

**Chandler Unified School District
Expenditure Guidelines for
Tax Credit, Auxiliary, Student Activity and Other District Funds**

This guide has been created in response to numerous questions and confusion about expenditures that are allowed and those that are not allowed, particularly in Extracurricular Activity Donation Fund 526, Auxiliary Operations Fund 525 and Student Activities Fund 850. Sources of information and rationale for the guidelines include the "Uniform System of Financial Records for Arizona School Districts" (U.S.F.R), Arizona Revised Statutes (A.R.S.), auditor recommendations, and recommendations from other Arizona school districts. In addition, the philosophical positions of District administrators were considered.

Extracurricular Activity Tax Credit Funds

The laws relating to spending of tax credit donations are "vaguely specific," at best. A.R.S. 15-342(24) defines extracurricular activities as meaning "any optional, noncredit or educational activity which supplements the education program of the school, whether offered before, during, or after regular school hours."

Another section in the law, 43-1089.01(F), which relates specifically to tax credit donations, defines extracurricular activity as "school sponsored activities that require enrolled students to pay a fee in order to participate including fees for band uniforms, equipment or uniforms for varsity athletic activities, scientific laboratory materials, and in-state or out-of-state trips that are solely for competitive events. Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities."

A.R.S. 43-1089.01(A) also states that tax credit donations may support character education programs of the public school. According to A.R.S. 15-719, such character education programs must provide instruction with regard to at least six of the following character traits: truthfulness, responsibility, compassion, diligence, sincerity, trustworthiness, respect, attentiveness, obedience, orderliness, forgiveness, virtue, fairness, caring, citizenship and integrity. In addition, the programs must involve activities, discussions and visual media or oral presentations, which illustrate and reinforce application of the character traits.

According to the Arizona Auditor General, when assessing whether or not an expenditure is an allowable use of tax credit donation monies, one must ask the following questions:

1. Is the activity district/school-sponsored?
2. Is the activity for enrolled students?
3. Is the activity educational?
4. Is the activity optional?
5. Is the activity noncredit?

In addition, extracurricular activities may involve a Board-approved student participation fee which is paid directly to the district/school. Chandler Unified School District's Governing Board adopts a fee schedule annually.

Other requirements:

- **The requisitioner should be able to describe the character education program or specifically identify the extracurricular activity and defend how the extracurricular activity supplements the school's educational program.**
- If a school receives contributions that are not designated for a specific purpose, the site council for the school must determine how the contributions should be used at the school.
- The school principal or designee must approve all expenditures. No student approval is required. Final approval authority, however, lies with the Chief Financial Officer (or Associate Superintendent or Superintendent as noted).
- Funds must be available in the tax credit account before a purchase order is requested. Current account balances for each extracurricular activity can be obtained from the School Cash Fund Summary Report in iVisions.

Considering the above legal definitions and other requirements, a **partial list of examples** of eligible activities and specific expenditures of tax credit monies includes:

- Visual and performing arts—musical instruments for band or orchestra, marching band uniforms, trophies and non-monetary awards for achievement, sound systems for multipurpose rooms used for band/music programs, band/choir trips for out-of-state performances, high school parade activities
- Classroom enrichment—scientific lab materials; visiting authors, artists or speakers; Artist in Residence
- Educational and competitive field trips or camps—science camp; band camp; entrance fees for museums, zoos, botanical gardens, movies, theatrical performances, etc., which supplement specific course material (including fees for the number of chaperones needed to meet district chaperone-to-student ratios)
- Character Education programs—rewards for attendance or successful AIMS testing ; school uniforms for needy students, tux and dress rental for prom for needy students, student agendas/day planners
- Sports—uniforms for athletes, uniforms for athletic trainers, equipment, tournament fees, year-end banquets and awards (trophies, ribbons or comparable items valued at \$35 or less from all funding sources combined)
- After-school clubs or programs—photographic and recording equipment for Newspaper or Yearbook clubs, other capital items used after school by a club, year-end banquets and awards (trophies or ribbons), t-shirts or other clothing used in conjunction with an extracurricular activity, food of nominal value served in conjunction with an extracurricular activity (For example, tax credit funds may be used for purchases of popsicles for students in Running Club and for pizza at Speech and Debate competitions.)
- Capital items such as furniture, equipment and vehicles as defined in the USFR (Effective 8/27/19)
- Healthcare supplies for students such as tissues, hand wipes, bandages, etc. (Effective 8/17/19)
- Playground equipment and shade structures (Effective 8/17/19)
- Transfer of general funds to another school within the district with site council approval (Effective 8/17/19)

Remember, the above list is certainly **not** all-inclusive. There are many other activities that may meet the definition of extracurricular activities. If in doubt, contact Lauren Randel, Assistant Business Manager, who will determine if an activity is extracurricular. Appeals may be made to Lana Berry, Chief Financial Officer, who will make the final determination, if necessary.

Tax credit donation funds **cannot** be used for:

- Books and materials for summer school classes that issue credits
- AVID or athletic academies (Recall that tax credit may only be used for noncredit programs. M&O or Principal's discretionary gift fund are possible alternative funding sources. However, educational field trips for AVID students are allowed out of tax credit.)
- Stipends or salaries for coaches or staff for programs for which students earn credit (M&O or Principal's discretionary gift fund are possible alternative funding sources.)
- Recreational activities such as field trips to Polar Ice, Stuffington Bear Factory, or bowling alleys (However, such activities may be allowed for special education students or when specific evidence of the educational nature of the activity is provided; approval is required by Chief Financial Officer, Lana Berry.)
- Food purchases for adults, unless the adults are accompanying or supervising students during an activity (For example, tax credit monies may be used for food for adult chaperones on a field trip.)
- Tourist activities or any trips to amusement parks (However, if the primary purpose of the trip is educational, and the stop at the amusement park is incidental, the educational portion of the trip may be paid for using tax credit funds. The amusement park stop must be paid for with Student Activity funds or another source.)
- Senior trips
- Parties or dances
- Non-preauthorized expenditures (must have a PO before purchase) and expenditures which do not meet other District procurement guidelines

Again, the above list is **not** intended to be all-inclusive. There are other activities that do not meet the definition of extracurricular activities. If in doubt, contact Lauren Randel, Assistant Business Manager, who will determine if an activity is extracurricular. Appeals may be made to Lana Berry, Chief Financial Officer, who will make the final determination, if necessary.

Further guidance:

The extracurricular activity fee schedule, along with further guidance, can be found in the ***Chandler Unified School District No. 80 Tax Credit & Extracurricular Activity Fees manual***.

Auxiliary Operations Funds

The Auxiliary Operations Funds are monies raised in connection with bookstore and athletic activities. All Auxiliary Operations expenditures must meet district procurement guidelines.

Following are some, but not all, examples of allowable expenditures:

- Athletic gate receipts may be expended for game officials, tournament entry fees, approved meal expenses (for AIA approved district sport team activities outside the Phoenix metro area and for all-day tournaments within the metro area), police/paramedics, and scholarships for student insurance and athletic physicals.
- Fees collected for fine arts and vocational education courses may be used to purchase materials for those courses.
- Revenue collected in the bookstore from the sales of supplies and materials may be used to purchase similar items.
- Band and orchestra rental fees may be used to purchase or repair instruments.
- Parking fees may be used for security guard wages or at the principal's discretion, although food purchases exclusively for adults must have the approval of the Superintendent.

- Student ID card fees, locker fees, commissions from school pictures and vending machine revenue may be used at the principal's discretion, although food purchases exclusively for adults must have the approval of the Superintendent.
- Revenue from Student Activity cards may be used at the principal's discretion, except for any amounts needed to cover gate receipt deficits. Also, food purchases exclusively for adults must have the approval of the Superintendent.
- Revenue from camps and clinics may be used to purchase t-shirts/clothing for teachers/adults for coaches for games, tournaments, camps or clinics.
- Revenue from extracurricular activity fees may be spent for purposes related to the extracurricular activities.
- Auxiliary revenues may also be spent for other miscellaneous district-related operational expenses.

Student Activity Funds

In general, Student Activity funds should be spent for the benefit of those students who participated in the fundraising activity, unless otherwise approved by the club. Student Activity monies may not be used to supplant any District expense.

In addition to funding expenditures that benefit the participating club members, Student Activity funds may be used to purchase awards, prizes, food or refreshments for students. Student Activity funds may also be granted to teachers, but the monies must be spent in the classroom for the benefit of students. (For example, the funds could be used for instructional supplies.) Such expenditures must be approved by the club, and the approval must be recorded in the minutes.

Following are some, but not all, examples of purchases that are **not** allowed:

- Gifts, food, refreshments or parties for teachers or administrators--It is understood that students would likely approve these expenditures. However, it is inappropriate to request Student Activity funds for such expenditures, and the District must avoid any impression that would indicate the inappropriate use of student funds or undue influence. The only exceptions are for the purchase of food for adults acting as sponsors or chaperones during an activity and the purchase of gifts one time per fiscal year for Teacher Appreciation Week (maximum \$10 per teacher; gifts exceeding \$10 per teacher must have prior approval by Lana Berry, Chief Financial Officer).
- Alcohol or tobacco
- Donations to parent or teacher groups
- Instructional aide wages
- Instructional teacher training

Other District Funds—M&O Fund 001, Gift Fund 530 and Lost Textbook Fund 555

Food

Schools and departments may not use M&O (Fund 001) to purchase food for students, except for special education students when their IEP's specifically identify the use of food as part of their instruction. An exception may also be made for purchases of candy for elementary classroom incentives or educational purposes, provided the principal specifically approves the purchase. In addition, schools and departments may not use District funds for the purchase of food or refreshments exclusively for teachers/adults, except in extraordinary circumstances. **In all instances,**

approval by the Superintendent is required for food expenditures exclusively for teachers/adults using District funds.

Gift funds must be used as designated by the donor. If undesignated or discretionary, the principal or administrator must approve any expenditures. Discretionary gift money may be used to purchase food or refreshments for students only. The only exceptions are: 1) For food or refreshments purchased for adults while accompanying or supervising students during an activity. (Recall that Student Activity and Tax Credit funds also may be used for food purchases for students and accompanying adults during activities.) and 2) For food or refreshments for volunteer recognition events, provided the amount spent per person does not exceed \$10.

Awards

Recognition awards for students for extraordinary efforts or accomplishments may be expended from District funds (M&O or Principal's discretionary gift fund). Such awards could include plaques, trophies or other items of similar value, not to exceed \$35 per award from all funding sources combined. More elaborate awards must be approved by the Chief Financial Officer or the Superintendent. However, pursuant to Attorney General Opinion No. 187-123 and subsequent related opinions, students may not be rewarded for attendance or AIMS testing using M&O funds.

Typical recognition awards for staff, such as plaques, specialty pens or gift cards, may be expended only from Principal's discretionary gift fund, provided the value does not exceed \$35 per award. Other awards must be approved by the Chief Financial Officer or the Superintendent. The intent here is to allow for recognition of staff for extraordinary effort or accomplishments. Providing an award for all staff members at a school would not be appropriate.

Uniforms, Spirit Day Shirts and Lanyards

District funds (M&O and Principal's discretionary gift fund) may be used to provide **required** uniforms for employees. Spirit Day t-shirts are not considered to be "required uniforms." Lanyards, however, may be provided for all District employees.

Lost Textbooks and Library Books

Funds collected for lost or damaged instructional materials (library books, textbooks and other supplementary materials) must be deposited into the Lost Textbook Fund (or the Auxiliary Operations Fund for the high schools) and used by the District to purchase new like-kind instructional items.

QUICK REFERENCE—IS A PURCHASE ALLOWED?

Refer to the detailed Expenditure Guidelines for additional examples of expenditures and allowable funding sources.

		Funding Source				
		M&O (001)	Tax Credit (526) <small>**Must answer questions below</small>	Student Activities (850)	Auxiliary (525)	Gift (530)- Principal's or Superintendent's Discretionary
Use of Funds	Food for students	No, except for food specified in Special Ed IEP's	Yes, if served in conjunction with an extracurricular activity	Yes	Yes	Yes
	Food for teachers/adults	No	No, unless teachers/adults are supervising or accompanying students	No, unless teachers/adults are supervising or accompanying students	No, unless teachers/adults are supervising or accompanying students	Yes, \$10 limit per person (including volunteer recognition events). Civic Center and Community Ed General monies may also be used.
	T-shirts (\$15 limit)/ Clothing (\$25 limit) for students <small>Unless otherwise approved by Chief Financial Officer (Approval email required)</small>	No	Yes, if used in conjunction with an extracurricular activity	Yes	Yes	Yes
	T-shirts/ Clothing for teachers/adults	No, unless a required uniform	No	No	No, unless a required uniform	Yes, \$25 limit
	Recreational/tourist activities for students (i.e. field trip to Polar Ice or bowling alley)	No	No (Exceptions may be made for Spec. Ed.)	Yes	Yes (a fee will typically be charged to students)	No, unless donor specifies the activity
	Awards/rewards for students <small>\$35 limit unless approved by Chief Financial Officer (Approval email required).</small>	Yes, except for attendance or AIMS testing	Yes, if valued at \$35 or less from all funding sources combined	Yes, if valued at \$35 or less from all funding sources combined	Yes, if valued at \$35 or less from all funding sources combined	Yes, if valued at \$35 or less from all funding sources combined
	Awards/rewards for teachers	No	No	No, except for \$10 Teacher Appreciation gifts	No	Yes, if valued at \$35 or less

****To be tax credit eligible, ask the following questions: 1) Is the activity school sponsored? 2) Is the activity for enrolled students? 3) Is the activity educational? 4) Is the activity optional? 5) Is the activity noncredit? If the answers are yes to the above five questions, then tax credit monies may be used to support the activity. If the answer is no to any one of these questions, then tax credit monies may not be used to support the activity.**