

SHERMAN INDEPENDENT SCHOOL DISTRICT
Activity Fund Procedures
Effective Date: July 1, 2012

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GENERAL INFORMATION

DEFINITION

Activity funds are funds generated and accumulated by the school that are held in trust and are used to promote the general welfare of the school and educational development and morale of all students.

There are two main categories of activity funds:

Campus activity funds are funds raised locally at the school or donated to the school and include school office and departmental accounts. Campus activity funds are considered by TEA to be district general funds. The expenditure of these funds must comply with state and board policy and with district regulations.

Student activity funds are funds generated by specific student groups, not by the district or campus. The students make decisions about the expenditures of student activity funds.

See Appendix A for a matrix of the definitions of student and campus activity funds.

PURPOSE OF ACTIVITY FUNDS

The Activity Fund is 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. 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 and must comply with the guidelines and procedures required by this manual.

RESPONSIBILITY FOR ACTIVITY FUNDS

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

1. Providing for the safekeeping of monies.
2. Proper accounting and administration of fund transactions.
3. Expenditure of funds in compliance with applicable state laws, and local board policy administrative guidelines.
4. Adequate training and supervision of all personnel designated by the principal to administer activity funds.

The Principal is not responsible for funds collected, disbursed and controlled by parent or booster organizations. These parent and booster organizations funds are not to be accounted for in the school's Activity Fund.

AUDIT OF ACTIVITY FUNDS

Activity Funds are audited periodically by the District. In addition, an audit is to be performed whenever there is a change in Principal or Activity Fund Clerk. The Principal may request in writing a special audit.

RETENTION OF RECORDS

All records should be kept current and in good order for a period of five years and available for audit any time.

BASIC RECORDS

ACTIVITY FUND CASH RECEIPTS

Activity Fund Cash Receipts are the means of accurately recording monies received and provide support for each bank deposit. Pre-numbered cash receipt books should be used.

REQUEST FOR CHECK

The Request for Check form contains the authority to issue an Activity Fund check.

PRE-NUMBERED CHECKS

Pre-numbered checks are used to disburse all funds from the Activity Fund checking account. These checks are obtained directly from the District's depository bank as needed (no more than two-year's supply at a time). Checks must be printed with the school Activity Fund name. When ordering additional checks, new check numbers should begin with the number succeeding the last check number in the old checkbook.

BANK DEPOSIT SLIPS

Deposit slips, once validated by the bank, serve as a record for the specific date that receipts were credited for the bank account. Deposit slips are obtained from the bank as needed and must be printed with the school's Activity Fund account name.

MONTHLY BANK STATEMENTS

The bank statement is the official bank record reflecting all transactions affecting the cash balance on deposit during the preceding month. When properly reconciled, the statement serves as official support for the cash balance indicated in the Activity Fund records. A bank statement should be received and reconciled each month for all accounts, including checking and investments.

GENERAL LEDGER – COMPUTER PRINTOUTS

The General Ledger for Activity Funds will be maintained on the computer of the campus secretary or Principal's designee. The General Ledger summarizes all transactions of the Activity Fund during the month. Each month, the following documents should be forwarded to the Business office:

Revenue & Expenditure Report
Bank Reconciliation Report
Copy of the Bank Statement

Campuses are allowed to use Quickbooks software and provide similar revenue and expenditure reports each month. A copy of these documents should be maintained or filed for audit purposes.

PREPARATION OF RECORDS

All written records must be kept in ink.

BANKING PRACTICES AND PROCEDURES

BANK ACCOUNTS

Each school shall have one bank checking account entitled "(Name of School) Activity Fund." This account title must be imprinted on all Activity Fund checks and deposit slips. All monies received will be deposited into this account and all disbursements will be made by a check drawn on this account.

Only activity fund transactions may be directed through this Activity Fund bank account. Transactions controlled by the lunchroom or by outside organizations such as the PTA or booster clubs must be handled through each outside group's bank account.

CHECK SIGNATURE

Each bank account shall have at least two authorized check signers, one of which must be the Principal.

Each check must be manually signed.

Checks should not be pre-signed and kept in the checkbook or any other location.

BANK RECONCILIATION

One of the most important aspects of the Activity Fund Clerk's job is the prompt reconciliation of the Activity Fund bank account. It is the Principal's responsibility to see that the campus Secretary or Principal's designee (referred to as Activity Fund Clerk in this document) has adequate time to complete the bank reconciliation on time each month.

Upon receipt, the bank statement is reconciled to the checkbook and General Ledger. A copy of the bank reconciliation report should be forwarded to the Business Office.

ISSUING RECEIPTS

GENERAL RECEIPT PROCEDURES

All cash and check collections must be recorded (in triplicate) by the person receiving the money:

1. Original (white) to person submitting the money.
2. Posting copy (yellow).
3. Permanent copy (pink) retained in the receipt book.

The receipt must be completed in its entirety, including:

1. Date, campus name and amount.
2. The individual or firm submitting the money. A receipt may not be issued to more than one person.
3. An explanation of the purpose for which the money was received.
4. The signature of the person receiving the money. The signature must be manual. Signature stamps are forbidden.

An actual cash count should be made by the person signing the receipt in the presence of the person turning in the money.

Post-dated checks cannot be accepted from any source.

Under no circumstances shall a cash receipt be altered. If an error occurs, VOID the original receipt and all duplicates and issue a new receipt. The original of the voided receipt must be attached to the copies and retained for audit purposes.

RECEIPT OF MONEY BY PERSONS OTHER THAN THE ACTIVITY FUND CLERK

The Activity Fund Clerk is responsible for maintaining an adequate supply of envelopes (sealable) and Cash Receipt books.

A distribution record must be kept of all cash receipt books issued to teachers, sponsors and other individuals approved by the Principal to collect funds.

Money may be collected by an authorized individual other than the Activity Fund Clerk (teachers, librarians, clerks, etc.), but only as approved by the Principal for such items as books, student fees, fund raising activities, etc. In such instances, the individual collecting the monies must account for the monies collected as follows:

1. A collection envelope must be completed with all information provided. If an envelope is used, the envelope must be sealed before the envelope is given to the Activity Fund Clerk (or the Principal's designee). The permanent copy of written receipts should be attached to the summary document.
2. Collections shall be submitted to the Activity Fund Clerk weekly or whenever the aggregate collections exceed \$50.00. All employees, including club or organization sponsors, will not keep cash and checks in their office or classroom overnight. (Remember that funds have been stolen from classrooms and offices in the past.)
3. The original collections form or envelope and the attached yellow copy of cash receipt, if used, shall be sent with monies collected to the Activity Fund Clerk who will count the funds in the presence of the depositor and prepare an Activity Fund Cash Receipt after the deposit total is verified. The Activity Fund Clerk should also sign the Activity Fund Cash Receipt or envelope.

4. The Activity Fund Clerk should keep on file for five years for audit purposes the original Tabulation of Monies form with attached cash receipts, if applicable.
5. Individual sponsors/collectors should keep verified copies of the Activity Account Receipts for five years, in case of audit.

DEPOSIT OF FUNDS

GENERAL OPERATING PROCEDURES

Deposits must be made whenever cash collections exceed \$300 for secondary and \$100 for elementary schools.

Deposits should always be made on Friday, even if the cash on hand does not exceed the maximum allowable. Undeposited receipts at the close of the school week (normally Friday, except in the case of holidays) should be kept to a minimum.

All checks held for deposit shall be endorsed as follows:

1. For Deposit Only
2. (Name of School) Activity Fund

It is recommended that all checks be endorsed at the time they are receipted or accepted.

All cash receipts supporting cash deposits shall be deposited in numerical sequence.

All monies on hand at the end of the school year, including petty cash, should be deposited prior to June 30 each year.

PROCEDURES FOR PREPARATION OF BANK DEPOSITS

A bank deposit slip shall be prepared in duplicate and shall include the following:

1. The date and amount of the deposit
2. The cash receipt number(s) issued that make up the deposit.
3. A listing of each check in the deposit (or a tape).

The original copy of the deposit slip is retained by the bank and returned with the monthly bank statement. The duplicate copy is validated by the bank and returned at the time of the deposit. The Activity Fund Clerk should verify the validated amount.

The sum of the amounts of the supporting cash receipts must agree with the amount of the deposit slip.

For procedures on handling returned checks, see the section titled "Returned Checks" in this manual.

CASHING OF CHECKS

The practice of cashing personal and/or payroll checks is not allowed.

RETURNED CHECKS AND REDEPOSITS

RETURNED CHECKS

All returned checks are to be collected by the campus. The campus will attempt to collect on the returned check and if that effort is unsuccessful, the returned check will be turned over to the District Attorney's office for prosecution.

DISBURSEMENTS

GENERAL POLICIES

All expenditures shall be paid by check from the Activity Fund checking account.

Income received from a specific group (student and faculty) should be expended for that group. The Principal shall ensure that expenditures from these accounts are written for the intended purpose of the group and should not divert for other uses.

No expenditure of funds shall be approved by the Principal unless sufficient funds are available in the appropriate activity account. Thus, no check shall be drawn on any account with a negative balance.

REQUEST FOR CHECK

A completed Request for Check form (or similar form) shall be the authority for an Activity Fund check. **It must be completed prior to the issuance of a check.**

A completed Request for Check form shall include:

1. the payee
2. date and amount
3. signature of person requesting the check
4. a brief description of the reason
5. activity account to be charged
6. approved signature of the Principal
7. check number (when approved)

The Request for Check form shall **be attached to the supporting documentation** and kept on file for audit purposes. Proper supporting documentation shall include:

1. Vendors' original invoices. Periodic statements are not adequate supporting documentation.
2. Sales slip or cash register tapes from teachers or other employees who request reimbursement for items purchased with their own funds. **Credit card statements and customer copy of charge slips are not adequate supporting documentation.**
3. Other supporting documentation may include letters, announcements and renewal notices when invoices are not provided by the vendor.

Request for Check forms for advances may be completed without supporting documentation. However, permanent documentation must be attached later in support of the advance payment. The Request for Check form should indicate the receipt number if unspent funds are returned.

All invoices shall be checked to ascertain that sales tax has or has not been properly charged since most purchases made by schools are tax-exempt. (See Sales Tax Section)

ISSUANCE OF CHECKS

No expenditure of funds shall be approved by the Principal unless sufficient funds are available in the appropriate activity account. Thus, no check shall be drawn on any account with a negative balance.

All payments shall be made by pre-numbered Activity Fund checks.

All Activity Fund checks must be manually signed by an authorized check signer. Payments must always be made to a specific person, company or organization. Checks shall NEVER be made payable to "cash".

All checks must be typewritten or completed in ink.

"VOID" checks shall have the signature area cut off and stapled to the appropriate check stub.

ADVANCE PAYMENTS

Advance payments may sometimes be requested for necessary expenses to be incurred by clubs or other student groups engaged in out-of-town travel.

The Request for Check form shall indicate that the check is for a travel advance.

Upon completion of the activity, the sponsor shall return any unused funds to the Activity Fund Clerk for issuance of a receipt. All supporting documentation and the receipt for unused funds shall be attached to the original Request for Check form.

The settlement of all advances shall be completed no later than fifteen (15) days after the completion of the activity for which the advance was made, except in cases deemed necessary by the Principal. In all cases, settlement should be attained prior to the end of the school year.

SUPPLEMENTAL PAYMENTS TO EMPLOYEES FOR SERVICES

The Activity Fund shall not pay any SISD employee for any reason.

PAYMENTS TO NON-EMPLOYEES FOR CONTRACTED SERVICES

Payments for contract labor should not be made from the Activity Fund.

Payments for contract labor will be made from the general fund. A check from the activity account will be prepared to reimburse the General Fund for the expenditures. This procedure will allow SISD to monitor contract labor vendors and prepare IRS 1099 forms for qualifying individuals.

CAMPUS OPERATING/CLEARING ACCOUNT

GENERAL POLICIES

The campus Operating/clearing account is a separate account in the Activity Fund that enables the school to make purchases through the Activity Fund which are charged to the school's General Fund budget.

The amount to be maintained in this account is as follows:

Senior High School	\$1,000
Junior High School	\$ 500
Elementary School	\$ 500

Disbursements from this account will be at the discretion of the Principal, in accordance with SISD purchasing guidelines. Disbursements over \$100.00 require prior approval from the Finance Office.

Proper supporting documentation for all disbursements must be maintained.

OPERATING PROCEDURES

Reimbursement to this account shall be on an actual expenditure basis. In other words, the amount of the reimbursement shall be for an amount which will restore the campus Operating/clearing account to the original amount.

Reimbursement to this account shall be made by completing a Check Request in the TEAMS system. All invoices or other suitable documentation supporting the amount of reimbursement shall be attached to the Check Request. A copy of the supporting documentation should be retained in the school records. The SISD Business Office will issue a check to be deposited into the campus activity account, restoring the campus Operating/clearing account to its original balance.

TAXABLE STATUS OF PURCHASES

Ruling No.95-0 from the State Comptroller, effective October 1, 1969 states:

"The sale, lease or rental of tangible property directly to or for storage, use or other consumption of tangible personal property directly by an educational organization..., which property is necessary to its function as such, and paid for by the organization is exempted from the computation of state and local sales taxes."

Provisions under Article 21-023 of the Federal Statutes also provide tax exemption to the School District. In accordance with these rulings:

TAX FREE PURCHASES

All items purchased by a public school, school district or non-private school for the school's own use qualify for an exemption from sales tax IF the items purchased relate to the educational process. The school, school district or authorized agent should provide the seller with a Texas Sales Tax Exemption Certificate. The certificate must state that the merchandise being purchased (1) is for the organization's own use in providing education, (2) is being made in the name of the organization, and (3) the payment shall be made from the organization's own funds.

Purchases for their own use by individuals, even though connected with a school or school organization, are not exempt from the tax. Examples – cheerleaders purchasing their own uniforms, band members purchasing their own instruments and athletic teams purchasing their own jackets.

EXEMPT SCHOOL ITEMS

Public and non-profit private schools and school-related organizations need not collect sales tax on the following:

- Fees and admission tickets, including football and drama tickets
- Club memberships
- Deposits
- Sales of food and soft drinks sold during a regular school day, subject to an agreement with the proper school authorities
- Sale of whole cakes or pies
- Food and drinks sold at PTA carnivals

EXEMPT FOOD SALES

The sales tax is not collected on meals and food products, including candy and soft drinks, served in an elementary or secondary school during the regular school day by a school, student organization or PTA subject to agreement with school authorities. This exemption from the sales tax applies to guests, employees, or teachers served in a school cafeteria or teachers' lounge during the regular school day.

The sale of food, including candy and soft drinks, is exempt from sales tax when sold by an organization associated with a public or non-profit private elementary or secondary school (4-H clubs, Future Farmers of America, Future Homemakers, etc.) if:

- The sale is part of a fundraising drive sponsored by the organization; and
- All net proceeds from the sale go to the organization for its exclusive use.

SCHOOL SPONSORED TRIPS

Meals purchased by the school for athletic teams, bands, etc. on authorized school trips are exempt from the sales tax if the school contracts for the meals. The school must pay for the meals and provide the eating establishment with an exemption certificate.

Individual members of the athletic team, band, teachers, coaches, etc. may not claim exemption from the sales tax on the meals they purchase while on a school-authorized trip.

An exemption may also be claimed by the school from the Hotel Occupancy Tax if the school contracts and pays for the accommodations and provides the hotel with a completed Hotel Occupancy Tax Exemption Certificate.

TAXABLE SALES

Supplies and Publications

Public and non-profit private schools and school-related organizations must collect the sales tax on the following:

- School-purchased supplies sold directly to students including athletic equipment and physical education uniforms
- Fees for materials when the end product becomes a possession of the student
- Student publications such as yearbooks and football programs
- School rings
- Books sold to students at book fairs

Sales by Teachers and Students

Teachers and students MUST COLLECT the sales tax on merchandise other than food products they sell.

If the school assumes responsibility for the activity and/or sales, the school is responsible for insuring the tax is paid. The school may purchase items tax free and must collect the tax when the items are sold.

Band boosters are required to pay sales tax when purchasing taxable items and to collect sales tax when selling taxable items.

Exemption certificates DO NOT require tax-exempt numbers.

TOLL-FREE NUMBERS

The State Comptroller's office maintains a toll-free tax information number for quick response to any state tax questions you may have. You can reach the Comptroller's Office from anywhere in Texas by dialing: 1-800-252-5555.

REMITTANCE OF SALES TAXES

All sales tax collected by all campuses shall be remitted quarterly to the Business Office. The Business Office will complete the Consolidated Sales Tax Report and submit it to the Comptroller's Office.

FUNDRAISING ACTIVITIES

DEFINITION OF FUNDRAISING ACTIVITIES

A fundraising activity may be defined as any activity involving participation of a student body or a school-recognized student group undertaken for the purpose of deriving funds for a school or a school-sponsored group.

FUNDRAISING ACTIVITIES FOR A SCHOOL

General

Fundraising shall not be permitted during class time. When fundraising activities are in the name of the school, all funds raised become school funds, belonging to the school-sponsored group responsible for raising the money.

Each organization is limited to a maximum of two fundraising activities per school year. The club sponsor should request, in writing, permission from the Principal to conduct a fundraising activity.

At the end of each school year, each organization shall report to the Principal regarding the outcome of each fundraising activity and how these funds were used.

At the elementary level, door-to-door fundraising by students in activities sponsored by the school or by a school related organization is prohibited.

ACCOUNTING FOR FUNDRAISING ACTIVITIES

Collections and Disbursements

All collections must be receipted and all payments must be made in accordance with the "Issuing Receipts" section of this manual. All collections and disbursements associated with any fundraising activity coordinated by the school or a school-recognized student group shall be transacted through the Activity Fund.

Upon completion of fundraising activities a Fundraising Recap Form from the sponsor, with a copy to be filed with the Activity Fund Clerk and a copy retained by the sponsor. This report should indicate gross collections and list any expenses incurred relative to the activity (merchandise, advertising, sales tax, prizes, etc.). Disposition of the net proceeds (profits) should also be disclosed if funds were collected for a specific purpose.

The club sponsor or activity chairman is responsible for keeping accurate records for all money-raising activities. Such records should include (at minimum):

- Product distribution lists (if applicable)
- Daily collection reports
- Tabulation of sales tax collections
- Original cash receipts received for money turned in to the Activity Fund Clerk

At the conclusion of the fundraising activity, all records should be turned in to the Activity Fund Clerk (with the original copy of the completed Fundraising Recap Form, if required) and retained for audit purposes.

Appendix A

Campus and Student Activity Fund Definitions

Campus Activity Funds

Funds are raised locally at the school or donated to the school. The funds belong to the campus. The money must be expended to benefit the student body and have a public purpose in the realm of education. The sponsor or principal decides upon the use of the funds. Funds are deposited and disbursed in 461 fund accounts.

The campus qualifies for two tax-free sales days per CALENDAR year. The campus principal must approve disbursements.

All fundraisers, cash collection and disbursements are subject to SISD procedures and regulations.

Upon dissolution of the campus, any remaining funds will be transferred to the general fund.

Student Activity Funds

Funds are generated by specific student groups, not by the district or campus.

Funds are held in trust for the student group. The money does not belong to the campus.

The student group must be

recognized by the school and have elected officers (not participatory captains). The group must hold meetings and take minutes. Minutes must be approved by the group and signed by the club president.

Funds deposited and disbursed are included in 865 fund accounts. The group qualifies for two tax-free sales days per CALENDAR year. Disbursements are authorized by club action.

Meeting minutes

authorizing the disbursement must be attached to the request for payment and retained by the campus secretary/bookkeeper. The minutes must be signed by the club President or secretary.

All fundraisers, cash collection and disbursements are subject to SISD procedures and regulations.

The group should indicate their wish

For use of any funds left after the student group disbands.