

Activity Fund Procedure Manual



Sherman Independent School District

Activity Fund Procedure Manual

The Activity Fund Procedure Manual is compiled to set forth policies and procedures regarding the administration and accounting of activity funds. Please note compliance with all policies and procedures set forth by the Sherman ISD Business & Finance Services department is mandatory.

Changes to the Manual may be made at any time and will be effective immediately.

Principals, bookkeepers, sponsors and other personnel involved in the handling of Activity Funds are responsible for following the guidelines and procedures prescribed in this manual.

This manual supersedes all prior publications regulating the administration of Activity Funds.

Thank you for your cooperation.

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SECTION I. GENERAL INFORMATION

1.1 Board Policies

All Board policies must be adhered to in the administration, handling, and maintenance of activity funds. DH (Local) states that, "All District employees shall perform his or her duties in accordance with state and federal law, District policy, and ethical standards."

The following board policies (Legal, Local, Exhibit, and/or Regulation) are especially relevant to Activity Funds:

- CAA Fiscal Management Goals and Objectives (Financial Ethics)
- CDC Other Revenues - Grants and Private Sources
- CFD Accounting - Activity Funds Management
- CPC Office Management - Records Management
- DH Employee Standards of Conduct
- GE Relations with Parents or Parents' Organizations
- FP Student Fees, Fines and Charges

Link to all SISD Board Policies: <https://pol.tasb.org/Home/Index/528>

1.2 Fiscal Responsibilities

Per CAA (Local) Fiscal Management Goals and Objectives (Financial Ethics), all trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

The District prohibits fraud and financial impropriety, as defined below, in the actions of its trustees, employees, vendors, contractors, consultants, volunteers, and any other parties seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.

8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services of materials to the District, except as otherwise permitted by law or District policy. [See DBD-Employment Requirements and Restrictions]
9. Inappropriately destroying, removing, or using records, furniture, fixtures or equipment.
10. Failure to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.

CAA (Local) also states, “Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.”

Per Board Policy DH (Legal) “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on acceptance of illegal gifts, honoraria and expenses, and abuse of office. *Penal Code 1.07(a)(41), Title VIII* [See DBD and BBFA].

1.3 Educators’ Code of Ethics

The following is an excerpt from DH (Exhibit) Code of Ethics and Standard Practices for Texas Educators:

The Texas educator, in maintaining the dignity of the profession, shall respect and obey the law, demonstrate personal integrity, and exemplify honesty.

Standards of Professional Ethical Conduct, Practices, and Performance

Standard 1.1 The educator shall not intentionally, knowingly, or recklessly engage in deceptive practices regarding official policies of the District, educational institution, educator preparation program, the Texas Education Agency, or the State Board for Educator Certification (SBEC) and its certification process.

Standard 1.2 The educator shall not knowingly misappropriate, divert, or use monies, personnel, property, or equipment committed to his or her charge for personal gain or advantage.

Standard 1.3 The educator shall not submit fraudulent requests for reimbursement, expenses, or pay.

Standard 1.4 The educator shall not use institutional or professional privileges for personal or partisan advantage.

Standard 1.5 The educator shall neither accept nor offer gratuities, gifts, or favors that impair professional judgment or to obtain special advantage. This standard shall not restrict the acceptance of gifts or tokens offered and accepted openly from students, parents of students, or other persons or organizations in recognition or appreciation of service.

Standard 1.6 The educator shall not falsify records, or direct or coerce others to do so.

Standard 1.7 The educator shall comply with state regulations, written local Board policies, and other state and federal laws.

1.4 Purpose of Activity Funds

Activity funds are designed to account for funds held by a school in a trustee capacity or as an agent for students, club organizations of the campus, teachers and the general administration of the school. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity fund accounts. These funds are used to promote the general welfare of each school and the educational development and morale of all students. The accounting function for the Activity Fund is delegated to each campus; each campus must comply with the guidelines and procedures in this manual.

There are two types of activity funds that are common in Texas Public Schools - *Campus Activity Funds* and *Student Activity Funds*.

1.4.1 Campus Activity Funds

Campus activity funds consist of money raised locally at the school or donated to the school. These funds are considered special revenue funds and include collections for school pictures, yearbooks, class rings, uniforms, etc. These funds are disbursed at the discretion of the principal but must be used to promote the general welfare of each school and the educational development and morale of all students. These funds are subject to purchasing and bid laws.

Per Board policy CFD (Legal), campus activity funds must be used for expenditures, "related to the District's educational purpose and provide a commensurate benefit to the District or its students; and meet the standards of *Sec. 52, Article III, Texas Constitution*, regarding expenditure of public funds."

The school principal is responsible for the proper collection, disbursement and control of all activity fund monies. This responsibility includes:

- Providing for safekeeping of monies
- Proper accounting and administration of fund transactions
- Expenditure of funds in compliance with applicable state laws, and local board policy administrative guidelines

1.4.2 Student Activity Funds

Student activity funds are the property of the student groups, i.e. Student Council, French Club, etc. The school district is required to provide stewardship by properly accounting for these funds. Student activity funds are funds held by the school district in a trustee capacity and are defined by TEA as agency funds. However, decisions on the use of the club funds rests solely on the specific student groups to whom the funds belong, as long as the decisions regarding the use of the funds do not conflict with Board policy and/or legal regulations or restrictions. Per Board policy CFD (Local), “Funds collected by student groups shall be used only for purposes authorized by the organization or upon approval of the sponsor. All funds raised by student organizations must be expended for the benefit of the students.”

Class, club or student groups must be **bona fide chapters** to qualify for tax-free days. These student groups must meet as a club and not just as a class.

Per the Texas Education Agency Resource Guide 5.5.5.4:

According to the State Comptroller’s Office, 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 (January - December). 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.

To qualify as a **bona fide chapter** of a school, a group of students must be organized for an activity other than instruction to have a tax-free sale. Bona fide chapters include student groups recognized by the school and organized by electing officers, holding meetings and conducting business. There is no limit on the number of bona fide chapters a school can have. Bona fide chapters can include whole group levels (for example, senior class, or freshmen) but cannot be limited to specific classes such as Senior English or Biology II. Groups meeting for classroom instruction or team sports (such as the soccer team) are not considered bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The Basketball Club qualifies, but the basketball team does not.
- The Cheerleader Club qualifies, but the cheerleader team does not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

Note about bona fide Student Organizations:

- Before establishing a student group/organization, prior approval must be obtained by completing a Club Establishment Approval form and submitting the form to the bookkeeper for principal approval. The bookkeeper shall make a copy of the signed approval form to keep, submit a copy of the form to the Activity Fund Accounting Specialist in the Business & Finance Services department and return the original form to the requester.
- A student organization is operated by the students with the oversight of a sponsor.
- Sponsors must keep detailed records of the organization's activities and collection and disbursement of the organization's funds.
- A student organization must adopt bylaws and hold regular posted meetings. Members must sign in at the meetings.
- A student organization must elect officers to conduct the business of the club. Any business or activity of the club must be approved by majority vote of the club members.
- Officers must conduct the meetings in accordance with the bylaws and under the guidance of the sponsor.
- Minutes of the organization's meetings must be written and retained. The minutes must be read and approved at the subsequent meeting. Please see Club Minutes for a suggested format.
- The Club secretary/treasurer should prepare and present a treasurer's report at monthly meetings.
- As mentioned above, the funds raised by a student organization are to be expended at the discretion of the students and documented in the minutes.
- An organization to be disbanded may determine the use of the remaining balance in its activity fund in accordance to its organizing documents.
- Funds remaining from an organization which made no such documented determination may be transferred by the principal to the campus activity fund and used at the principal's discretion.

1.5 Budgeted Funds (District Funds)

Facility rental collections, returns on pre-pays, advance travel funds or purchase orders in excess of actual expenses are not to be deposited into the Activity Fund bank account. These collections are considered District funds (budgeted/general fund) and must be sent to the Business & Finance Services department for deposit into the appropriate Sherman ISD bank account. The bookkeeper should complete a daily deposit summary prior to taking the funds to the bank. A copy of the daily deposit summary, receipts, and all supporting documentation, etc. should be retained in the campus records and a copy of the deposit summary including all supporting documentation for the deposit should be scanned and sent via email to the Activity Fund Accounting Specialist. Daily deposits are required unless the campus bookkeeper has less than \$250; at which time all funds must be deposited no later than the last day of the week.

Gate receipts are considered district funds (budgeted/general fund).

Per Board policy CFD (Legal), local funds from vending machines, rentals, gate receipts or other local sources of revenue over which the District has direct control must be used for expenditures, “related to the District’s educational purpose and provide commensurate benefit to the District or its students; and meet the standards of Sec. 52, Article III, Texas Constitution, regarding expenditure of public funds.”

1.6 Sunshine Funds

Faculty, flower or sunshine accounts consist of monies contributed or generated solely by members of the school’s faculty. These funds should be utilized or expended at the faculty’s discretion. Per TEA, these funds are also accounted for as an agency (865) fund.

Per the Texas Education Agency Resource Guide 5.5.6.1, “Effective September 1, 2009, HB 3646, 81st Regular Legislative session, requires school districts to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district’s educational purpose and provide a commensurate benefit to the district or its students and meet standards of Sec. 52, Article III, of the Texas Constitution regarding expenditure of public funds.”

Per Board Policy CFD (Local), “Funds generated from vending machines, rentals, gate receipts, concessions, and other local sources of revenue over which the District has direct control shall be expended for the benefit of the district or its students and shall be related to the District’s educational purpose.”

1.7 Transfers of Funds

Transfers between fund types 461 and 865 are seldom allowed. Transfers are allowed between accounts within campus activity accounts (fund 461). Transfers from fund 865 to 461 or 865 must be specified in student activity club meeting minutes and specify the purpose and amount. A copy of meeting minutes will be required for transfer approval.

If you have any questions about transfers, please contact the Activity Fund Accounting Specialist or the Director of Finance in the Business & Finance Services department.

1.8 Carryover Funds

In accordance to Board Policy CFD (Local), carryover funds of activity funds, “shall be left in the appropriate account and each sponsoring group shall retain the carryover funds for the next fiscal year. If an organization ceases to function or exists, the unexpended funds of the organization shall be credited to the appropriate administrative activity account.”

1.9 Internal Audit

Board Policy CAA (Local), the Board specifies that the Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District. Additionally, Business & Finance Services department staff will conduct random audits of the various activity fund accounts. This process will be done in order to examine and evaluate the District activities for the purpose of advising and assisting the Board, Superintendent, and District Administration in satisfying their legal obligations for ensuring proper and reasonable operation of the District. Staff will provide a service of review and reporting based on an independent appraisal of accounting, financial and other operations of an activity.

Principals, bookkeepers, secretaries, sponsors, etc. are to make all activity fund records available for audit upon request from the internal audit staff member.

1.10 Record Keeping

In Board Policy CPC (Legal) defines a local government record to be, “any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information-recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by the District or any of its officers or employees, pursuant to law or in the transaction of public business.”

Activity Fund records are to be retained at the school for a period of at least 5 years in accordance with the Local Government Records Act or longer if stipulated by CPC (Legal) and/or CPC (Local).

Please do not take Activity Fund records home for any reason. Teachers, coaches, or sponsors must submit all activity fund club records to the bookkeeper upon separation from the District.

Per Board Policy DH (Legal), “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on the acceptance of illegal gifts, honoraria and expenses, and abuse of office.” Penal Code 1.07(a)(41), Title VIII [DBD and BBFA].

Per the Texas Penal Code Title 8 Sec. 37.10, tampering with governmental records is an offense. In accordance with the Penal Code, the following are considered “tampering with governmental records:”

1. Knowingly makes a false entry in, or a false alteration of, a governmental record;
2. Makes, presents, or uses any record, document, or thing with knowledge of its falsity and with intent that it be taken as genuine governmental record;
3. Intentionally destroys, conceals, removes, or otherwise impairs the verity, legibility, or availability of a governmental record;
4. Possesses, sells, or offers to sell a governmental record or a blank governmental record form with intent that it be used unlawfully; or
5. Makes, presents, or uses a governmental record with knowledge of its falsity.

According to Section 37.10(c)(2)(A), tampering with governmental records is considered a felony of the third degree if it is shown on the trial of the offense that the governmental record was a public school record, or assessment instrument required under Chapter 39, Education Code.

In addition, CPC (Legal) states that, “Anyone who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States or any bankruptcy case, or in relation to or contemplation of any such matter or case, shall be fined, imprisoned not more than 20 years, or both. 18 U.S. C. 1519.”

1.11 Activity Fund Training

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 training. Returning principals and assistant principals that are involved with fundraising, etc. are required to attend an activity fund training annually. Campus bookkeepers and receptionists or designated backup personnel to the bookkeepers are required to attend training annually as well as when they are assigned to the position. Sponsors of activity fund accounts must also attend annual training.

SECTION II. CASH RECEIPTS

2.1 Collecting Funds

Prior to collecting cash from fundraising activities, the sponsor shall have an approved **Fundraising Activity Approval Form** (approved by the campus principal and /or assistant principal) on file with the bookkeeper. All funds collected for fees, dues, or other fundraising activities must be recorded in detail on the approved **Tally Receipt Form** or **Ticket Event Entry Fee Report, and Fundraising Recap Report**. Tickets are required for event entry fees for Athletics, Band, Dances, Drama and Music Events, etc. The tickets must be obtained from the bookkeeper.

- Fundraising Activity Approval Form - See Appendix
- Tally Receipt Form - See Appendix
- Ticket Event Entry Fee Report Form - See Appendix
- Fundraising Recap Report - See Appendix

Supporting documentation must be recorded on a Tally Receipt Form for all deposits and should include the date funds were received, the amount received, the student's name, payment type, fund name, purpose of funds collected (ie: shirts, fundraiser candy, field trip, etc.), and taxable or non-taxable. Each purpose of funds collected requires a separate Tally Receipt Form. Multiple purposes for funds collected placed on one Tally Receipt Form is not permitted (ie: shirts on one form, entry fees on one form, field trip on one form, etc.).

In the rare event a student requests an individual receipt from a teacher/sponsor, a receipt book should be used, it must be a bound, pre-numbered receipt book with triplicate copies. The original copy shall be given to the payee, the 2nd copy shall move with the money and accompany the Tally Receipt Form, and the third copy shall remain in the receipt book for audit purposes. If it is necessary to void a receipt, please write VOID on the receipt along with the number of the new receipt issued. If a receipt book pre-numbered receipt is voided without a replacement, include an explanation of why the receipt was voided and reattach the white and yellow copy to the receipt book.

Funds collected should be turned in daily and should **never** be taken home by the sponsor. The funds should be stored in a locked, secure place before submission to the bookkeeper for verification and deposit. For activities involving after hour collections or special circumstances in which the funds cannot be turned into the bookkeeper, the funds must be stored in a locked secure place and submitted to the bookkeeper for verification and deposited on the next business day.

Cash should never be removed from any activity fund collections and replaced with the sponsor's or anyone's personal check. Cash collections may not be used to make purchases, cash checks, or other purposes. Checks written to the school should be for the amount of the purchase only. Do not accept a check for more than the amount of purchase and never give cash back. Postdated checks are not to be accepted. Checks are not to be held but must be deposited immediately.

Please note: The District and its employees do not account for or are not responsible for funds of external organizations such as PTAs or Booster Clubs. Also district employees are prohibited from holding a position regarding finances or participating as a signer for any financial accounts regarding the funds of external organizations.

2.2 Submitting Funds for Deposit

By the end of each day, the activity account sponsor shall submit all funds collected, the approved **Tally Receipt Form**, 2nd copy (yellow) of any pre-numbered receipts if any were requested by the student(s), and any other supporting documentation to the bookkeeper for deposit.

When a sponsor submits funds collected to the bookkeeper for deposit, these funds should be counted or verified by the person collecting the funds in the presence of the sponsor. A **KEV Receipt** must be issued and the receipt number must be recorded on the Tally Receipt Form. (This is a best practice for cash handling procedures that protects both the person collecting the funds and the sponsor). All monies must be submitted to the bookkeeper in the same form (i.e. cash, personal check, etc.) as collected.

Both the activity account sponsor and bookkeeper or designee shall sign the **KEV Receipt** once the fund amount has been verified. Activity account sponsors shall maintain a copy of the **Tally Receipt Form** and the **KEV Receipt** from the bookkeeper for their records.

2.3 Depositing Funds

All checks must be stamped upon receipt for endorsement purposes and a deposit prepared for delivery to the bank. A copy of the deposit summary including all backup documentation for the deposit should be scanned and sent via email to the Activity Fund Accounting Specialist in the Business & Finance Services department.

The sponsor bears responsibility for any missing deposits or deposit shortage if the funds are not verified in the presence of the bookkeeper or other designated person collecting the funds.

2.4 Entering Deposits in the Financial System

Deposits are posted to the TEAMS financial system by the Business & Finance Services department. Deposits are also posted to KEV by the bookkeeper. Notices of eCheck failures and NSF checks that were not deposited shall be received by the Business & Finance Services department and information will be forwarded to the campus bookkeeper to assist in collection. NSF checks will be sent to the District's third party collection agency for collection. A cash receipt reversal shall be prepared to record the returned deposit and posted to the general ledger account by the Business & Finance Services department. All NSF payments must be paid at the Business & Finance Services department and the campus will be notified when/if payment is received.

SECTION III - CASH DISBURSEMENTS

3.1 General Requirements

In regards to making purchases, all of the policies and procedures set forth by the district Business & Finance Services department, related to procurement procedures, must be complied with when using activity funds. Please see the following link.

<https://www.shermanisd.net/Page/7828>.

- All expenditures must be paid by a district check.
- Cash collections may not be used to make purchases, cash checks, or other purposes.
- Sales tax is not to be paid on an original invoice or on a reimbursement for purchases that directly benefit the students, with the exception of Faculty Sunshine purchases. **Faculty Sunshine purchases are taxable, therefore tax must be paid on an original invoice and tax will be reimbursed.**
- In the case of reimbursements, the tax exempt certificate should be sent with the school employee making the purchases; these employees should be told which stores honor the certificate upon presentation.

3.2 Hiring Employees or Consultants

Any payment to a Sherman ISD employee for any reason other than the reimbursement for an allowable expenditure must be processed through Payroll and accompanied by an extra duty authorization form as prescribed by the Payroll department.

Any payment to a consultant can be made by the Business & Finance Services department only with a completed and current W-9 on file and the completion of a vendor application that is located at the following link <https://www.shermanisd.net/Page/383>. Please contact the Payroll department with any questions about payment of employees or the Accounts Payable department for consultants. Please also refer to Teacher/District Employee Involvement for more information about District policies concerning district employee's involvement in fundraising or with parent organizations.

3.3 Purchase Requisitions

No disbursement should be made for an amount greater than the balance in an organization's activity fund account.

The balance in the activity fund should be monitored regularly in order to ensure that sufficient funds are available before any requisitions (requests) are prepared.

Proper documentation is listed below.

1. Activity Fund Disbursement Request form with original receipt(s) or
2. Activity Fund Disbursement Request form with Activity Fund Purchase Request form (with quote if possible), should be provided to the bookkeeper for principal or designee approval.

Purchase requests must comply with all District approved purchasing procedures, which may be found at the following link <https://www.shermanisd.net/Page/7828>.

3.4 Expending Student Activity Funds

Income received from a specific group (i.e. Student Council, Band, etc.) must be expended for that group. The principal must ensure that expenditures from the student activity fund accounts comply with the intended purpose of the group and funds are not diverted to other uses.

Student activity funds shall be used for the benefit of the students currently in school who participate in activities conducted in generating the club or organization funds.

It is recommended that these funds be expended on an annual basis so those students who participate in the fundraising activities sponsored by the club/organization can have the benefit of their use.

Travel expense for sponsors/teachers who must accompany their students on a club/organization trip may be paid from the club/organization account. The use of the student funds to pay for the employee's travel expenses shall be subject to the guidelines set forth in Board Policy DEE (Local). The dollar limitation for lodging, meals, etc. shall be set forth by the student group when student activity funds are used, provided district policies are not violated.

For more information, please see the discussion on Student Activity Funds and Purchase Requisitions in this manual.

3.5 Expending Campus Activity Funds

The principal shall use reasonable discretion in spending campus activity funds.

The Texas Education Agency (TEA) requires campuses to exercise discretion in using campus activity funds for teacher incentives.

For more information, please see the discussion on Campus Activity Funds from this manual.

The following chart is not all inclusive but is provided as a guide as to what disbursements are appropriate or prohibited when expended from Campus Activity Funds. See table on the following page.

461 ACCOUNTS - APPROPRIATE/PROHIBITED EXPENDITURES

Appropriate Expenditures	Prohibited Expenditures
Organization or institutional memberships. However, if an individual membership is necessary for students to participate in certain activities, then the expenditure is acceptable if a notation is made to document the necessity.	Payment of an individual's organization dues or fees (even if school business related).
School assemblies and field trips.	Reimbursement for luncheons or dinners while attending a civic organization's meetings.
Student body social functions.	
Awards such as plaques, caps, certificates, in recognition of students, staff, or volunteers for services to the campus or Sherman ISD.	Extravagant or high-priced awards such as watches or other jewelry.
Training for staff.	Payment of an individual's personal bills. (i.e. payment of a family's electric bill during a winter month).
Scholastic magazines and books.	Loans to employees, parents, or students for any reason.
Supplemental classroom instructional needs and general office supplies.	Parties for staff, including food, decorations and favors.
Improvement of campus and site facilities such as plants, bulletin boards, signs and flags.	Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
Expenses and purchases related to fund-raising activities.	Payment of expenses of spouses or other non-employees.
Supplementing of student organizations' activities.	Payment of professional organization liability insurance for any individual.
After-hour security.	Appreciation and fund raising dinner tickets.
Tickets for school-related functions when attendance is required by the Principal.	
District approved conference attendance and travel costs for employees, subject to local travel limitations.	Abuse of number of appreciation meals furnished to staff.
Refreshments and snacks for teacher-in-service meetings. Appropriate items might include pastries, tacos, fruit, cookies, and drinks.	Appreciation meals furnished to employees which exceed reasonable limitations noted.
Business meals for staff. For reasonable cost comparisons, the per diem amounts are: breakfast \$8, lunch \$10, dinner \$18. Appropriate documentation indicating who was at the meeting and what was discussed is required for IRS purposes.	Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function. Use of funds in this manner is prohibited by the Texas Tort Claims Act.
Retirement reception costs such as refreshments, plates, napkins, utensils for a retiring member of the school staff.	Daily coffee and other drinks for faculty and staff.
Refreshments and snacks for meetings where the school serves as host for related activities for students, staff and patrons.	Transfers of funds to the faculty accounts (unless the transfer is to correct a prior error).
Required school apparel that becomes the employees' personal property not to exceed \$75 per year in accordance with IRS guidelines.	Any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation.
Award presentations for students, volunteers, or district employees.	Any other expenditure prohibited by federal or state law, TEA or Board policy, or SISD regulation.

(Chart taken from TASBO Certification Course - *Activity Fund Accounting - ACT 301*)

3.6 Awards and Incentives

All incentives will support individual student achievement, be educational in nature, and in alignment with the District's primary mission and goals.

- The award must be appropriately related to the purpose of the program and should be a reasonable way to motivate students to achieve the specified goals of the programs from which the funds were expended.
- The award must be directly linked to a motivational activity which is part of the school's plan to facilitate academic or related achievement. This activity should be described, justified and the award/incentive be logical and reasonable in value.

Examples of Acceptable Awards/Incentives

This list is intended to be examples of acceptable awards or incentives. Please discuss the specific program and intent of the awards or incentives with your appropriate supervisor.

- Trophies or plaques
- Academic achievement shirts
- Grade-appropriate books, art supplies, bookmarks, writing journals
- Pins
- Academic achievement patch
- Field trip with instructional purpose
- Uniform or school shirt

SECTION IV. FUNDRAISING

4.1 Fundraisers Defined

For the purpose of these policies and procedures, fundraisers are defined as “the organized activity or instance of soliciting money or pledges, to fund school district programs, trips or activities.”

If an organization or teacher would like to perform a fundraiser, a Fundraising Activity Approval Form must be completed. The form must be submitted to the campus bookkeeper for principal or assistant principal approval. After principal approval/denial the bookkeeper will make a copy for their records and return the original form to the requester.

Money-raising efforts that involve a school organization selling items for profit or simply accepting donations fall under these policies and procedures. Student groups and sponsors or teachers must obtain pre-approval from the principal, follow all guidelines and procedures outlined in this manual and then complete the Fundraising Recap Report at the close of the fundraising effort. Examples include a Spanish Club car wash, Student Council selling t-shirts, Band Bistro, etc.

Approval is required before sales may begin.

4.2 Fundraiser Donations

If an organization or teacher would like to solicit donations, a Fundraising Activity Approval Form must be completed. The form must be submitted to the campus bookkeeper for principal or assistant principal approval. After principal approval/denial the bookkeeper will make a copy for their records and return the original form to the requester.

Approval is required before soliciting donations.

4.3 Athletic Fundraisers

Fundraisers by athletic teams and coaches must obtain the approval of the principal on the campus where the fundraising group resides. A Fundraising Activity Approval Form must be completed. The form must be submitted to the campus bookkeeper for principal or assistant principal approval. After principal approval/denial the bookkeeper will make a copy for their records and return the original form to the requester.

4.4 Raffles

School districts are not allowed to conduct raffles. Attorney General Opinion JM-1176 ruled that independent school districts are not qualified to hold charitable raffles. An unauthorized raffle is considered gambling under the Texas Penal Code - Class C Misdemeanor.

SECTION V. RECEIVING CONTRIBUTIONS

5.1 Contributions / Donations

All gifts or donations received that are not part of a fundraiser require a gift letter to be completed by the principal or department director that received the contribution and the letter must be submitted to the Business & Finance Services department for presentation to the Sherman ISD Board of Trustees. A sample letter may be obtained from the Activity Fund Accounting Specialist in the Business & Finance Services department. Include the following information in the letter.

For Cash Donations:

- Name of company, local group, individual, church, etc. making the donation.
- Amount of donation - be specific - cash or check.
- Beneficiary (SISD, specific campus or student group).
- Signature of principal and date.

For Non-Cash Donations:

- Name of company, local group, individual, church, etc. making the donation.
- Item(s) being donated - be specific, # of items, items description (type) and amount.
- Market value of donations.
- Delivery date or requested pick up date.
- Beneficiary (SISD, specific campus or student group).
- Signature of principal and date.

Donations that have restrictions must be recorded and deposited into a campus activity account or district fund. Please note that donations deposited to student activity accounts should not have any restrictions.

All donations cash or non-cash (no exceptions) must be brought to the attention of the Business & Finance Services department as soon as possible. Note: "Gift Cards" given to the district are cash donations and must be treated as such. Gift cards/certificates donated to the district are considered taxable income by the IRS, and there is no minimum value threshold per the IRS *de minimis* benefit definition.

SECTION VI. SALES TAX

6.1 Texas State Sales and Use Tax

Independent school districts in the state of Texas are exempt from state sales and use tax, as per the *Texas Administrative Code, Title 34, Part 1, Chapter 3, Subchapter O*.

Purchases made in the name of the school district or group of the school district are exempt from sales tax. As per the TEA *Financial Accountability System Resource Guide*, all items purchased by a public school for the school's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. A tax exemption certificate form should be provided to all vendors. Any sales tax paid by an employee cannot be reimbursed by the school district, with the exception of purchases made with Faculty Sunshine funds.

Alternately, items purchased for the use of individuals for their own use are not exempt from sales tax. For example, cheerleader uniforms purchased by a student, which will be kept by the student and not returned to the school are subject to sales tax.

All sales by a school must be evaluated to determine if the sale is subject to sales tax. The following table gives a list of examples of what is a sale and what is not a sale. These lists are not exhaustive, but are a list of the most common types of sales. Not all sales are subject to sales tax. The bookkeeper will determine and indicate whether the sales are taxable or non-taxable on the Fundraising Activity Approval Form that will be returned to the requester.

Sale	Not a Sale
Admission - athletic, dances, dance performances, drama performances	Collection of funds from students to pay a company for admission or service. (i.e. PSAT tests, Sea World, Six Flags)
Admission - summer camps, clinics, workshops, project graduation	Commissions received
Bus Passes	Donations of money to the school or school group or donations for commemorative brick
Food sales	Dues received for club
Fundraisers where we are the seller, not just the middle man.	Fees - musical instrument maintenance, lab fees, uniform cleaning, transcripts
Parking Permits	Fieldtrip collections
Donated items that are sold	Fines received - textbooks, library books, parking fines, locker, uniforms, calculators, other obligations
Rental of facilities	Fundraisers when the school group merely receives a commission. (i.e. library book fairs, some author sales, recycling)
Rental of facilities	Lost payments - books, handbooks, calculators, locks, ID cards
Sales of merchandise (to include items made by students, ie. floral arrangements)	Marathon fundraisers - these are donations (i.e. lift-a-thon, jog-a-thon, jump rope for heart, basketball hoops)
Sales of services	NSF check redeposits
School publication sales	Summer School, Community Education tuition and fees

Once you have determined if your money collection is an actual sale, you must then decide if it is a sales taxable event. A good rule of thumb for this determination is, *does the item become the property of the student or other individual?*

If the item indeed becomes property of an individual (transferring the ownership from the school district to an individual) then by law we must collect and remit sales tax to the state.

The tables that follow give examples of taxable sales and non-taxable sales. Again these are not an exhaustive list, but simply the most common types of sales.

Taxable Sales	Non-Taxable Sales
Agenda books	Ad sales - in yearbooks, athletic programs, newspapers, posters
Agricultural sales	Admission - athletic events, dances, dance performances, drama and musical performances
Art - supplies and works of art	Admission - summer camps, clinics, workshops, project graduation
Artistic - CDs, tapes, videos	Admission - banquet fees
Auction items	Admission - bids, prom, homecoming
Automotive parts and supplies	Admission - tournament fees, academic competition fees
Band equipment, supplies, patches, badges, uniform sales, or rentals	Cosmetology services (products sold to customers are taxable)
Book covers	Discount/Entertainment cards and books
Books - workbooks, vocabulary, library, author (when we are the seller)	Facility rentals (if no food is sold or if rented to another exempt organization)
Brochure items	Food items sold during fundraisers (including annual plants, seeds that produce food for human consumption)
Calculators	Labor - automotive, upholstery classes (parts are taxable)
Calendars	Magazine subscriptions greater than six months
Candles	Parking permits & bus passes
Car painting, pin-striping	Services - car washes, cleaning
Clothing - school, club, class, spirit	
Computer - supplies, mouse pads	
Cosmetology products sold to customers	
Cups - glass, plastic, paper	
Decals	
Directors - student, faculty	
Drafting supplies	
Facility rentals - if food is provided in the cost of the rental	
Family and Consumer Science supplies and sewing kits	
Fees - copies, printing, laminating	
Flowers and flower arrangements	
Greeting Cards	
Handicrafts	
Horticulture items	
Hygiene supplies	
ID cards - if they are sold to the entire student body (not just a fine for a replacement)	

Taxable Sales	Non-Taxable Sales
Locks	
Lumber	
Merchandise, tangible personal property	
Magazines - subscriptions less than six months	
Musical Supplies - recorders, reeds	
Parts - career & technology classes (not to include products used in cosmetology)	
Parts - upholstery	
PE - uniforms, supplies	
Pennants	
Pictures - school or group if the school is the seller	
Plants - holiday greenery and poinsettias	
Rentals - uniforms of any kind, towels	
Repairs to tangible personal property (i.e. computer repairs, house remodeling)	
Rings and other school jewelry	
Rummage, yard and/or garage sales	
Safety supplies	
School publications - athletic programs, posters, brochures, magazines unless > six month subscriptions, newsletters, newspapers, reading books, sheet music, yearbooks	
School store - all items except food	
Spirit items	
Stadium seats	
Stationery	
Supplies sold to students (classroom supply fees)	
Uniforms - any type (PE, dance team, drill team, cheerleaders, athletic, club shirts)	
Vending - pencils and other non-edible supplies when the school services the machine	
Woodworking crafts - labor and materials	
Yard sales	

The key decisions are to:

- Determine if the funds transaction is indeed a sale, and
- Determine if the sale is indeed a taxable event.

If the funds transaction meets both criteria, then funds collected are taxable and must be reported as such to the state. The district as a whole may have two tax-free fundraising events per calendar year, January - December. Each campus within the district is allowed two tax-free fund raising events per calendar year, and each bona fide chapter within the campus/district is allowed two tax-free fund raising events per calendar year January - December.

A bona fide chapter is a group that is organized for some business or activity other than instruction or a participatory group. Any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holds meetings, and conducts business are bona fide chapters.

Groups meeting for classroom instruction or team sports are not bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The Swim Club qualifies, but the swim class does not qualify.
- The Senior Class qualifies, but one particular class that has seniors in it does not qualify.
- The French Club qualifies, but the French class does not qualify.
- The Debate Club qualifies, but the Debate class does not qualify.

A tax-free sales day per calendar year, January - December, is defined below.

- One day means 24 hours and delivery must be on that day
- The transfer of property must be during that one 24 hour period
- You may have pre-orders and pre-sales, but the delivery must happen within that one designated day.
- Any sales after that day for the same items are considered taxable.
 - For example: You take orders for yearbooks and collect funds. The delivery of the yearbooks is set for one specific day. This would be one of the tax-free events for a campus. Any yearbook sales after that one day would be taxable sales.



SHERMAN INDEPENDENT SCHOOL DISTRICT FUNDRAISING Q & A

What is a fundraiser?

For SISD purposes, fundraisers are defined as “the organized activity or instance of soliciting money or pledges, to fund school district programs, trips or activities.”

Who conducts fundraisers on behalf of Sherman ISD?

Student clubs and campus organizations, as well as athletic teams and fine arts programs raise funds to assist with travel, equipment, uniforms, and other needs. Boosters Clubs and Parent Teacher Organizations also raise funds for various programs, schools and district needs, as does the Sherman Education Foundation.

Who is ultimately responsible for all fundraising projects performed by or on behalf of Sherman ISD?

The Sherman Independent School District and the Superintendent is responsible for all fundraising projects.

What are an employee’s first steps in starting a fundraiser for Sherman ISD?

Identify what the funds will be used for; if the fundraiser is for a club, the club must include information in the club meeting minutes regarding the purpose and submit a copy of the minutes to the bookkeeper along with the SISD Fundraising Activity Approval Form for principal approval/denial; be certain if you are using a fundraising company to have the bookkeeper verify that the company has a ***completed W-9 and a vendor application*** on file with the Business & Finance Services department; if not, please request the vendor to complete the forms and submit the forms to the bookkeeper; the following link <https://www.shermanisd.net/Page/383> contains the required forms; follow the Fundraising Checklist.



SHERMAN INDEPENDENT SCHOOL DISTRICT FUNDRAISING CHECKLIST

Use this checklist to ensure you are following district policy and state regulations.

Fundraising Checklist

- Listen to the company's presentation to ensure you know all the facts and have a clear understanding of how the fundraising program works and what is being asked of your student organization, campus group or organization.
- Ask questions about student involvement, program timelines, money collection and your organization's percentage of return.
- Familiarize yourself with the policies and procedures outlined in this Activity Fund Procedure Manual.
- Complete the Fundraising Activity Approval Form, with the appropriate pre-approval signatures.
- Maintain a copy of the completed Fundraising Activity Approval Form for your organization.
- Send fundraising information and details to the bookkeeper or designee for items to be placed in KEV SchoolCash Online.
- Properly and clearly state in all fundraising communications how and for what purpose the collected funds will be used.
- Report any program concerns, fundraising problems or sales incidents to your sponsor and/or campus principal.
- Follow all district guidelines for proper handling of cash and the deposit of funds related to your fundraising project.
- Make sure the funds are used for their communicated and intended purpose.
- Complete the Fundraising Recap Report and return the report to the bookkeeper at the close of the fundraising event.

APPENDIX

FORMS

All manuals and forms are located on the district's Business & Finance Services department website.

<https://www.shermanisd.net/Page/106>