" are comprised of monies raised and collected by students through School approved fundraising activities, club dues, donations, or other School approved activities. As the monies raised are the property of the students, the student organization must approve student activity funds for the benefit of the student organization's membership.

Sec. 4.4. Campus or School Activity Funds.[7]

"Campus or School Activity Funds" are funds that belong to and are under the control of the School and campus and that are used to support campus and or School programs and activities.

Sec. 4.5. Staff Activity Funds.

"Staff Activity Funds" are comprised of monies contributed by employees to be used for the benefit of campus or district staff.

Sec. 5. ACTIVITY FUND ACCOUNTING.

Sec. 5.1. The Delegate or designee shall account for the receipt and use of fundraising proceeds as a campus, School, staff, or student activity fund, as applicable.

Sec. 5.2. The Delegate or designee shall maintain control of and disburse activity funds through the School's central accounting office.[8]

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4 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H.
5 FASRG, Module 3, Special Supplement—Nonprofit Charter School Chart of Accounts, Update 17 (2020), page 53.
6 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.1.2).
7 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.1.1).
8 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.2.4).

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Sec. 5.3. To enable campuses and student organizations to acquire goods and services with their available campus and student activity funds, the Delegate or designee shall facilitate a process whereby campuses and student organizations may acquire goods and services as and when needed.[9]

Sec. 5.4. The School shall account for all funds collected by staff from students as student activity funds.[10]

Sec. 5.5. The School shall not account for funds collected, disbursed, and controlled by parents, patrons, or alumni organizations because these funds are not activity funds.[11]

Sec. 5.6. Organizations controlled by parents, patrons, or alumni are separate legal entities from the School and shall maintain separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the charter school.[12]

Sec. 6. RESPONSIBILITY FOR ACTIVITY FUNDS.[13]

Sec. 6.1. Delegate.

Sec. 6.1.1. The Delegate or designee shall be responsible for the overall administration and accounting of all activity funds.

Sec. 6.1.2. The Delegate or designee shall approve any staff or student organizations that raise funds. Designees shall inform the Delegate of any staff or student organizations that they approve.

Sec. 6.2. Designees.

Designated School and campus staff are responsible for:

(a) Proper collection, disbursement, and control of activity funds.

(b) Safekeeping of the activity funds, which includes depositing and securing the funds.

(c) Accounting, which includes, but is not limited to, creating and maintain cash receipt records and reconciling bank statements.

(d) Record keeping, which requires charter schools to keep activity fund records for the same length of time as other accounting records.

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9 *Ibid*.
10 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H.
11 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.1).
12 19 TAC §100.1047(e)
13 FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.2.3).

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(e) Conducting annual audits of activity funds by using an internal or external auditor.

(f) Ensuring activity fund purchases comply with the School's purchasing procedures and applicable legal requirements.

Sec. 6.3. Sponsors.

The sponsor of each student organization, including student groups and clubs, is responsible for supervising all activities of the organization. This responsibility includes the students' adoption and maintenance of a charter, developing fundraising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, and safekeeping activity fund money until it is deposited by the School and other fiduciary responsibilities.

Sec. 7. BANK ACCOUNT.

The School shall establish and maintain a single bank account for all activity funds. The activity funds' bank account must be reconciled monthly.

Sec. 8. ACTIVITY FUND RECEIPTS.

The Delegate or designee shall ensure that School retains adequate custody and control over activity funds and shall ensure that a receipt is issued to any student or parent submitting fundraising or other proceeds. The Delegate or designee shall ensure that all activity fund proceeds are deposited to the activity fund bank account and that the cash collected is not used to make purchases or payments of any kind.

Sec. 9. DISBURSEMENTS FROM STUDENT ACTIVITY FUNDS.

Student activity funds may be expended pursuant to direction from the student group provided that the expenditure is legal and that the vendor and purchase has been authorized. All expenditures drawn from student activity funds must be approved by the designated student officer, sponsor, and campus principal.

Sec. 10. FUNDRAISING.

Sec. 10.1. When fundraising activities are in the name of the School, all funds raised become School funds, belonging to the campus, School or staff or student organization responsible for raising the money.[14]

Sec. 10.2. Prior to undertaking any fundraising activities, the campus principal must approve all fundraising and sales activities and said approval must occur within thirty (30) days after a request is submitted. Once the purpose has been declared, funds cannot be repurposed at a later date.

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[14] FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.1.3).

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Sec. 10.3. Campus principals and sponsors shall submit an annual plan for fundraising to the Delegate or designee which lists the organizations which will engage in fundraising activities and the intended use of the funds. At the end of the school year, campus principals and sponsors shall report the outcome of each fundraising activity and how the funds were used.

Sec. 10.4. Sponsors must keep control of the merchandise, petty cash funds, and fundraising proceeds and maintain records.

Sec. 10.5. Raffles and gambling are prohibited.

Sec. 10.6. The Delegate or designee must collect any sales taxes due on all sales which are not specifically exempted.

Sec. 11. CONTRIBUTIONS.

Campuses may receive contributions from donors in the form of cash or check. The School shall issue a tax-exempt letter to a donor upon request. Refer to the Board's Policy for Gift Acceptance for additional requirements.

Sec. 12. ACTIVITY FUND ROLL FORWARD.

At the end of each fiscal year, any account balance remaining in a student activity fund shall roll forward to the following fiscal year.

Sec. 13. AUDITS.[15]

Sec. 13.1. Campus principals and sponsors must be prepared to have their activity funds audited at least annually.

Sec. 13.2. The Delegate or designee shall require an audit when a change in campus principal, campus finance staff, or sponsor occurs.

Sec. 14. TRAINING AND UPDATES.[16]

The Delegate or designee shall properly train officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegate or designee shall keep officers and employees informed of any changes to this policy and related requirements.

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[15] FASRG, Financial Accounting and Reporting Appendices, Update 17 (2020), Appendix H (H.2.3).
[16] 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

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Sec. 15. ADMINISTRATIVE PROCEDURES.[17]

The Delegate shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegate shall not adopt, and is prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegate shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegate shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

Sec. 16. DATED ADOPTED AND EFFECTIVE.

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on 09/20/2022 and became effective on 09/20/2022.

Sec. 17. RETENTION.[18]

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter.

SEC. 18. CERTIFICATION.

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Board Policy relating to Activity Funds, as originally adopted by the

[17] Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegate or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in School's Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is School's governing authority and, as such, manages and directs School's business and affairs through Board actions, resolutions and policy.

[18] Tex. Ed. Code §12.1052; 19 TAC §100.1203; See Record Number GR1000-38 and GR1025-25 in Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition (Effective April 17, 2016) adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, §7.125(a)(1).

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Board on 09/20/2022, which Policy, as amended, is in full force and effect and has not been revoked or amended.

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Print
Name:_____
Secretary

_____

Date Certified

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