

Joint Committee on Administrative Rules

ADMINISTRATIVE CODE

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER I: STATE BOARD OF EDUCATION
SUBCHAPTER c: FINANCE
PART 125 STUDENT ACTIVITY FUNDS AND CONVENIENCE ACCOUNTS
SECTION 125.10 STUDENT ACTIVITY FUNDS AND CONVENIENCE ACCOUNTS

Section 125.10 Student Activity Funds and Convenience Accounts

- a) Section 10-20.19(3) of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 10-20.19(3)) authorizes the State Board of Education to adopt rules governing funds collected by school classes, clubs and associations for educational, recreational or cultural purposes. Such funds shall be known collectively as "Activity Funds" and shall be governed by this Part.
- b) Activity funds are either "student activity funds" or "convenience accounts" as defined below.
 - 1) Student activity funds are those funds which are owned, operated, and managed by organizations, clubs, or associations (groups) within the student body under the guidance and direction of one or more faculty or staff members for educational, recreational, or cultural purposes.
 - 2) Examples of student activity funds include:
 - A) Homeroom
 - B) Yearbook
 - C) Class Year
 - D) Choral and Band Group
 - E) Class Projects
 - F) Student Clubs
 - G) Student Council

- H) Student-Sponsored Bookstores.
- 3) Convenience accounts are those funds maintained by the local education agency at the request of and for the convenience of faculty, staff, faculty-parent organizations or similar non-student groups. Each such group shall designate a manager for its convenience account. Examples of convenience accounts include:
- A) Flower Fund
 - B) Investment Club
 - C) Scholarships
 - D) Faculty-Parent Organization Accounts
 - E) Faculty Funds
 - F) Employee Coffee Funds.
- 4) Funds sometimes mistaken as activity funds but which shall be maintained as budgeted district accounts include:
- A Lunch Program
 - B) Regular Athletic Programs
 - C) Building Trades Program
 - D) Restricted Grants-in-Aid from State or Federal Sources
 - E) Towel, Locker, and Book Rentals
 - F) Student Insurance
 - G) Sales of District Supplies-Services.
- c) If the board subsidizes a portion of an activity fund, that portion shall be reported as an expenditure or disbursement against the regular budget of that local education agency and reported as a revenue or cash receipt of the activity fund.
- d) The board of education or a representative designated by the board of education shall have the following responsibilities:

- 1) To approve the establishment and purpose of each student activity fund and convenience account.
- 2) To set policies for student participation and adult supervision in groups maintaining student activity funds as set forth in subsection (b)(1) of this Section.
- 3) To approve the collection of all monies by student activity groups and convenience account managers.
- 4) To cause such records to be kept as to verify at all times the amounts received and disbursed and the assets on hand for each student activity fund and convenience account.
- 5) To appoint an activity fund treasurer or treasurers to be the custodian of the assets of each student activity fund and convenience account.
- 6) To transfer monies from a student activity fund or convenience account when the activities served by either type of account have been discontinued, or if an account has had no activity for at least one year, to any other active account, to the district's funds, or to the student activity group or convenience group members on a pro rata basis.
- 7) To determine if the treasurer shall be authorized to invest activity funds (See subsection (f)(l) below).
- 8) To determine which of the following methods shall be used to distribute any earnings from the investment of activity funds:
 - A) Earnings may be deposited in the district's funds.
 - B) Earnings may be maintained in a separate activity account to be spent for a purpose, or transferred to a student activity group, which benefits the maximum number of students (e.g., the student council).
 - C) Earnings may be apportioned among the specific fund(s) which provided the cash for investment.
 - D) Earnings from the investment of commingled activity funds may be periodically apportioned among all accounts that are part of the commingled cash management system based on the average deposit as determined by the balance at the beginning and end of the period. The period may be as short

as one day or as long as three months.

- 9) To designate those person(s) who shall have the authority to approve written purchase orders or authorizations required to spend activity funds.
 - 10) To determine if and when loans can be transacted between accounts.
 - 11) To designate depositories for cash and investments.
- e) The board of education may establish and amend policies which must be adhered to by the activity fund treasurer(s) and other person(s) designated by the board as having responsibilities for the management of student activity funds and/or convenience accounts.
- f) The treasurer appointed by the board or its designated representative shall be bonded and the penalty of the bond shall be in accordance with the provisions of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 8-2). If a treasurer is also the district treasurer, one bond which is large enough to include both district and activity funds is sufficient.
- 1) The treasurer shall keep all monies on deposit in a depository designated under Section 8-7 of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 8-7) or invested in conformity with "An act relating to certain investments of public funds by public agencies" (Ill. Rev. Stat. 1983, ch. 85, par. 901 et seq.) and shall maintain liability accounts to show ownership of such assets. Each activity group receiving money from whatever source must deposit the money so received with the treasurer and obtain a signed receipt showing the activity fund and the amount of the deposit. The treasurer shall be the only custodian of each activity fund.
 - 2) The activity fund treasurer shall make all disbursements, but only on orders signed by the person(s) designated pursuant to Section 125.10(d)(9) above. Disbursements shall be made only by the activity fund treasurer's check, drawn upon the appropriate fund. In no event shall a check be written if the bank balance in the respective fund is insufficient. No overdrafts shall be permitted. Loans may be made between activity funds if authorized by the president or secretary, faculty advisor, if applicable, and the treasurer of the lending fund, but only if permitted by the board of education.
 - 3) The treasurer shall each month reconcile the cash in the bank and investment balances with the liabilities from each fund.

- 4) The treasurer shall make available to each group monthly reports, which shall include a statement of receipts and disbursements and current balances, and shall provide such statements to the board of education not less than once each year.
- 5) At the end of the fiscal year, the treasurer shall carry over to the next fiscal year the balance of each activity fund unless otherwise instructed by the board of education.
- g) Activity funds shall be audited annually by a licensed certified public accountant. The fiscal year for annual audit reports shall coincide with the school district fiscal year.
- h) Activity funds shall be included as "Agency Funds" in the district's Annual Financial Report to the State Board of Education submitted in accordance with Section 3-15.1 of The School Code (Ill. Rev. Stat. 1983, ch. 122, par. 3-15.1). A statement which displays opening and closing balances and annual activity for each fund shall be included as supplemental financial information in the district's Annual Financial Report to the State Board of Education or shall be issued as a separate statement, in which case it must accompany the Annual Financial Report. In either case every activity fund maintained must be included.
- i) All purchases from activity funds shall be made in accordance with Section 10-20.21 of The School Code, which requires competitive bids for most items in excess of \$5,000 (Ill. Rev. Stat. 1983, ch. 122, par. 10-20.21).