

PANOLA SCHOOLS ACTIVITY FUND MANUAL

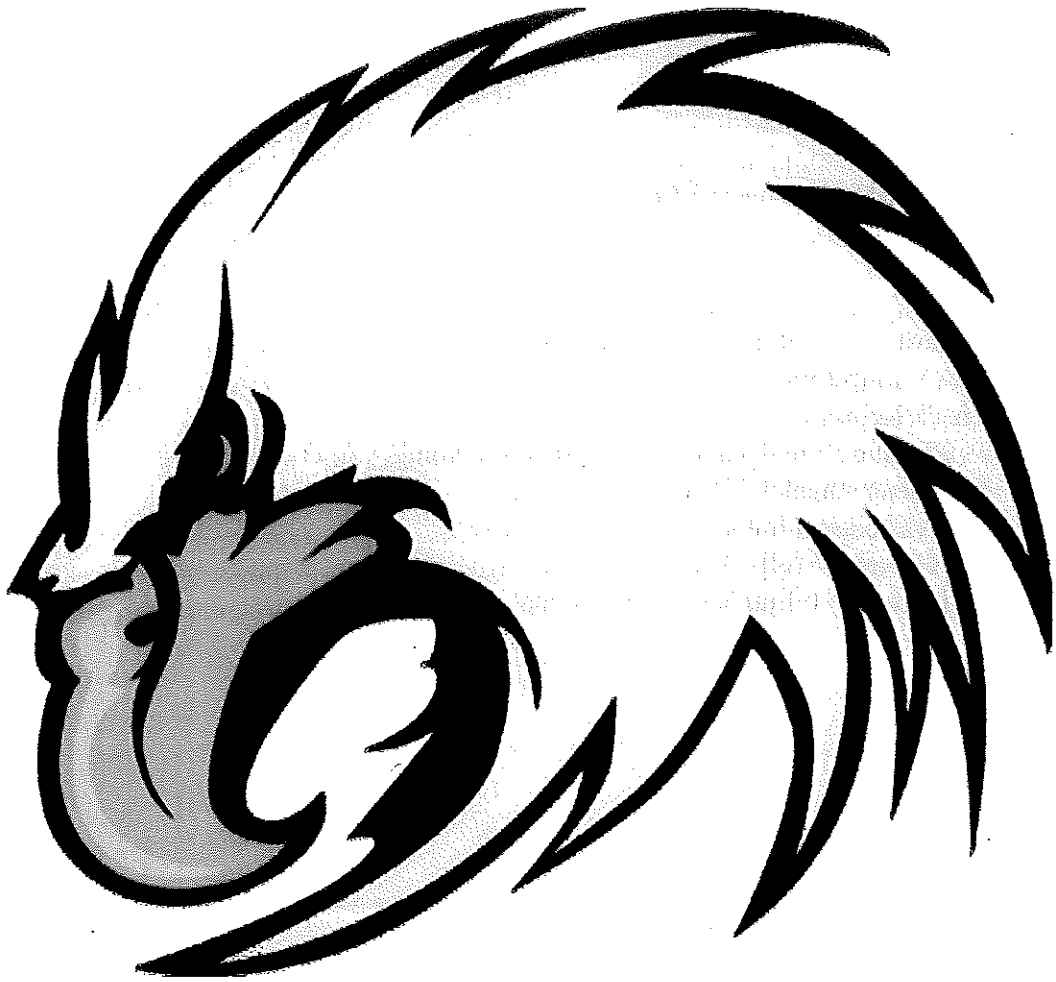


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ACTIVITY FUND OVERVIEW

Activity funds are used to account for funds held by a school in the capacity of a trustee or as an agent for campus organizations and the general administration of the school. These funds are used to promote the general welfare of the school and the educational development and morale of all students. The accounting function for the activity fund is delegated to each campus and must comply with the guidelines and procedures described in this manual.

All employees involved in the administration of activity funds should be adequately trained. First time District principals and principals assigned to a new instructional level are required to attend an activity fund workshop. Campus administrative assistants, sponsors, and other personnel involved in the handling of activity funds are also required to attend an activity fund workshop.

What am I responsible for?

Student activity sponsors are responsible for maintaining accurate records of all financial transactions of the club or organization. Bylaws should be established that address how the money raised is to be expended. Keep in mind that the money belongs to the students in the group and therefore, should be spent under their direction. The sponsor shall have authority over the fund but should involve the students in the decision making.

Campus activity sponsors are responsible for maintaining accurate records of all financial transactions of the campus account.

Both student activity funds and campus activity funds/groups are subject to all State and District purchasing policies applicable to budgeted funds.

What is a campus activity fund/organization?

- Funds belong to the campus/district.
- Campus principal, organizational sponsor or department head responsible for deciding how funds are spent.
- Money is raised locally at the school or donated to the school.
- Expenditures primarily benefit the student body.
- Expenditures must adhere to State and Board policy and District procedures.
- Expenditures subject to state purchasing and bid laws.

What is a student activity fund/organization?

- Student organizations must have a faculty sponsor.
- Student organizations must have bylaws and officers and hold regular meetings.
- Student organizations must retain minutes of the organization's meetings.
- All funds raised by student organizations are to be expended at the discretion of the students and documented in the minutes.
- Sponsors must keep detailed records of the organization's activities as well as the organization's collection and disbursement of funds.
- Student organizations to be disbanded may determine the use of the remaining balance in its activity fund. Funds remaining from an organization which made no such documented determination may be transferred by the principal to a campus activity fund and used at the principal's discretion.

FUND RAISERS

The Approval Process

- All fundraising activities **must be approved in writing by the principal and the superintendent of schools** 10 days in advance of being scheduled as a school sponsored event via a Panola Schools Request for Fundraiser form. (Exhibit 1)
- Fundraisers must be approved annually.
- Fundraisers are **NOT** to begin until you have a copy of the approved request form signed by the superintendent.
- Material or merchandise for a fundraising project may not be ordered prior to receiving written approval. Any person ordering merchandise without the prior approval will assume full responsibility for the expenditure as a personal purchase.

Use of Funds (See - Expenditure of Funds)

• If a fundraiser is promoted for a particular cause, you *must* do exactly what you promote. In other words, if a car wash is held to help pay the way to Six Flags - then the funds raised must be used for expenses related to the Six Flags trip. If you promote the fundraiser in "general" terms, you have more flexibility. For example - You sponsor a car wash to "help *support* the cheerleaders."

- **Funds should *not* be used for:**
 - Gifts/Gift cards for faculty (except as authorized through social funds which are generated solely by campus personnel contributions).
 - Donations to charitable organizations, unless specifically raised for that purpose. (Student groups may not vote to donate funds to charities unless a fundraiser was approved and held specifically for the purpose.)
 - Gift cards for students valuing more than \$50. (See Gift Card information below)
 - Student awards that were not included on a Request for Fundraiser Approval form.
 - Financing the attendance of school personnel at meetings, *except* in the capacity of faculty sponsor on student trips.
 - Payment of professional dues for school personnel.

"Any activity that does not promote the general welfare of the school or the educational development and morale of students.

- Funds *may* be used for:

Trips

• Monies raised by clubs, class/student groups to finance trips *related to student activities* for faculty sponsors and students may be expended with approval of the Principal.

Scholarships

• Student Activity Funds may be used to award scholarships to students on the basis of educational merit.

The scholarship award should be paid directly to the educational institution of the recipient's choice, or can be paid directly to the student if valid proof is provided of attendance to an educational institution.

- Scholarships paid on behalf of an individual student should be limited to

\$2,500.

- Awards and Prizes
- Gifts

- Monies raised in the school's name may *not* be used to pay cash awards or to

buy cash prizes for students unless noted in the Intended Use of Funds section of a Panola Schools Request for Fundraiser Approval. In this event, the award must be kept to a nominal amount. Cash awards or prizes include currency, checks, savings bonds, money orders, gift certificates or any other medium which can be readily converted to cash.

- Awards such as merit certificates, trophies, plaques or other means of recognition with nominal value are preferred and may be purchased from Student Activity Funds or Campus Activity Funds in recognition of scholastic, attendance or fundraising activities for students.

- Monies raised in the school's name by the student body or student groups may *not* be used to purchase gifts for school personnel (example - gift certificates).

- Students *may* contribute personal money toward the purchase of a gift for school personnel.

- Monies raised in the school's name may *not* be used by the school or school group to make cash contributions to charitable or other outside organizations.

- Donations may be made when money is raised for a charity and is well noted in the advertising for the fundraiser.

GIFT CARDS

In the event a gift card is purchased for one of the acceptable uses listed below, the following procedures shall be performed:

" Student awards bought with campus activity funds, including gift cards, should be nominal in value and should tie directly in with the Intended Use of Funds description on the original Panola Schools Request for Fundraiser Approval form.

- Example - Intended Use of Funds: The proceeds from this fundraiser will be used to purchase playground equipment, nominal awards, such as gift cards for miscellaneous student recognition awards and nominal prizes, such as gift cards for fundraiser prizes.

- Student awards bought with student activity funds, including gift cards, should be nominal in value and should be voted on by the student members and recorded in the student activity club minutes.

- All fundraiser prizes, including gift cards, are to be accounted for on the CISD Fundraiser Financial Recap form as Other Costs and purchased through the appropriate campus activity account.

- All receipts should be attached to the purchase requisition form or check request form and submitted to the Business Office within one week of disbursing the gift card.

Acceptable Uses

- Student recognition/awards may be bought from principal fundraiser accounts/campus activity funds if the expense was included on a previously submitted Request for Fundraiser Approval form.

- Student recognition/awards may be bought from student activity fund accounts if voted on by the student members and recorded in the student activity club minutes.

- Staff appreciation gift cards may only be purchased from social fund accounts such as courtesy funds where all revenue has been generated solely by campus personnel contributions.

Unacceptable Uses

- Monies raised in the school's name by the student body or student groups may not be used to

purchase gifts for school personnel.

- Staff appreciation gifts (except as authorized through social funds which are generated solely by campus personnel contributions)
- Gifts to individuals for services performed
 - Staff benevolence or retirement gifts (except as authorized through social funds which are generated solely by campus personnel contributions)

REFUNDS

- Refunds are allowable if money was contributed directly by the individual.
- Money raised in the school's name may *not* be refunded to students.
- Refunds can be the result of cancellation of field trips, overcharges on books, etc.
- Multiple Refunds
- One check may be issued to the activity fund sponsor, who will distribute the refunds to each student.
- Each individual due a refund shall sign the CASH ISSUED TO EMPLOYEES OR STUDENTS form (Exhibit 15) verifying that a refund was issued and the date that it was received.
- The activity fund sponsor will return the signed CASH ISSUED TO EMPLOYEES OR STUDENTS form and any undistributed refund to the school office.

SALES TAX ON SCHOOL FUNDRAISERS

Although schools may purchase items tax-free, public schools and school-related organizations must collect the sales tax on all sales that are not specifically exempted.

The majority of activity fund collections fall into one of two categories: A sale or not a sale. The following information may be used as a general guideline in determining whether to classify revenue as a sale or not:

- Sale

Admission - athletic, dances, performances, clinics, workshops, summer camps, project graduation

Donated items that are not sold

Fundraisers that we are the seller, not just the middleman

Rental of items

Sales of food

Sales of merchandise - including items made by students

Sales of services

School publication sales

- Not a Sale

•) Collections from students to pay a company for admission (i.e. Movie ticket)

•) Commissions received

•) Donations received (i.e. Commemorative brick)

•) Dues

•) Fees -lab, transcripts, uniform cleaning

•) Fieldtrip collections

•) Fines (i.e. - library)

Once the activity has been determined to be a sale, the issue then becomes to tax or not to tax.

Taxable Sales

- yearbooks, directories, football programs, and other student publications

- Any type of materials such as pennants, pencils, ribbons, pom-poms, etc.
- Any other item(s) sold as personal property
- Fees for materials when the end product becomes a possession of the student
- School rings
- books sold to students at book fairs
- All sales of items such as handicrafts, -shirts, candles, cups, books, and school supplies sold by a school-associated organization during a fundraising drive
- School-purchased supplies sold directly to students including athletic equipment and physical education uniforms
- Agricultural sales
- plants - holiday greenery and poinsettias
- Rummage, yard and garage sales
- School Publications - athletic programs, posters
- Spirit items
- Uniforms
- Vending - pencils and other non-edible supplies when the school services the machine
- Supplies - Any sold to students
- Other items defined as taxable by the State Comptroller's Office

Non-Taxable Sales

- Vending machine sales - Food
- Ad sales- yearbooks, programs
- Discount cards
- Parking permits
- Services- car washes
- Bake sales
- Admission tickets (such as athletics, etc.)
- Food, including candy and soft drinks
- Two one-day fundraisers (See One-Day Tax-free Sales Category).

Texas sales tax statutes impose tax on the sale, lease or rental of tangible personal property and selected services. Tangible personal property includes personal property that can be seen, weighed, measured, felt, touched or that is perceptible to the senses in any other manner. When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable. It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group for a school function.

School districts and school groups making sales of taxable items that do not have a specific exemption must collect and remit the tax. The items or activities on the lists above have been identified as being taxable or non-taxable by the Comptrollers' Office when these items are sold or sponsored by a school, by an organization within a school, PT As, Booster Clubs and employee associations. Whether taxable or not, all sales are reportable as sales on line 1 of the Texas Sales and Use Tax Return. These lists are not all-inclusive but may help determine the tax status of other similar sales.

One-Day Tax-free Sales

Each school district, each school and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During the tax-free sales, the organization may sell any taxable item tax-free when the price of the item is \$5,000 or less. There is no limit on the number of bona fide groups at a school or school district.

- The school district qualifies for a tax-free day;
- The school-wide fundraiser qualifies for a tax-free day;
- The Basketball Club qualifies, but the basketball team does not.
- The Cheerleader Club qualifies, but not the cheerleader team.
- The Debate Club qualifies, but debate teams and classes do not.
- The Spanish Club qualifies, but the Spanish classes do not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

A bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings and conducting business are bona fide chapters of the school and each group may have two, one-day, tax free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.

One-day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of preordered and prepaid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. The school group would collect and remit tax to the vendor, and the vendor would report the sale and remit tax to the Comptroller's office .

- When using a one-day sale, a new tax exemption certificate must be issued to the vendor *each year*. Items bought for resale to students, such as pencils, paper, t-shirts, supplies for class are taxable, just as if they were bought by the student from a store. There are two options in handling these transactions: 1) purchase tax free and collect and remit sales tax, or 2) pay sales tax to the vendor and be reimbursed by the student for the cost plus sales tax.

Collection and Remittance of Sales Tax

- The school/student group should collect sales tax of 8.25% on all taxable sales.
- There are two options when imposing sales tax:
 - **Adding the tax to the selling price of the item.** If the selling price of an item is \$4.00 and the tax rate is 8.25%, the school will collect \$4.33 (\$4.00 plus \$0.33 tax) from the buyer. Multiply tax rate of .0825 by selling price to determine amount of tax to collect. Round u to the next penny.
 - Absorbing the tax in the selling price of the item. If an item sells for \$4.00 including tax, the school keeps \$3.69 and remits \$0.31 for sales tax. Using this method multiply the total collections by .0762 to determine the total state and local taxes due.
- The Business Office sends out a quarterly sales tax report form to be completed by each school group. • The Business Office will assume full responsibility for transmitting to the State Comptroller's office all sales tax collections reported. Each group is responsible for paying their sales tax burden.

RECEIPT OF FUNDS

Cash Receipts

- Prepare official pre-numbered, three-part receipts in ink for all cash and/or checks received.
 - At least two people should be involved in cash handling and deposits with both individuals verifying the deposit and initialing the cash received documentation.
 - Keep in mind that issuing receipts is in your best interest.
 - Voided receipts should be returned and noted in three-part receipt book.
 - If at all possible, the person preparing the receipt should count the cash in front of the person turning in the money. If not possible, the money should be sealed in front of the person turning in the money, placed in the vault until it can be opened and counted when a second party is available to witness and verify the deposit.
 - Total of cash and checks should be shown separately on cash receipt or deposit/receipt summary. A copy of the receipt should be given to the person submitting the money.
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- Keep third copy of receipts (including voided ones) in the three-part receipt book for future reference.
 - A listing of all checks should be kept with record of deposit. You may choose to use an excel spreadsheet instead of the form presented within this publication.
 - Checks should be endorsed "For Deposit Only," using the name of the school and the account number at the time they are received.
 - If collections are numerous and small in size (\$5.00 or less), a Cash Receipts Tally Sheet form should be used as money is collected from students. In such cases this form should be treated in the same manner as the receipts noted above.
 - Completed receipt books should be turned in to the campus office upon completion.
 - Cashing of personal checks is not permitted.
 - Do not spend *any* of the collections. (Receipts must be deposited and checks written for Expenditures.

ALL CASH SHOULD BE DEPOSITED PROMPTLY!!!! Or put in the lock safe provided by Panola Schools. The lock safe should be secured to a permeant structure and the campus principal and the staff person designated to handle the money are the ONLY two people who have a key and the combination to the safe.

DEPOSIT OF FUNDS

Bank Deposits

- DEPOSITS MUST BE MADE DAILY by the organization sponsor or given to the school secretary for deposit. Panola Schools provides a courier service for this purpose. When activity funds are lost due to carelessness, theft, or fraud, the account sponsor will be held personally liable and will be required to reimburse the account by check, cash, or payroll deduction.
- You should check with your campus office to determine at what time each day your deposits must be received in order to be deposited each day. If for any reason you are unable to secure your deposit in your campus office, you should plan on taking the deposit to the Business Office or call the Business Office for a courier to pick it up.
- **Do not keep more than \$150 cash on a regular basis.**
- Do not deposit money in a personal account or bank deposit box.
- Submit all money to be deposited in the same form as collected. (Don't make change.)
- Deposit slips or money turned in to the office must be accompanied by copies of Receipts/Deposit Summary prepared by you. The designated person on your campus will count the deposit in your presence, sign off on your Summary and issue you a receipt.

EXPENDITURE OF FUNDS

General Information

- Do not make any purchase unless enough funds are available in the proper Activity Fund account. If funds are not available when payment is due, the Principal will be asked to make payment arrangements.
- All purchases require **prior** sponsor and principal approval. Any purchases made without prior approval could result in the sponsor / purchaser becoming liable for the bill.
- Approved vendors (i.e., Region VII, Buy Board, etc.) are required for Student Activity Fund expenditures.
- Approved vendors (i.e., Region VII, Buy Board, etc.) are required for Campus Activity Fund expenditures.
- **Do not spend any of the collections.** Expenditures of money must be made using checks issued by the central office.

If students are involved in fund raising activities, they may not earn credit for any rewards based upon amount of money raised in fundraising event. According to IRS restrictions placed on tax-exempt organizations the organization must benefit the organization/group instead of benefiting individual members of the group.

Example:

Underwater Basket Weaving Booster Club is having a fundraiser to help with the cost of sending their club to Sea World. Of the 100 total students in the group only 50 participated in the fundraising event raising \$1,000. The \$1,000 must be allocated to all students participating in the field trip. If all 100 students attend they could be credited \$10 each.

SUBMITTING PAPERWORK TO BUSINESS OFFICE

- Determine cost of service / product requested.
- Submit a Purchase Requisition to the campus principal. All purchases must be approved, and you must have a purchase order number *prior* to ordering. Activity fund purchases follow the same District and State rules as budgeted purchases.

- Find out if the vendor will charge the products or services to the activity fund or if a check will be required at the time of product or service delivery.
- If products or services are charged to a purchase order, be sure that vendor so notes the purchase order number, the campus name and student group / activity fund on the billing.
- If a check is required it must be noted as such on the authority to purchase form with an exact amount for the purchase. School offices are not allowed to issue blank checks for any purpose.
- In either case, cash or charge, original receipts for reimbursement must be submitted for backup for audit to the Business Office within 10 days of the transaction.
- In no case may a check for service be written to a District Employee. If services are to be provided by a District employee you must contact the business office for details on how to handle the transaction.
- If services or products are being purchased from an individual a completed W-9 (Exhibit 8) must be secured before the check can be released. You may check with Accounts Payable to see if the vendor has the W -9 on file with our District.
- Products purchased with activity funds must be picked up or delivered to the school address, never to the sponsor or another address.

TRAVEL GUIDELINES

Activity Funds can only be used for travel in the capacity of faculty sponsor on student trips or for activity sponsor training.

Travel using activity funds must follow the same policies and procedures as normal District travel. Advances for meals, miles, fees and hotels may be written. Such amounts should be requested using the request for travel advance- activity funds (Exhibit 5)

The Sponsor *must* ensure that:

- Each student receiving cash shall sign the Cash Issued to Employees or Students form verifying that the cash was received, and date received.
- The Activity Fund Sponsor will return the signed Cash Issued to Employees or Students form and any undistributed cash to the Business Office.

Can I buy Merchandise with My Own Money and Be Reimbursed?

Only in emergency situations and after approval is received. Remember: Doing so without prior approval could result in the sponsor/purchaser becoming personally liable for the bill! What do you do in cases when there is no way to estimate a product cost prior to a necessary purchase?

In cases where there is no way to determine an amount to write a check for prior to the purchase a product you should still use the "Purchase Requisition" form. In such cases a detailed listing of items to be purchased must be included on the form prior to issuing the check and the check will be issued based on an estimated amount. Immediately upon return, receipts for all purchases should be returned along with all unused cash. Only items listed should be bought. A reminder should be given to requestor that purchasing items not pre-listed could result in them having to repay or their paycheck being docked. After the form is approved by the campus principal, it must be entered to obtain a purchase order number for ordering or purchasing or obtaining a check. All purchases must be accompanied by a purchase order number.

CLOSING OUT A FUNDRAISER

A fundraiser is conducted to raise as much money as is possible for the student group. In order to evaluate the success of a fundraiser, proper procedures must be followed. Also, activity funds are subject to audit. Records that are not in good order indicate poor management of the activity fund and could result in an audit of previous year fundraisers and possibly the cancellation of the activity fund. Fundraiser Financial Recap (Exhibit 10). This report must be sent to the Business Office at the conclusion of the fund raiser and after signed off on by the principal. The report is designed to help the sponsor evaluate the effectiveness of the fund raiser. After all, you will not want to repeat a fund raiser if the profit does not justify the time and effort it took to complete it. (Exhibit 11)

Records to Retain

Activity Fund records shall be retained for a period of five (5) years.

- Request for Fundraiser Approval form. (See Exhibit 1)
- " Fundraiser Activity Distribution lists.
- " Daily collection reports and list of students with outstanding receipts.
- Tabulation of sales tax collections.
- Cash receipts received for money turned into the Business Office.
- Receipts of expenditures.
- All records and documents of the District are governmental records and the intentional destruction, concealment, removal or other impairment of a governmental record which renders the record untrue, illegible or unavailable is an offense. (Section 37.10, Texas Penal Code)
- Tampering with governmental records is considered a felony of the third degree if it is shown at trial that the governmental record was a public-school record, report or assessment instrument required under Chapter 39, Education Code.
- Activity funds will be audited periodically by the District's Business Office. The Business Office will also be examining your organization bylaws and minutes to ensure student involvement and student consensus is being followed. In addition, the District's independent auditors will be examining all the activity funds during their annual audit.

HELP

-) If you need help or do not understand something, ask your Principal or call the Business Office.
-) If you are not receiving proper documentation and/or adequate cooperation from anyone involved in the activity fund process, discuss the problem with your principal.
-) If you are asked to do anything you do not believe is correct or proper, notify your principal, or the Business Office.

EXHIBITS

(Please see Panola Schools website for the following forms.)

Exhibit 1 - Request for Fundraiser Approval Form

Exhibit 2 - Check Request

Exhibit 3 - W-9 Request For Taxpayer Identification Number And Certification

Exhibit 4 - Fundraiser Financial Recap

Exhibit 5 - Deposit/Receipt Summary

Exhibit 6 - Cash Receipts Tally Sheet

Exhibit 7 - Cash Issued To Employees Or Students