

**MANUAL OF PROCEDURES
PSAB SUPPLEMENT 18
STUDENT ACTIVITY & ATHLETICS**

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INTRODUCTION

Student activities may represent school clubs, classes or other related activities which organize to raise money and/or promote particular programs, projects or subject areas. “Club accounts” offer a vast array of other educationally related opportunities for schools and students. The activities associated with these accounts provide opportunities outside the general budgeted state or federal revenue sources. The students in the organization are involved in the management of these activities. Acting as an agent, not as an administrator or manager, the district or charter school is responsible for maintaining records and properly accounting for the activity within the agency funds. The Board of Education or Governing Council has fiduciary responsibility to establish and enforce policies and procedures to safeguard agency assets consistent with other assets of the school district or charter school.

PURPOSE

Student activity accounts represent the monies raised or collected by and/or for school sponsored student activities. *The activity accounts are typically used to account for monies raised **by the students for the students**.* These monies are used for a wide range of activities that include cultural, educational, or recreational use. Activity fund financial decisions rest solely with the students; however, they must comply with the locally established rules for purchasing and other regulations. Activity accounts are characterized by student involvement and coaching from adult advisors. The nature of activity funds makes them especially vulnerable to error, misuse and fraud. Activity funds often total to large sums of money especially when capturing the amounts that flow through an educational organization in the form of Board of Education funds and student generated funds, receipts and disbursements related to athletics, and the myriad of co-curricular and extracurricular events sponsored by school districts and charter schools.

AGENCY FUNDS OR DISTRICT FUNDS

The appropriate fund classification for student activity funds is determined by their legal status. If resources accounted for in student activity funds are legally owned by students or student groups, these funds should be classified as *Agency Funds* (Fund 23000). If the school district legally owns the resources accounted for in student activity funds, they should be accounted for in the *General or Special Revenue Fund type*. Reference PSAB Supplement 3, Uniform Chart of Accounts.

6.20.2.14. C. NMAC. Cash Control Standards.

Money received and receipted shall be deposited in the bank within twenty four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty four hour/one banking day requirement, the local board may request approval for the Public Education Department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference. Reference PSAB 7, Cash Controls.

6.20.2.23.C. NMAC Student activity funds (non-instructional activities):

Funds set aside for non-instructional activities shall be accounted for the same as any other funding budgeted in the operational sub fund. Other assets held by the school district in a trustee capacity or as an agent for school organizations are considered agency funds, shall be accounted for in accordance with GAAP, and are not required to be budgeted. The school district or charter school is responsible for the accountability of agency funds. These funds are not considered *public money* for purposes of the State Procurement Code. School districts shall follow all applicable laws, rules and regulations in the disbursement of activity funds.

Section 22-8-2. L. NMSA 1978. Definitions. Public funds.

"**Public money**" or "**public funds**" means all money from **public** or private sources received by a school district or state-chartered charter school or officer or employee of a school district or state-chartered charter school for **public** use.

It is recommended that although the administrative code above does not require these funds be subject to the New Mexico Procurement Code, that governing boards develop *policies particularly for agency funds* that require administrators to make prudent and wise decisions when purchasing large quantities, items of quality, equipment that should be inventoried, and/or items that require that the district should obtain the best price. Reference PSAB 13, Purchasing.

MANAGEMENT AND IMPLEMENTATION OF POLICIES

Guidelines and procedures in this supplement will reflect existing state regulations, standard administrative procedures and generally accepted accounting practices. As with other funds, business officials should coordinate and implement all policies and rules pertaining to the supervision and administration of student activity funds in schools. This should be accordance with established policies and rules set forth in the district administrative procedures that have been approved by the governing boards.

AGENCY FUNDS - FUND CODE 23000

An Agency Fund is used to account for assets held for other funds, governments or individuals. Agency Funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of operations. While the school district and/or individual school accounts for these funds, these functions are considered strictly fiduciary in nature. These monies are not considered public money for the purposes of formal budgetary integration.

Examples of such activity funds which would be designated as District or Agency Funds and accounted for in fund 23000 include but are not limited to the following:

1. Money collected for student fund raising activities whose expenditures are determined by the student/class sponsors (Cheerleaders, Band, Chess Club, Junior/Senior Class). (**Agency funds**)
2. Money collected as deposits which are subject to return in whole or in part (locker, shop or lab deposits). (**District funds**)
3. Money collected which will be transmitted to other governmental units, agencies and associations (Lost and damaged textbooks, New Mexico Activities Association (NMAA) playoff receipts). (**District funds**)
4. Money collected that will be transmitted to a budgeted account for loss or damage to school property, tuition, rent and fees. (**District funds**)
5. Money collected for activities not supported by public monies for eventual payments to vendors (class rings, school pictures, yearbooks). (**District funds**)
6. Monies collected for other funds, governments or individuals (e.g. payroll clearing, COBRA insurance, taxes, etc.) These accounts should reconcile to zero in the school district or charter school's general ledger and represent district funds. (**District funds**)

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.

Section 6-10-2. NMSA 1978 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 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 or authorized staff member shall bring all monies collected and balanced to the receipts, to the designated personnel (typically site bookkeepers or secretaries who must issue a pre numbered receipt to the club sponsor) for deposit by the school district office by the end of the day of collection. In most cases, the duplicate deposit slip, together with all records (cash register tapes, inventory sheets, etc.) must be submitted to the bookkeeper/secretary without delay, for recording in the school district or charter school's financial management system (FMS) and depositing into the bank account.

Section 6-10-40 NMSA 1978. Officials receiving consideration for placing loan or deposit; misusing funds; failure to deposit; penalty.

- Any public employee having custody or control of public money, property or a thing of value shall not use the money for any purpose not authorized by law or permit the use of any of the money not authorized;
- Any public employee that willfully neglects or refuses to deposit the money in his custody in any bank, federally insured savings and loan association or federally insured credit not qualified to receive it shall be guilty of a felony;
- Upon conviction of the above shall be punished by a fine of not more than five thousand dollars or by imprisonment for not more than ten years or both.

Trust Funds

Expendable - This fund type sub classification should be used when both the principal and interest earned on that principal may be expended for purposes designated by the trust agreement (e.g., donations received for specific expendable purposes).

Nonexpendable - This fund type sub classification is similar to expendable trust funds; however, the principal (e.g. corpus) of the trust must be preserved intact. Common activities that have trust restrictions precluding expenditure of the principal of the fund include cemetery perpetual care funds, land trusts and endowments. For example, this classification often is used to account for the principal portion of endowments provided by private donors with the stipulation that the principal balance not be disbursed. In another example, a government could be allowed the use of any net income resulting from the operation of a donated farm, but would not be able to sell the property pursuant to the trust agreement attached to the donation.

INTERNAL CONTROLS FOR STUDENT ACTIVITY ACCOUNTING

Policies and controls relating to student and district activity/athletic funds should be in writing and distributed to all activity fund supervisors, sponsors, and athletic personnel as applicable and accounting personnel. ***It is strongly recommended that all personnel involved with activity fund transactions or supervision of the same, read, understand and sign a sheet that sets forth all procedural requirements.*** A useful set of general controls, policies, and procedures includes at least the following:

- Each activity fund should be established by specific board of education or governing council's approval.
- All activity funds should be subject to sound internal control procedures set forth in the district or charter school's Internal Controls Policy.
- All activity funds should be accounted for on the same fiscal year basis as all other school district funds.
- All activity funds must be audited and subject to well-defined procedures for internal and external auditing.
- All employees responsible for handling and recording activity fund transactions shall have adequate training.
- All employees responsible for handling and recording activity fund monies should be bonded by the district.
- One or more activity fund supervisors should be formally designated by the board of education or governing council.
- Depositories for student activity funds should be approved by the board of education or governing council and be further subject to the same accounting requirements as all other district or charter school funds.
- All activity funds shall operate on a cash basis, meaning that no commitments or indebtedness may be incurred unless the fund contains sufficient cash.
- A system of purchase orders and vouchers should be applied to all activity funds that requires written authorization for payment and should be strictly enforced.
- A system for receipting cash should be adopted that includes using pre-numbered receipt forms for recording cash and other negotiable instruments received.
- All receipts should be deposited intact. That is, ***all receipts*** shall be deposited in the form in which they are collected and shall ***not*** be used for making change or disbursements of any kind.
- All receipts should be deposited daily. Cash or checks not deposited the same day of receipt shall be well secured.
- A system for disbursing funds that includes using pre-numbered checks and multiple original signatures (no signature stamps) should be adopted as the sole means for disbursing activity fund monies.
- A perpetual inventory should be maintained on pre-numbered forms, receipts, and other documents to create an adequate audit trail.
- Bank statements for activity funds should be reconciled as soon as they are received.

- Using activity fund receipts to cash checks to accommodate individuals, to make any kind of loan, to pay any form of compensation directly to employees, or to extend credit is *strictly prohibited*.
- Monthly financial reports on all activity funds should be reconciled on the district financial management system and the applicable bank account. A full reporting of activity funds shall be included in the district's annual financial statements.
- Random audits should be performed by school administration periodically to 1) view transactions and documents for accuracy, 2) verify that approvals are in place, and 3) establish that the accounting for these funds is in compliance with local, state and federal regulations.
- Address any weaknesses in accounting practices and procedures as soon as possible.
- Hold personnel accountable for not demonstrating competencies set forth.

Segregation of Duties Related to Activity Funds

- The volume of activity fund transactions and the amounts on deposit are substantial in most school districts. Because significant amounts of activity fund cash receipts are collected as currency, not checks, internal control procedures designed to safeguard monies collected should be especially emphasized. Although the foregoing general principles are helpful in addressing concerns about safeguards, additional attention should be given to segregating the duties related to activity funds. Specifically, three critical duties should be segregated for internal control purposes: (1) signing checks, (2) maintaining fund accounting records, and (3) reconciling bank statements.
- The segregation of duties demands that more than one person be involved in satisfying accounting procedures. As a rule, although the school principal is appointed as activity fund supervisor, other people normally carry out the actual work. It is particularly important to identify, describe, and monitor the duties of the activity fund bookkeeper in relation to the segregation of duties.
- The activity fund bookkeeper/secretary is typically assigned the task of collecting activity fund monies. Associated tasks include preparing the deposit slip and depositing monies. These tasks demand adequate training and require the bookkeeper to have a thorough knowledge of fund structure; the differences between district and student activity funds; and the process of accounting, auditing, and reporting. Depending on the size and complexity of the district or charter school some of these processes may be more centralized using the district/charter school's financial management system. *It is advantageous that processing be as centralized as possible to prevent errors, further segregate duties, minimize handling and assure that transactions are recorded and reconciled properly.*

- The work of any person handling money should be subject to appropriate checks and balances. Signature controls are an important aspect of accounting procedures. Two signatures should be required on all checks that result in a disbursement from the activity fund. Recommended signatures are the principal of the school site office and someone other than the activity fund bookkeeper.
- Reconciling accounting records for the activity fund is an additional important aspect of a system of checks and balances. A third person (someone other than the bookkeeper or activity fund supervisor) should be responsible for reconciling bank statements and verifying receipts and expenditures. Essential to this process are internal accounting controls over the activity fund cash collections.
- Adequate procedures should be established for completing an audit trail that creates sufficient documentary (physical) evidence for each step in the flow of transactions within the activity fund. These procedures include using pre-numbered forms and receipts, purchase orders and vouchers, and a perpetual inventory of pre-numbered forms and receipts and tickets; depositing receipts intact; and making timely deposits.
- Each activity should show the opening balance at the beginning of the period, receipts, disbursements and end of period balances. The business office is responsible for:
 - Maintaining adequate collateral pledged for monies in activity funds.
 - Assisting principals and club sponsors in order to assure:
 - ✓ Timely deposits within 24 hours or one banking day,
 - ✓ Appropriate approvals are obtained for disbursements,
 - ✓ An internal control structure is in place to safeguard the assets and promote reliability of the activity financial reports,
 - ✓ Accurate bank or cash reconciliations are prepared timely,
 - ✓ Records are retained for review by business office and the school district's Independent Public Accountant.
- The club sponsor shall bring all monies collected and balanced to the receipts, to the designated personnel (typically site bookkeepers or secretaries) for deposit by the school district office by the end of the day of collection. School districts and charter schools may establish procedures that will minimize the time that money is collected, receipted and actually deposited. With tamper proof bank bags, for example, the funds may be deposited by authorized personnel that are able to

deposit the monies in banking institutions and forego the actual delivery of money to the central office. This practice would ensure that monies are deposited within 24 hours and minimize time spent by secretaries to travel away from duty stations. In most cases, the duplicate deposit slip, together with all records (cash register tapes, inventory sheets, etc.) must be submitted to the bookkeeper/secretary without delay, for recording in the school district or charter school's financial management system (FMS.)

CREATION OF A NEW STUDENT ACTIVITY ACCOUNT

- All student activity fund accounts should be approved by the governing board or its designee.
- Application for creation of a student organization should be accompanied by a statement of the organization's purpose and proposed fund-raising activities. The name of the student organization should, insofar as possible, indicate its purpose. Acronyms should be avoided as much as possible in naming the organization. See sample forms in the Tips, Tools and Resources section in this manual.
- Information regarding the sponsor's involvement and the fund raising events to be scheduled must be updated and approved annually.

CASH COLLECTIONS FOR ACTIVITY FUNDS

Because substantial amounts of activity fund cash receipts are collected in the form of currency, as opposed to checks, particular emphasis should be placed on internal control procedures designed to safeguard monies collected.

Particularly important is providing an audit trail that creates documentary (physical) evidence for each step in the flow of transactions. For example, all monies collected should be substantiated by pre-numbered receipts, cash register receipts which show cumulative readings, pre-numbered tickets, or other auditable, checkable records. The following suggestions should be considered:

- Where tickets are used, ticket reports and unsold tickets should be available for audit.
- Pre-numbered forms should not be printed in the school printing office.
- The student organization's sponsor should keep records of cash collections by source such as a roster indicating what activity generated the monies..
- Personnel who collect cash for an event should be changed frequently. For example, personnel used as cash collection agents should be rotated periodically for sporting events, concessions, and vending machines. To the extent possible, **DO NOT ALLOW** the same person to collect cash for the same event or purpose continuously.

- For cash collected at sporting events, the cashier should sell tickets which are then collected by a second person. This two-person arrangement may not be feasible for low-attendance events.
- For concession stands, it is preferable to use one cashier. This procedure will normally speed up concession operations and reduce cash handling problems. This arrangement may not be feasible depending on the volume of activity and physical arrangement of the stand.
- For activities after school hours, such as athletic or sporting events, procedures must be in place to safeguard the cash collected until proper depositing can take place. District should consider the use of tamper proof bank bags for safekeeping.
- No collections should be turned over to a cashier, such as the activity fund bookkeeper, without receiving a pre-numbered receipt.
- The activity fund bookkeeper should use pre-numbered, bound receipts for all currency or checks received. One copy of each receipt should be retained in the receipt book.
- The activity fund bookkeeper should deposit all receipts intact. This means that all receipts should be deposited in the form they are collected. The receipts shall not be used for making change or disbursements.
- The activity fund bookkeeper, secretary or authorized designee should deposit all receipts as often as possible, preferably on a daily basis. In the event that monies cannot be deposited according to the 24 hour rule, they must be safeguarded with limited access and according to district/charter school procedures.
- *Only school officials may be authorized to carry out the policies and procedures related to the accounting of student activity funds.*

EXPENDITURE OF STUDENT ACTIVITY FUNDS

The activity fund administrator (principal) will be handling two types of funds at the building level: 1) funds which contain monies belonging to the students (student activity funds or “club accounts”), and 2) funds which contain monies belonging to the district. Monies which belong to the students will normally be approved for disbursement at the building level, whereas monies which belong to the district (such as lab fees or textbook monies) will be managed, approved, and accounted for by the central office.

Disbursement procedures for student activity fund monies will differ somewhat from the procedures followed by the district administration for expending district monies because of the various protocols and requirements that must be followed for disbursement of other district/charter school funds. The primary difference is the *approval process*.

Disbursement of student activity funds requires approval of the student organization’s sponsor and activity fund supervisor (principal). Disbursement of district funds requires the approval of administration or the local governing boards. The disbursement procedures for student activity funds at the building level should parallel the

disbursement procedures at the district level as closely as possible. The following procedures are recommended for student activity fund disbursements:

- Student activity fund cash disbursements should be first approved by the student organization and then by the organization's sponsor and the principal. The district or charter school may wish to establish a dollar limit for student activity fund disbursements, any disbursement in excess of the limit requiring approval at the district level by either the superintendent or the governing board.
- Purchase orders should be issued following district/charter school purchasing procedures and pursuant to PSAB 13, Purchasing.
- Student activity fund disbursements should be identical to the voucher system utilized for the (budgeted) funds of the district or charter school.
- All disbursements should be made by a pre-numbered check.
- Activity fund moneys shall be expended in such a way as to benefit those students who have contributed to the accumulation of such monies. Reference PSAB 1, Budget Planning, Preparation and Maintenance. (Appropriateness of Expenditures)
- Activity fund receipts should not be used for any purpose that represents an accommodation, loan, or credit to school employees or other persons.

APPLICATION OF GASB STATEMENT 34 TO ACTIVITY FUNDS

GASB Statement 34 made significant changes in financial reporting for all governments, including school districts. The purpose of the government wide statements is to provide a broad overview of the entity as a whole. Because fiduciary fund resources are not available for use by the government, fiduciary activities are excluded from the entity-wide financial statements. In accordance with the new reporting model, fiduciary activities, including student activity funds, are reported only in the fund financial statements. The impact of Statement 34 on district and student activity funds is summarized below:

- If student activity funds are classified as fiduciary (agency) funds as recommended, they are not reported in the government wide financial statements. Instead, these balances for each activity are reported only in the fund financial statements.
- District activity funds that are classified as governmental (special revenue) funds are consolidated with all governmental activities in the government wide financial statements. District activity funds will also be presented in the governmental fund financial statements.

REVENUE FROM ENTERPRISE AND ALTERNATIVE SOURCES

Many school districts and individual school sites derive significant revenue from enterprise activities and alternative sources: vending machines, school stores, soft drink

machines, class ring sales, and a wide variety of fundraising activities such as magazine sales, candy sales, and school pictures. In addition, large sums of money are generated through interscholastic sports in the form of gate receipts and other contributions. These revenues are typically associated with activities conducted at the school level that generate revenues to be used for the benefit of the school. In many instances, particular student organizations are in charge of one or more such enterprise activities. In other instances, the district administers the revenues for its own programs. If a student organization is in charge of an enterprise activity, the money should be accounted for through that organization's activity fund, fund 23000. If the district determines the use of the funds, the money should be accounted for with other district funds in the district's accounts. However, in all instances, the funds should be recorded on the district or charter school's financial management system.

OTHER SCHOOL-AFFILIATED GROUPS

School districts and student groups are also increasingly benefited by affiliated organizations that support curricular, co-curricular, and extra-curricular activities. Affiliated organizations include groups such as Parent-Teacher Associations (PTAs), Parent-Teacher Organizations (PTOs), school foundations, athletic booster clubs, etc. Contributions by these groups often include supplies, materials, equipment, and even school facilities, such as weight training rooms. Administration shall account for any equipment or facilities donated or purchased as prescribed by local and state regulations. Reference PSAB Supplement 12, Capital Assets.

Specific board of education or governance council policies are needed to address these issues. In the case of activity funds derived from enterprise activities, board authorization to operate the activity is needed, and all funds should be accounted for in the district or charter school financial management system. In the case of revenue from affiliated organizations, board or council authorization to receive such funds is needed. In some cases, the requirements of GASB Statement 39 *may determine certain organizations are component units*. These affiliated organization's activities may be of a nature so as to require their activities to be reflected in the financial statements of the school district or charter school as discretely presented component units. Whether or not the organizations are included as component units, decisions regarding allocation of the donations should be made on the basis of whether the *curricular or co-curricular program is the primary beneficiary*, as well as on the basis of fundamental fairness (reference Title IX discussion in this supplement) in resource allocation.

As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud or misuse.

FUND RAISING

Monies from fund raising activities (agency funds) are considered to be legally owned and under the discretionary control of school districts. The monies generated are considered public funds and are subject to all applicable rules and regulations established by local governing boards. Fundraising projects shall contribute to the educational experiences of students and should add to not conflict with the instructional programs. A board-approved process should be specified for all fundraising activities, and any fundraising event should require approval in advance.

Management

The management of student activity funds shall be in accordance with sound business practices, including budgetary procedures and thorough audits. Typically, the financial management system of the district or charter school can accommodate special report formats that meet accounting standards and inform those engaged with the management of the clubs, for example, about revenue and expenditures. Student participation is an important factor in the democratic management of money raised by the student body and expended for its benefit. Students should make the decisions for the use of the money with the advisor providing guidance. An authorized representative of the appropriate organization/club, the faculty advisor and the building principal should approve all expenditures.

Competition to Local Vendors/Merchants

Student body fund raising activities shall be conducted in such a manner as to offer minimum competition to local merchants

Accommodations to Staff

Expenditures from student activity funds for professional books and/or magazines, as well as personal memberships in professional organizations for the advisor are not allowed. School district employees or others may not make purchases through a student body in order to take advantage of student body purchasing privilege or credit capacity. *(It is recommended that local policies and procedures address proper expenditures appropriate for these funds.)*

Advisor Responsibilities

The faculty advisor of each student organization is responsible for supervising all activities of the organization or club. As such, the advisors approve all transactions of the student club account. Advisors are expected to be familiar with the budget, including receipting and depositing procedures, purchasing and disbursement requirements. Advisors shall understand that all transactions are subject to internal and external audits.

Principal Responsibilities

The principal of the school is the agency (activity club accounts) fund supervisor, and shall be directly responsible for the conduct of student financial activities in accordance with the policies, rules and procedures set forth by the state, and local district (with guidance by the Business Manager or finance officer of the district). Principals are expected to be familiar with the processes to implement, manage and approve all fund raising activities.

Board of Education or Governing Council Responsibilities

The school district or charter school governing board is responsible for adopting policies over the establishment of all agency funds. These policies should include the appropriate accounting and reporting practices. Activity funds must be supported by detailed records, maintained as the school building responsible for the organization or club account. Due to the fiduciary responsibility of the BOE or Governing Council *these funds are subject to the same internal controls as all other district funds.*

ATHLETIC FUNDS –SUB FUND 22000

Receipting and Depositing

Sub Fund 22000 shall be used to account for the transactions, both revenue and expenditures for Athletic Activities. While gate receipts are the major revenue source in this fund, other sources of revenue may be receipted into this fund to address athletic related activities. Athletic funds are to be considered "public monies" and therefore require adherence to all applicable laws, rules and regulations. Reference PSAB 3, UCOA.

Refer to previous section on *Cash Collections for Activity Funds* for proper handling of cash related to sporting events or other athletic related activities. Practices shall parallel the accounting procedures related to the receipting and depositing of cash. Reference PSAB 7, Cash Controls.

BUDGETING FOR ATHLETIC ACTIVITY – FUND 22000

Unlike the student activity funds or agency funds in fund 23000, athletic activity revenue and expenditures must be budgeted utilizing the **cash basis** of accounting. Purchasing

procedures and disbursements shall follow the procedures outlined in PSAB Supplement 13, Purchasing, and PSAB 1, Budget Planning, Preparation and Maintenance. (See Title IX information below to guide administration when making budget allocations and distributions to schools and/or sports' programs).

Estimated Revenue

To determine the total anticipated new *revenue* for the fiscal year:

- Review historical data including gate receipts for each sport.
- Other receipts including concession stand deposits, or any miscellaneous income that should be directed toward sports activities.

Estimated Expenditures:

To determine the total anticipated *expenditures* for the fiscal year,

- Review sports' activities, review historical data, consult with athletic personnel; estimate the costs for student travel, meals, scouting, etc.
- *All expenditures that are budgeted in this fund must be athletic related.*

Cash Balance for Athletic Activity

- The difference between estimated revenue plus the prior year's cash balance less estimated expenditures will result in an *Estimated Cash Balance* for the period ending June 30. This amount shall be entered on the projected revenue side of the Operating budget using the cash account code object, 11111 – Unrestricted cash balance (22000.0000.11111). Projected cash balance is only an estimate during the budget preparation phase; thus this amount shall be audited and adjusted if necessary with a Budget Adjustment Request (BAR). Reference PSAB 1, Budget Planning, Preparation and Maintenance.

Athletic activities may also be budgeted in the 11000 sub fund to cover any athletic related expenditure. The revenue source for these expenditures is primarily derived from the state appropriation or the State Equalization Guarantee. Local Board of Education or Governing Councils shall determine what budgetary authority shall be placed in each of these funds subject to the approval of the PED. Reference PSAB 1, Budget Planning Preparation, and Maintenance and PSAB Supplement 3, Uniform Chart of Accounts.

Reference "Tips, Tools and Resources" in this Manual for a Sample Athletic Activity Budget.

TITLE IX - SCHOOLS ATHLETICS EQUITY ACT (SAEA)

Any school that accepts public funds such as textbooks, free and reduced lunch, Title I monies etc., are subject to Title IX rules and regulations. Title IX applies to the overall

athletic program of a school including physical education courses and all other school sponsored athletic programs. The basic test is *equivalence* meaning that the benefits, opportunities and treatment of each gender must be equal in effect. *There must be no disparity between boys' and girls' programs.*

The question of equity in allocating resources to participating students is the primary focus of Title IX and various sources of revenue (subject to Title IX requirements) may include but are not limited to the following:

**Proceeds from Booster Clubs
Legislative Appropriations
Fundraising Activities
Parental Contributions
Business Donations
Grants
Gate Receipts for Sports Events
In-Kind Donations**

Other areas that are allocated and may be examined to determine compliance to equality could ***be travel and per diem allowance, banquets, pay for coaches, player-coach ratio, facilities, practice times, athletic equipment and supplies, uniforms, etc.***

School administrators have a legal and social responsibility to be involved in every aspect of private and organized fundraising contributions, and donations that are connected to their programs.

The School Athletics Equity Act (SAEA) or Title IX applies to each public school that has an athletics program for grades seven through twelve. Each public school shall operate its program in a manner that does not discriminate against students or staff on the basis of gender. Data shall be submitted to the New Mexico Activities Association and PED will acquire this data from the NMAA web site. This data will include an accounting of the funding sources that are used to support the school's athletics programs and to which teams those funds are allocated; funding sources include state funding, federal funding, fundraising or booster clubs, game and concession receipts, gate receipts, cash or in-kind donations, grants and any other source. This data is available to the public and shall be maintained for at least three years. Each public school is required to publish this data or make it available on the district web site.

Additionally each public school shall submit an assurance of compliance with Title IX to its local governing board or council on an annual basis.

COMPLIANCE WITH TITLE IX

The requirements of Title IX relate to the requirements of governing board policies and procedures, to properly budget for and account for various types of revenue and the *equitable* expenditures of sports programs and other activities. The following actions are suggested to provide oversight and monitor activities for compliance:

- Identify a district/charter school compliance officer,
- Create a Title IX committee,
- Evaluate and begin addressing compliance in the area of opportunities, program expansion, and accommodation of interest,
- Evaluate and address compliance in the areas of other benefits including coaches, salaries, practice time, facilities, banquets, travel and meals etc.,
- Review existing Booster clubs and their involvement in school athletic and other activities,
- Establish open communication with all booster clubs,
- Establish donations policy,
- Seek professional guidance with Title IX requirements,
- Make timely and accurate reports to NMAA and the Public Education Department,
- *Contact the New Mexico Activities Association (NMAA) and/or legal counsel for program specifics. www.nmact.org.*

Some sections in this supplement relating to policies and controls are indebted to and follow closely the Kansas State Department of Education guidelines. Other useful references for student activity fund accounting include: Everett, Lows, and Johnson (1996) Financial and Managerial Accounting for School Administrators; GASB (2000); and Guide to Implementation of GASB 34; Association of School Business Officials International (2000).

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