

Policy #: 662.1

SCHOOL DISTRICT OF WEBSTER

Date Adopted: October 17, 2005

Date Revised: July 18, 2022

Policy Title: Student Activity Funds Management

The District is involved in the management and handling of funds that are associated with the operations and activities of District-approved student groups and student activities, including student organizations and student clubs.

Student groups and student activities, as covered by this policy, are those organizations, clubs and other student groups that have been officially recognized by the District and assigned an adult advisor (generally either a staff member or District-authorized adult volunteer) by either the School Board, the District Administrator, or applicable school principal. The following organizations and activities are not covered by this policy: (1) any group or organization that is structured as its own formal legal entity, separate from the District; and (2) any District-sponsored activity for which the District independently makes all of the relevant funding and expenditure decisions.

The District Administrator or District Accountant shall establish internal processes and procedures to ensure that all student activity funds are classified and managed in accordance with reasonable business practices and in compliance with the rules of the Governmental Accounting Standards Boards (GASB), the Wisconsin Uniform Financial Accounting Requirements (WUFAR), and this policy. For accounting purposes, such funds shall be appropriately classified as either non-custodial funds, custodial funds, or (much less likely) funds maintained in a trust. Absent special circumstances, and because the District normally expects to exercise administrative involvement in, for example, the expenditure of student activity funds, it is expected that such funds will normally be properly characterized and accounted for as non-trust, non-custodial funds.

Any fee, charge for participation, or fundraising activity that is intended to create revenue for a student group or that is intended to cover the costs that a student group incurs in connection with its activities must be approved in advance by the District and comply with applicable Board policies. As applicable to the particular fee, charge, or fundraising activity, approval shall be obtained from the District-assigned advisor, school principal, the District Accountant, and/or the School Board.

Outside of a specific fundraising effort, any gift or donation that is offered to the District for the specific benefit of one or more student groups shall be processed according to the District's policies regarding gifts. If the gift is accepted, the gift or donation shall be allocated to the applicable student group(s) as specified in the approved conditions of the gift.

The District may, at its discretion, periodically budget or otherwise earmark District funds (e.g., from general revenue sources such as property taxes or state aid) to support the activities of student groups that are governed by this policy. Notwithstanding any other provisions of this policy, any such discretionary District funds that may be unspent remain District funds and are not otherwise considered student activity funds under this policy. For example, unless otherwise approved or directed by the Board, any such unspent District discretionary funds do not carry over within any student group's designated activity account from year to year.

No student group, organization, or club that is subject to this policy may (1) accept loans from any non-District third party, (2) permit any third party (including a student member or the group's advisor) to manage the group's funds outside of District-authorized processes and procedures;

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or (3) operate at a negative cash balance. However, at its discretion, the Board may approve providing an advance of District funds to a student activity that exceeds the group's available cash balance in anticipation of incoming receipts which will be used to reimburse the advanced funds.

Non-Trust and Non-Custodial Student Activity Funds

The following requirements apply to student activity funds that are classified as non-trust, non-custodial funds and that may be received, held, and disbursed by the District under this policy:

1. The District's Business Office shall use activity-specific subaccounts, or any substantially equivalent accounting mechanism(s) that would be consistent with WUFAR and GASB standards, that enable the District to appropriately associate specific funds with each relevant organization, club, or other student group.
2. The District Administrator and District Accountant shall ensure that the District establishes and implements reasonable cash handling procedures for student activity funds.
3. Student activity funds received and held by the District shall be deposited in an account at a District-approved financial institution that serves as a public depository. If any interest is earned on such funds, the interest shall be allocated to the Student Council Funds.
4. Student activity funds shall be expended to finance the legitimate activities of the student group, organization, or club (which may include charitable activities or community events) or for a purpose beneficial to the school community, with the primary direction for such expenditures normally being initiated by the participating students or their designated student representative(s). Student activity funds shall not be used to cash personal checks, to make loans or extend credit to individuals, or to pay compensation directly to District employees.
5. All proposed expenditures of District-held student activity funds that may be requested by the student members or designated representatives of a student group, organization, or club shall be reviewed and approved in advance by at least two District staff members, which shall be the group's assigned advisor and the applicable school principal. Such approvals shall be based on a determination that the purpose of the expenditure appears to be appropriate and that the amount, or any estimated amount, of the expenditure appears to be reasonable. Any disagreement over the approval of a proposed expenditure may be appealed to the District Administrator.
6. All disbursements of approved expenditures from a District-held student activity account shall adhere to District-established disbursement procedures.
7. At the end of each school year, student activity account balances will be carried over to the next school year, except with respect to any account that is being closed.
8. If an existing student activity account has had no transactional activity for 3 years the District's Business Office shall review the current status of the applicable student group and determine whether the account should be deemed inactive and closed.

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9. At the time a student activity account is being closed, if there are any remaining funds in the account that are not subject to any other superseding obligation (e.g., an unpaid bill or an obligation under a grant or donation), then the following shall apply:

- a. *The funds will be deposited into the Student Council Activity Fund Account.*

Custodial Funds (Non-Trust)

In the event the District receives and manages any student activity funds that are determined to be custodial funds, such funds shall be appropriately segregated and restricted for their intended purpose. For example, funds and other assets that are fiduciarily derived and that are held by the District for the benefit of specific individuals or for the benefit of a legally-separate (non-District) entity, but that are not administered through a trust or held in a designated trust account, must, under certain conditions, be managed and reported as custodial funds.

Student activity funds held by the District as custodial funds shall be deposited in an account at a District-approved financial institution that serves as a public depository. To the extent any such funds are invested in an interest-bearing account or instrument (e.g., a time deposit), the interest earned on such funds shall be added to the applicable balance.

No disbursement of student activity funds held as custodial funds shall be further processed under the District's disbursement procedures unless the proposed transaction has been authorized in writing by either the District Administrator or District Accountant, or an administrative-level designee of either such administrator. The authorizing administrator is validating that the proposed transaction is consistent with the District's fiduciary role in the management of the custodial funds.

If the District determines at any point that it is holding custodial funds for which it has become impossible for the District to reasonably disburse the funds for the benefit of the intended beneficiaries, then, with Board approval and in consultation with District legal counsel as needed, the District shall determine a lawful and appropriate alternate disposition of the funds.

Misappropriation or Misuse of Student Activity Funds

If any person has knowledge of or reason to suspect that there may have been a misappropriation of student activity funds or any other impropriety in the management or use of such funds, including any form of theft or fraud, the person should report the concerns and any supporting information to the District as further outlined in the District's separate fraud prevention and reporting policy. District employees are expected to promptly report all such situations. It is generally appropriate for any such report to be made directly to the District Administrator or District Accountant. If an investigation substantiates the occurrence of any misappropriation of funds or any other financial irregularity, the District will exercise its discretion to pursue such disciplinary consequences and other legal consequences or remedies as the District deems appropriate.

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Legal References:

Wisconsin Statutes

[Section 66.0607](#) [withdrawals or disbursements from local treasury]

[Section 120.14\(1\)](#) [audit of school district funds]

[Section 120.16\(2\)](#) [board treasurer duties; including authority to receive money raised in extracurricular activities]

State Guidance

[Wisconsin Uniform Financial Accounting Requirements](#) (WUFAR)