

SCOTTSBORO CITY SCHOOLS



PARENT SUPPORT ORGANIZATIONS GUIDELINES AND PROCEDURES

July 2018

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FOREWORD

Parent support organizations provide an invaluable service to our schools. Many of our student programs and activities could not exist without these organizations. Parent volunteers unselfishly give money and time to our schools for the benefit of the students. We appreciate all you do for Scottsboro City Schools!

For the purpose of this manual, parent support organizations include PTA, PTO, Booster Clubs, and any other parent support school related organization. It is the Scottsboro City Board of Education's desire and responsibility to insure that these guidelines are communicated and followed.

These guidelines and procedures will also be made available on the Scottsboro City Schools' website at www.scottsboroschools.net.

GENERAL INFORMATION

Parent Support Organizations are school related organizations established to promote school programs or complement student groups or activities. A Parent Support Organization's purpose may be to support a student group or program at a particular school or various student groups or programs at various schools. Students enrich their education and expand their horizons when they participate in school activities and programs; therefore, the district greatly appreciates the time, effort, and financial support that Parent Support Organizations provide to our students.

Specific guidance for ***School Related Organizations*** was issued by the Alabama State Department of Education in a memorandum dated November 8, 2007 (*See Appendix A*). Parent Support Organizations and School Districts are required to follow the guidelines specified in the memorandum.

STUDENT ORGANIZATIONS

Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures. Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

ATHLETICS

School athletics are extracurricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extracurricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records; however, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

PARENT ORGANIZATIONS

Parent and parent/teacher organizations play a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Both organizations have a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal, or,*
- b) *A school employee leads fundraising or maintains the accounting records for the organization.*

BOOSTER ORGANIZATIONS

All school sponsored extracurricular activities must be under the control of the school; however, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extracurricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Generally, the activities for booster organizations are considered non-public funds. However, these organizations will become public school funds if:

- a) *A school employee serves/holds a leadership position in the organization, or*
- b) *A school employee leads fund raising or maintains the accounting records for the organization.*

Specific activities of a booster organization are automatically considered public funds if:

- a) *The organization collects admission to a school function,*

- b) *The organization operates a concession operation on school property at a school function,*
- c) *The organization collects parking fees for a school function,*
- d) *The organization operates a training camp that includes students of the activity it supports.*

Even though a Parent Support Organization works very closely with the District, it is a separate entity from the District. However, the formation of the organization must be approved by an appropriate District Principal or Administrator (*See Appendix B*). In addition, a Parent Organization/Booster Club must adhere to various District policies and guidelines, and all federal and state regulatory guidelines. Education is a state function executed through local boards of education. The Superintendent, Board, and Chief School Finance Officer (CSFO) have statutory roles in handling funds. The authority and responsibility related to finance is delegated to local school administrators and others through board policies, directives, procedure manuals and day to day interaction.

The established lines of authority for local boards of education are:

- **Board of Education** – The board of education adopts policies to govern the establishment and operation of all activity funds. The district’s auditors should review these policies for sound accounting and reporting principles.
- **Superintendent** – The superintendent is directly responsible to the board of education for administering all board policies.
- **Chief Financial Officer** – The chief financial officer has overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the board. The chief financial officer is also responsible for implementing and enforcing appropriate internal control procedures.
- **Principal** – The principal at each school site is the designated activity fund supervisor for that school building. The principal has overall responsibility for the daily operation and management of school finances including all activity funds. This includes the collection and depositing of activity funds monies; approving disbursements of student activity funds monies; and adequately supervising all bookkeeping responsibilities. The principal should be a signatory to all disbursements, including checks drawn on the activity fund.
- **Sponsors** – The sponsor of each student organization is responsible for supervising all activities of the organization, including approving student activity fund transactions. Sponsors should be employees of the district and under the direct control of the activity fund supervisor.
- **Parent Support Organization Officers** – The officers of each support organization are responsible for the activities of the organization. They should ensure that they follow their organization’s bylaws as well as district policies, laws, and regulations related to the operation of their organization.

I. ORGANIZATION

Formation of Organization

The campus principal and Superintendent should approve the formation of all booster and parent support organizations. The organization should complete and submit the **Parent Support Organization Registration and Approval Form** to the campus principal (*See Appendix B*).

Role of the Organization

Parent support organizations shall organize and function in a way that is consistent with the District's philosophy, objectives, and adopted Board policies, in accordance with affiliated governing bodies and regulations, as applicable.

Organization Bylaws

An organization of parents or community leaders affiliated with a school should develop a constitution and/or bylaws for the organization. Those documents must be in writing, and be filed in the principal's office. The school principal must authorize the use of the school's name prior to approving any of the group's activities. The bylaws must address the organization's structure and method to be used for election of officers. The rules of membership shall be clearly stated in the bylaws.

It is recommended that the organization's bylaws contain the following information:

- A. Name of the organization
- B. Objective of the organization including the statement, "This organization will abide by all school board administrative policies and procedures."
- C. Eligibility for membership and membership enrollment process
- D. Officer selection, election procedures, and duties of each officer
- E. The principal or designee who will serve as an ex-officio officer of the organization
- F. Language indicating how the group will handle remaining funds in the event the organization dissolves
- G. How to amend the bylaws

Various national parent support organizations supply sample bylaws as a guide for organization. (*See Appendix C – Contact List*)

Officers and Directors

Only active members in good standing should be permitted to hold office or vote on any matter of business of the organization. Employees of the school should not serve in a financial capacity of a booster club or parent organization. Financial capacity includes holding positions of president, treasurer, or fundraising chairperson.

At a minimum, the organization shall elect the following officers on an annual basis.

- A. **President** – Typically, the president of an organization is a parent/guardian who has been active in the organization. Major duties include, but are not limited to, the following:
- Preside at all meetings of the organization;
 - Regularly meet with the designated campus representative regarding the organization's activities;
 - Resolve problems in the membership;
 - Regularly meet with the treasurer of the organization to review the organization's financial position;
 - Perform any other specific duties as outlined in the bylaws of the organization.
- B. **Vice President** – The vice-president acts as the president's representative in his/her absence. They must remain familiar with the organization. The major duties include, but are not limited to, the following:
- Preside at meetings in the absence or inability of the president to serve;
 - Perform administrative functions delegated by the president;
 - Perform other specific duties as outlined in the bylaws of the organization.
- C. **Secretary** – The secretary is responsible for keeping accurate records of the proceedings of the organization and reporting to the membership. The secretary must ensure the accuracy of the minutes of the meetings, and have a thorough knowledge of parliamentary law and the organization's bylaws. Major duties include, but are not limited to, the following:
- Report on any recommendations made by the executive board of the organization, if such a governing board is defined by the bylaws;
 - Maintain the records of the minutes, approved bylaws and any standing committee rules, current membership, and committee listing;
 - Record all business transacted at each meeting of the organization as well as meetings of any executive board in a prescribed format;
 - Maintain records of attendance of each member;
 - Conduct and report on all correspondence on behalf of the organization;
 - Other specific duties as outlined in the bylaws of the organization.

D. **Treasurer** – The treasurer is the authorized custodian of the funds of the organization. The treasurer receives and disburses all monies indicated in the budget and prescribed in the local bylaws or as authorized by action of the organization. Major duties include, but are not limited to, the following:

- Serve as chairperson of the Budget and Finance Committee, if prescribed within the bylaws of the organization;
- Issue a receipt for all monies received and submit said amounts to the local school bookkeeper on at least a weekly basis (daily if receipts on hand exceed \$250);
- Present a current financial report to the executive committee and general membership within thirty days of the previous month end;
- Maintain an accurate and detailed account of all monies received and disbursed;
- Other specific duties as outlined in the bylaws of the organization.

Election of Officers

The election of officers of the organization will occur annually within the timelines and manner prescribed by the organization's bylaws. Annual election of officers should take place so that the newly elected officers may be in place for the start of the next school year. Officer information should be submitted to the local school principal immediately following the organization's election even if officers have not changed from the previous year. *(See Appendix D)*

Standards for Meeting

Business will be conducted in open meetings, with adequate notification of all meetings to all members, and summary of proceedings kept. Notice of all general meetings of the booster club/parent organization should be published at the campus prior to the meeting date. In order to provide an optimum level of communication and teamwork, meetings should preferably be held in the presence of the campus principal or his/her designated school sponsor. If a representative of the school is not present, notification in writing of any official action should be submitted to the school representative the next business day.

Record Keeping

The secretary and treasurer of the organization shall turn records over to the incoming officers within 30 days of election.

Rules for Dissolution

To dissolve a parent support organization, a resolution should be adopted by the parent organization (or the executive board if the organization is inactive) stating that the question of such a dissolution be submitted to a vote at a special meeting of the members having voting rights. At least 30 days prior to the meeting, written or printed notice shall be given to each member entitled to vote stating that the purpose of such meeting is to consider the advisability of dissolving the club/organization. The parent organization must determine the distribution and usage of treasury monies and other assets in accordance with its bylaws before dissolution. In order to comply with Internal Revenue Service guidelines, care should be taken to ensure that excess funds are distributed within the framework of the organization's original purpose (e.g. band booster funds would remain with the music program at that particular campus).

II. ADMINISTRATIVE GUIDELINES

Relationship with the School Board

Parent support organizations must adhere to district policies and guidelines as well as federal and state laws and regulatory guidelines. Only approved organizations, operating under the School District policies and procedures, shall be allowed to use the school name and/or facilities in support of its programs. Any rules and regulations developed for the organization must conform to the law, the board of education's policies and regulations, and the school site's rules and procedures.

Parent support organizations do not have the authority to direct the duties of a school system employee nor do they have the authority to spend money for the school's benefit without the knowledge and approval of the principal or designee. The scheduling of contests, rules for participation, and all other criteria dealing with school programs are under the jurisdiction of the local school administration. School administration should apprise parent support organizations of all school activities related to the purpose of the organization.

If the superintendent/board considers it necessary, he or she may revoke the organization's authorization to conduct activities in the district. The principal has the authority to dissolve the relationship between the school and the parent support organization at any time.

Specific questions regarding policy or procedure of the Scottsboro City School System should be addressed to the campus Principal or designee.

Laws

Parent support organizations must adhere to all federal, state, and local laws as well as state and local administrative policies and procedures. It is the responsibility of the officers to ensure the organization is in compliance with such laws and policies. There are several regulatory agencies that govern these organizations and their operations including:

- Alabama State Department of Education
- Alabama Ethics Commission – Guidelines for Public Officials and Employees
- Alabama Building Commission
- Alabama Attorney General's Office
- Scottsboro City Board of Education
- Internal Revenue Service – IRS Publication 557 Tax Exempt Organizations

Training

All officers of the organization should go through an annual orientation with the superintendent, chief school finance officer, or their designee on the Scottsboro City School System's policies and procedures related to the operations of parent support organizations.

Contracts/Loans

School employees, including the local school principal, do not have the authority to sign contracts or notes incurring debt of the school or the district. There is no authorization for Parent Support Organizations to borrow money in the school's or local board's name or obligate future revenues of the organization. Any loan obtained by the organization would be a personal loan by individuals signing the note.

Parent support organizations do not have the authority to enter into any type of contract on behalf of the board of education or the authority to enter into any type of contract related to use of board property or equipment.

Fundraising Guidelines

All community and school support organization fundraising efforts shall fall within federal, state, and district guidelines and shall be for the purpose of supporting the school program or group activity for which the organization was formed. All parent support organizations shall obtain approval of the campus principal and the Scottsboro City Board of Education for all fundraising events prior to the start of the event.

Revenues generated from fundraising activities by tax-exempt organizations should benefit the organization, the sponsored student group, or student activity area as a whole, *not individuals*. Therefore, **individual accounts that credit individuals for their fundraising efforts should not be used**. Any profits from fund raising activities that are not spent for an organization's nonprofit exempt purpose cannot be returned directly to members or their families.

Tax-exempt organizations may not require people to participate in fundraisers. Fundraiser participation by students is voluntary; participation cannot be mandated. Benefits given by a parent organization cannot be distributed based on participation in a fundraiser or based on revenues individually generated in a fundraiser. Therefore, a person cannot be denied the opportunity to receive a benefit because of lack of participation in a fundraiser or because a specified amount of revenue was not raised.

Consideration should be given to student safety when planning a fundraiser. Standing on roadways at stop signs and other traffic signals is a safety hazard and is not permissible. Students should not be involved with door to door solicitation or sales.

Fundraisers that take place on the school campus during the school day or at a school function are considered public funds.

At the completion of the fundraiser, a form documenting the results of the activity should be completed and filed with the local school principal.

Games of Chance

Article IV, Section 65 of Constitution of Alabama 1901, **prohibits** the sale of tickets to a raffle in which a prize is awarded by chance. Tickets may be sold for a chance to participate in a game of skill where the winner of the game is awarded a prize so long as the outcome of the game doesn't depend upon the element of chance. Please refer to Attorney General's Opinion 89-00168. (*See Appendix E*)

Buildings and Other Structures on School Property

Any structure built on board property must follow federal, state, and local laws regarding building construction, building codes, and inspections. The Alabama Building Commission is authorized as the state agency for buildings and construction on school campuses. Organizations planning to assist with the building projects on the district's campuses must adhere to the following guidelines:

- Any building, building improvement, or land improvement on a property of the Scottsboro City Board of Education must be approved by the Scottsboro City Board of Education.
- A school system administrator or employee should be in charge of the project.
- The project must comply with Alabama Building Commission requirements
 - Full professional design team required
 - Plan, review, and approval required
 - Architect required to perform inspections
 - Building Commission will conduct required inspections including final inspection
 - Compliance with the Alabama *Public Works Law* or *Competitive Bid Laws* will be applicable in most situations
 - All projects should follow the same process regardless of funding

Note – Consideration should also be given to the annual operating costs associated with any new structure (utilities, insurance, annual maintenance, etc.).

III. FINANCIAL PROCEDURES

General

Support organizations are expected to follow the same financial procedures prescribed for the operations of the local school activities. Each organization should adopt procedures to ensure compliance with state and federal laws as well as policies and procedures of the Scottsboro City School System.

- Scottsboro City School System employees should not serve in a financial capacity of a parent support organization. Financial capacity includes holding positions of president, treasurer, or fundraising chairperson.
- The organization's membership must be provided with a financial statement at each meeting. The financial statement should provide a comparison of budgeted versus actual expenditures and receipts. A detailed activity report is also available from the local school bookkeeper.

Checking Accounts

Parent support organizations are not allowed to have outside checking accounts. These organizations are formed to support the operation of school sponsored activities. All funds related to the support of these activities must be accounted for in the local school's financial records. All funds must be deposited in and disbursed from the local school's board authorized bank account.

Internal Control Procedures

In order to protect the organization, its members, and its financial well-being, standard internal controls must be in place. The following is a summary of basic internal controls necessary to prevent the loss of funds through carelessness, mistakes, or misappropriation.

- **Controls/Procedures for Cash and Receipts**
 - Money should be turned in to the local school bookkeeper daily if the total receipts on hand exceed \$250. All money should be turned in to the local school bookkeeper within one week even if the receipts for all days combined are less than \$250. The support organization bylaws may require money to be turned in more frequently or at a lower dollar threshold.
 - All money must be turned in to the local school bookkeeper prior to holidays and weekends. Funds collected at events on holidays or weekends where a school administrator is on duty should be counted and given to the school administrator. If an administrator is not on duty, money should be turned in the next business day.

- Documentation is required for any delays in funds being turned in to the school as to the reason for the delay. The documentation should be signed by both the individual turning in the money and the school principal.
- All money collected from students and parents must be receipted on a school issued receipt. A receipt log may be used for individual collections of \$10 or less.
- All deposits/money turned in to the school should be accompanied by a receipt log, activity verification report, ticket reconciliation, or other supporting documentation.
- Receipts should include the date collected, from whom collected, the amount collected, whether cash or check (if check, include the check number), initials of person receipting the money, and the receipt number.
- Voided receipts should be marked "Void" and attached to the receipt book.
- Missing receipts are viewed as missing money; therefore, documentation in the form of a letter/memo should be written to the principal explaining any missing receipts.
- Errors should be marked through with a single line. The correct information should be written in and initialed by the individual making the correction. White out or correction tape should not be used.
- All money should be deposited intact. Personal checks shall not be cashed out of moneys received.

• **Controls/Procedures for Purchases/Disbursements**

- Purchase orders must be signed by an officer of the support organization and the school principal. All purchases should be included in the organization's approved budget.

Steps for Processing

- ✓ Confirm that the vendor will accept a purchase order.
- ✓ Complete and sign a purchase order providing detailed information and give to the principal for signature several days in advance of the purchase.
- ✓ Once the purchase order is approved by the principal and provided to the bookkeeper for verification of funds, the purchase may be made.
- ✓ Sales tax is not permitted. School districts are sales tax exempt. Documentation regarding our sales tax exempt status is available from the local school bookkeeper.
- ✓ A detailed, itemized receipt or invoice should be obtained when items are purchased.
- ✓ The receipt/invoice should be signed by an officer or school sponsor indicating that all items were received in good condition and given

to the bookkeeper for payment. **Items should be in hand before payment is made.**

- ✓ The school bookkeeper should pay for the items on the next check run.
 - ✓ Purchase orders should be voided after 90 days unless further documentation is noted.
 - ✓ Scottsboro City Schools does not allow backorders.
-
- Checks made payable to cash will not be issued.
 - All expenditures are to be by check. Cash payments are not allowed.

• **Controls/Procedures for Fundraisers**

- Prior to beginning a fundraiser, the parent support organization must complete a fundraiser request and submit to the principal for approval. This insures the activity is within the district's policy, provides the school with knowledge of the activities on campus, and helps to avoid duplication of similar fundraising campaigns during the same time period. Every fundraiser must be approved by the principal, superintendent, and board of education.
- A Report of Fund Raising Activity form should be completed to determine profitability at the completion of the fundraiser. This form will be made available in the finance section of the Scottsboro City Schools' website (www.scottsboroschools.net) and should be presented to the organizations' members. A copy should also be filed with the school principal.

IV. ACTIVITIES ON SCHOOL CAMPUS

General Guidelines

- Any activity on a district campus requires approval by the board or its designee.
- Proper accounting records should be maintained and all activity must be processed through the local school books.
- Occasionally school employees may do extra work for parent support organizations after normal work hours. **All payments made to school employees must be processed through the Scottsboro City Board of Education's payroll department.** A contract for extra work must be completed and submitted to the board of education's Chief School Finance Officer for approval. Payment will be made on a mid-month payroll and the school/support organization will be invoiced for the gross pay plus employee benefits as required by law.
- Per federal guidelines, a school cafeteria worker must be present when the school cafeteria is used for any outside function.
- Scottsboro City Schools may require liability insurance for third parties.

Note: Any activities/programs conducted by parent organizations off campus should be approved prior to the activity.

V. ETHICS

Alabama Ethics Law

The Alabama Ethics Law applies to all public employees and violations can result in criminal liability. Anyone employed by the state, county, or municipal level of government is considered a public employee. [Ref: ALA CODE §36-25-1(26)] This law also covers family members of public employees and officials defined as the spouse, dependents, adult children and his or her spouse, parents, spouse's parents, siblings and their spouses. [Ref: ALA CODE §36-25-1(14) and (15)]

The Alabama Ethics Law states that public employees cannot use their position for personal gain or public resources for personal use. Furthermore, it states that public employees cannot solicit or receive a thing of value because of their position, and cannot accept anything that might influence their official actions.

Alabama Code §36-25-1(11) defines de minimis as having a value of \$25 or less per occasion and an aggregate of \$50 or less in a calendar year from a single provider or as may be prescribed by the Ethics Commission. **Parent support organizations have been identified by the Alabama Ethics Commission as a single entity or provider; therefore, these organizations may only give a school employee gifts of de minimis value as defined by law.**



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Joseph B. Morton
 State Superintendent
 of Education

Alabama
 State Board
 of Education

November 8, 2007

MEMORANDUM

Governor Bob Riley
 President

TO: City and County Superintendents

Randy McKinney
 District I
 President Pro Tem

FROM: Joseph B. Morton
 State Superintendent of Education

Betty Peters
 District II

RE: *Guidelines for Financial Operations of School-Related Organizations*

Stephanie W. Bell
 District III

For many years schools and school boards have received conflicting guidance about the accounting requirements for school-related organizations. Several agencies have provided partial and often conflicting rulings regarding the required procedures for the operation of school, student, parent, athletic, and other organizations that provide financial support for school activities and functions.

Dr. Ethel H. Hall
 District IV
 Vice President
 Emerita

Two years ago we began the process of preparing guidance for financial operations at the local school level. We have circulated draft guidelines through workshops provided by the Council for Leaders in Alabama Schools (CLAS), the Alabama Association of School Office Personnel, and the Alabama Association of School Business Officials. Workshop participants were receptive and appreciative of our efforts to address areas of specific concern to school officials, parents, auditors, and school personnel.

Ella B. Bell
 District V

Enclosed please find a document entitled *Guidelines for Financial Operations of School-Related Organizations*. Although not specifically endorsed by the Alabama Council of SACS/CASI and the Alabama PTA, officials at both of these organizations have reviewed this document and have accepted the need to issue these guidelines.

David F. Byers, Jr.
 District VI
 Vice President

Because school boards may be required to amend or adopt local school board policies, the procedures necessary to implement these guidelines should begin as soon as possible, with a goal of full compliance by July 1, 2008.

Sandra Ray
 District VII

If you have questions or concerns about the enclosed guidelines, please contact Dennis Heard at telephone number (334) 242-9747 or by e-mail at dheard@alsde.edu.

Dr. Mary Jane Caylor
 District VIII

Joseph B. Morton
 Secretary and
 Executive Officer

JBM:WCP:DWH
 Enclosure
 FY08-3007

Guidelines for School-Related Organizations

The majority of public K-12 schools in Alabama operate under the accreditation standards of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS/CASI). The *Accreditation Standards 2005* published by SACS/CASI includes in *Standard 2 Governance and Leadership 2.4* the following requirement: **In fulfillment of this standard, the leadership of the school...Controls all activities, including extra-curricular, that are sponsored by the school.** This publication also provides in *Standard 6 Financial Resources 6.15* the following requirement: **In fulfillment of this standard, the school...Controls all funds raised in the name of the school....** Interpretations of these standards, primarily *Standard 6.15*, have created conflicting guidance from various sources relating to the accounting requirements for school-related organizations.

In addition to the requirements of SACS/CASI, the Alabama Department of Education must also consider other factors in providing these Guidelines for School-Related Organizations, including:

- *State laws giving the authority to establish financial and administrative requirements for local schools to the:*
 - *State Superintendent of Education.*
 - *State Board of Education.*
 - *Local Boards of Education.*
 - *Department of Examiners of Public Accounts.*
- *Governmental Accounting Standards Board (GASB).*
 - *Generally Accepted Accounting Principles.*
 - *GASB Statement No. 14 – The Fiscal Reporting Entity.*
 - *GASB Statement No. 39 – Determining Whether Certain Organizations Are Component Units.*
- *Federal legislation.*
 - *Internal Revenue Service.*
 - *Congressionally Chartered Organizations.*

The determination that a particular club or organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the club or organization's operations at a school. The fact that an organization would not exist without the school it supports has no bearing on determining that the organization is a school activity. However, the purpose of these Guidelines for School-Related Organizations is to assist these organizations, school officials, school bookkeepers, auditors, and other agencies in determining the proper accounting for school-related organizations.

Student Organizations

Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

Parent Organizations

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Both organizations have a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal, or,*
- b) *A school employee leads fund-raising or maintains the accounting records for the organization.*

Booster Organizations

All school sponsored extra-curricular activities must be under the control of the school. However, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extra-curricular activity, the volunteers in the booster organizations also enhance community support that often extends to benefit all of the students at a school. Because some of the activities of a booster organization may be intertwined with the extra-curricular activity it supports, some of the organization's activities may be under the fiduciary control of the school principal while other functions of the same booster organization are not school activities. The determination that a particular booster organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the organization's operations at a school. These organizations must have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) *Both parties mutually assent to the fiduciary control of the principal,*
- b) *A school employee, who is associated with the activity supported by the booster organization, serves/holds a leadership position in the organization, or,*
- c) *A school employee leads fund-raising or maintains the accounting records for the organization.*

Specific activities of a booster organization may come under the control of a school principal if:

- a) *The organization collects admission to the school function,*
- b) *The organization operates a concession operation on school property at the school function,*
- c) *The organization collects parking fees for the school function,*
- d) *The organization operates a training camp that includes students of the activity it supports, or,*
- e) *The organization operates an exhibition or competition that includes students of the activity it supports.*

Specific Requirements

Parent organizations and booster organizations that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls. Accountability for the funds these organizations control includes an agreement that:

- a) *The organization has obtained an employer identification number from the IRS.*
- b) *The organization provides a report of the annual audit of the organization to the school.*
- c) *The organization makes its financial records available to the school's auditors and authorized school employees upon request.*
- d) *The organization provides required financial reports.*
- e) *The organization provides proof of a fidelity bond for the treasurer.*
- f) *The organization will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.*



APPENDIX B

Booster Clubs & School Support Organizations

Registration & Approval Form

To: _____
(Principal or Administrator Name)

Location: _____
(School or Department)

Name of Organization: _____

Purpose of Organization: _____

Student Group to be Supported: _____

Faculty Sponsor for Organization: _____

Current Number of Parent Supporters: _____

I agree with the following statements:

- I have spoken with the faculty member who will serve as the sponsor of the support organization and have received their permission to submit this registration form.
- I have read the Parent Support Organizations Guidelines and Procedures and agree to abide by the rules and guidelines it contains.
- I understand that noncompliance with any Scottsboro City Board of Education policy or criteria may result in the disbanding of the support organization by the principal or administrator.

Submitted by:

_____/____/____ _____/____/____
(Organization Representative) Date (Faculty Sponsor) Date

Address _____ Phone Number _____

For District Use Only:

Received by: _____ Date: ____/____/____

- Approval of Support Organization
 Disapproval of Support Organization

_____/____/____
Administrator Signature Date

_____/____/____
Superintendent Signature Date

APPENDIX C

CONTACT LIST

In addition to the local school principal, other helpful contacts and resources are provided below:

Superintendent: Dr. Jose Reyes, Jr.	jreyes@scottsboroschools.net	256-218-2101
Financial Issues – CSFO: Sheila Cornelison	scornelison@scottsboroschools.net	256-218-2107
Facility Issues – Director of Operations Ken Holder	keholder@scottsboroschools.net	256-218-2128
Athletic Directors: Scott Hodges Jeff Tubbs	shodges@scottsboroschools.net jtubbs@scottsboroschools.net	256-218-2304 256-218-2004

Alabama State Department of Education	http://www.alsde.edu
Alabama Building Commission	http://www.bc.alabama.gov
Alabama Ethics Commission	http://ethics.alabama.gov/default2.aspx
IRS	https://www.irs.gov
National PTA	http://www.pta.org
Alabama PTA	http://www.alabamapta.org
National PTO	http://www.pto.org
Parent Booster USA	https://parentbooster.org

Alabama Ethics – Guideline for Public Officials and Employees

<http://ethics.alabama.gov/docs/GuidelinesPublicOfficialsEmployees7-2012.pdf>



APPENDIX D

Parent Support Organization Officer Information

Officer information should be submitted to your supporting campus/department immediately following your organization's election. Information should be submitted even if officers have not changed from the previous year. Any changes that occur during the year prior to the next election should also be reported utilizing this form. A copy of this form should also be maintained by the organization.

School Year: _____ Campus/Department Supported: _____

Name of Organization: _____

President:

First and Last Name

Street Address or PO Box, City, State, and Zip Code

Phone Number(s) and Email Address

Vice President:

First and Last Name

Street Address or PO Box, City, State, and Zip Code

Phone Number(s) and Email Address

Treasurer:

First and Last Name

Street Address or PO Box, City, State, and Zip Code

Phone Number(s) and Email Address

Secretary

First and Last Name

Street Address or PO Box, City, State, and Zip Code

Phone Number(s) and Email Address

OFFICE OF THE
ATTORNEY GENERAL

DON SIEGELMAN
ATTORNEY GENERAL
MONTGOMERY, ALABAMA 36130
(205) 261-7400



STATE OF ALABAMA

89-00168

FEB 10 1989

Honorable Donald B. Sweeney, Jr.
Rives & Peterson
1700 Financial Center
505 North Twentieth Street
Birmingham, AL 35203-2607

Education, Boards of - Schools -
Lotteries - Gambling

Under Article IV, Section 65 of
Constitution of Alabama of
1901, school board is prohib-
ited from selling tickets to
raffle in which prize is
awarded by chance.

School board may sell tickets
for chance to participate in
game of skill, with winner of
game awarded substantial prize,
so long as outcome of game does
not depend in material degree
upon element of chance.

Question of whether the outcome
of such game depends in
material degree upon element of
chance must be decided on
case-by-case basis.

Dear Mr. Sweeney:

This opinion is issued in response to your request for an
opinion from the Attorney General.

QUESTIONS

1. Are raffle contests in which donated prizes are raffled off to persons who have purchased raffle tickets permissible in Alabama?

2. Are games of skill permissible where potential participants purchase a ticket which, if their name is drawn, entitles them to participate in the game, with the winner of the competition being given a substantial prize? An example of this would be a basketball shooting contest wherein the participants purchase a ticket making them eligible to participate in the contest. If their name is drawn and they win the contest, the winner is awarded a substantial prize.

FACTS AND ANALYSIS

In the opinion request you state the following:

As attorney for the Mountain Brook Board of Education, I have been requested by the superintendent and board to ask whether raffle contests by local schools are in violation of Alabama law.

For years, local schools throughout the state have asked merchants to donate prizes which are then raffled off at special fund-raising events. This has been and continues to be a fairly common practice. The money raised by selling tickets for the raffle contest are used to supplement local school funds for school projects. In fact, many schools are significantly dependent on the money raised by these raffle contests to supplement available school funds.

Please advise whether the public schools may have raffle contests to raise money for school projects.

Article IV, Section 65 of the Constitution of Alabama of 1901 prohibits conducting lotteries in the State of Alabama, and specifically provides:

"The Legislature shall have no power to authorize lotteries or gift enterprises for

any purpose and shall pass laws to prohibit the sale in this State of lottery or gift enterprise tickets or tickets in any scheme in the nature of a lottery; and all acts or parts of acts heretofore passed by the Legislature of this State, authorizing a lottery or lotteries, and all acts amendatory thereof, or supplemental thereto, are hereby voided."

In the opinion to Honorable Gwin Wells, Mayor, under date of December 6, 1984, this office stated that the Alabama Supreme Court has held time and again that Section 65 of the Alabama Constitution prohibits the Alabama Legislature from allowing any person to engage in the business of conducting a lottery.

In the Opinion of the Justices, 397 So.2d 546 (Ala.1981), the court defined the elements of a lottery as: (1) a prize, (2) awarded by chance, and (3) for a consideration.

Because you state in the opinion request that the raffle contest consists of a donated prize which is awarded by chance for a consideration, i.e., the purchase of a ticket, it is the opinion of this office that such a practice by a school board constitutes a violation of the prohibition against engaging in the business of conducting a lottery.

Moreover, Code of Alabama 1975, § 13A-12-22 provides:

"(a) A person commits the crime of promoting gambling if he knowingly advances or profits from unlawful gambling activity otherwise than as a player.

"(b) Promoting gambling is a Class A misdemeanor."

In light of this statute, a person involved in the carrying out of the lottery, other than as a player, could be charged with promoting gambling in contravention of § 13A-12-22.

With regard to your second question, in the opinion to Honorable Doug Valeska, District Attorney, under date of September 20, 1988, this office noted that the term "gambling" is defined in Code of Alabama 1975, § 13A-12-20(4) as "... risk[ing] something of value upon the outcome of a contest of chance" A "contest of chance" is defined in § 13A-12-20(3) as:

"Any contest, game, gaming scheme or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein."
(Emphasis added)

In the example you give, i.e., the basketball shooting contest, it is our opinion that the outcome of the contest depends primarily on the element of the participant's skill, rather than chance, and thus, this type of contest would not fall within the statutory definition of a "game of chance."

We must point out, however, that each case must necessarily stand on its own facts, and it is not the function of the opinions division of this office to state whether or not criminal statutes of the state have been violated. Rather, this would be a question to be determined by a jury and/or judge in a court of competent jurisdiction.

CONCLUSION

Under Article IV, Section 65 of the Constitution of Alabama of 1901, a school board is prohibited from selling tickets to a raffle in which a prize is awarded by chance.

A school board may sell tickets for the chance to participate in a game of skill, with the winner of the game awarded a substantial prize, so long as the outcome of the game does not depend in a material degree upon an element of chance.

The question of whether the outcome of such a game depends in a material degree upon an element of chance must be decided on a case-by-case basis.

I hope this sufficiently answers your questions. If our office can be of further assistance, please do not hesitate to contact us.

Sincerely,

DON SIEGELMAN
Attorney General
By:



JEAN WILLIAMS BROWN
Assistant Attorney General