

Activity Funds

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Preface

The Activity Fund policies and procedures outlined in this manual were written in accordance with the TEA *Financial Accountability System Resource Guide*.

This manual provides a set of standardized accounting guidelines and procedures for the administration of the Denison Independent School District Activity Funds.

Principals, secretaries, clerks, sponsors and other personnel involved in the administration of Activity Funds are responsible for strictly following the policies and procedures prescribed in the manual.

Furthermore, all Activity Fund custodians must ensure that all Activity Fund transactions and accounts are maintained in accordance with state and local law.

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. All funds collected by school district personnel from students or teachers are defined as activity funds and must be handled through the activity funds accounts.

School administration is not responsible for funds collected, disbursed, and controlled by parents or alumni organizations (i.e., Parent Teacher Organizations, athletic and band boosters clubs, etc.), and these funds should not be accounted for in a school district's activity funds.

Activity Funds are accounted for on a centralized basis in the Business Office. In the Business Office, Activity Funds are processed through two main accounts:

Fund 461 – Campus Activity Fund this account is used to process cash receipts and expenditures to be used for the benefit of the student body as a whole.

Fund 865 – Student/Teacher Activity Fund this account is used to process cash receipts and expenditures to be used for the benefit of a specific student or teacher group.

Each campus is assigned sub-accounts to manage the financial operations of various campus, student, or teacher groups.

Responsibility for Activity Funds

The school principal has the primary responsibility for the proper control, supervision, and safekeeping of activity funds on their respective campus. The principal must ensure all appropriate staff members have reviewed the policies and procedures of the Activity Fund Manual. The principal will notify the Director of Business about any new sponsor or sponsor changes. If the Principal determines that Activity Fund policies and procedures have not been followed, he/she should request a review by the Director of Business. Depending on the seriousness of the findings, the Principal shall confer with appropriate administrative personnel to determine possible disciplinary action against the employee.

Individual Activity Fund Sponsors are responsible for properly managing the daily financial operation of their respective activity funds. This includes the following: developing fund raising plans, monitoring the financial position of the activity fund, adequate documentation of activity fund transactions, timely deposit of activity fund cash receipts, safeguarding activity fund cash receipts until deposited, and other fiduciary responsibilities.

The Director of Business will periodically audit selected Activity Funds. The principal may request a special audit because of situation or special event.

Fund Raising: Policy and Procedures

Fund raisers are the primary source of revenue for most activity funds. In order to ensure that each fund raising event is conducted in accordance with the District guidelines, the following policies and procedures should be strictly followed.

- All fund raising activities must be pre-approved by the appropriate principal and Assistant Superintendent for Administration.
- The fund raising profit must be used to benefit the student group responsible for raising the money.
- Money and checks must not be stored at the sponsor's home.
- Merchandise must be kept in a secure and safe location.
- No vendors will be paid with cash from fund raising activities. All expenditures will be paid by check from the Business Office.

Basic Records

- All records should be kept current and in good order for a period of five years and available for audit any time.
- The General Ledger for Activity Funds is maintained on the District's central accounting system.
- Principals and sponsors will be provided various reports and print outs at the end of each fiscal year. Principals and sponsors may also request these reports at any time during the year.
- Upon completion of fund raising activities, the Activity Fund Financial Recap Form should be completed (See page 6). This report should indicate gross collections and list any expenses incurred relative to the activity merchandise (advertising, sales tax, prizes, etc.) A copy of the report should be given to the campus principal and one copy retained for the sponsor's records.
- The sponsor will maintain a Transaction Report Form (See page 7) for each fiscal year (September 1 to August 31). This report should be reconciled to the General Ledger Report for the following period and the account confirmation form signed by the sponsor: 9-1-XX to 12-31-XX, 9-1-XX to 4-30-XX, and 9-1-XX to 8-31-XX.
- The following records will be delivered to the business office by September 30 at the end of each fiscal year (August 31). The records will be return after the completion of the District's annual audit.
 1. Receipt books
 2. Validated deposit slips
 3. Expense receipts
 4. Activity Fund Financial Recap Report
 5. Transaction Report Form reconciled to the General Ledger Report
 6. Signed sponsor confirmation form

Denison ISD Activity Fund Financial Recap Report

Club Name _____

Fund Raising Event _____

Gross Collections	

Expenses	
Profit or (Loss)	

Sponsor Signature _____

Denison ISD Activity Fund Transaction Report

Club Name _____

Club Acct # _____

Date	Transaction Source	Deposit Amount	Check Amount	Balance Totals

Sponsor Signature _____

Activity Account Confirmation Form

Activity Account Name: _____

Sponsor Name: _____

Beginning Balance as of _____ : _____

I confirm the beginning balance is correct.

Sponsor Signature

Date

General Receipting & Depositing Procedures

- All cash and check collections must be recorded by the person receiving the money.
- Each receipt should be distributed as follows: white(customer copy), 2nd copy(sponsor copy), and 3rd copy(control copy/remains in the receipt book).
- Cash receipts should only be completed in pen.
- The receipt should include the purpose for which the money was received.
- 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.
- Deposits must be made whenever cash collections exceed \$300 for secondary schools and \$100 for elementary schools.
- Deposits should always be made on Friday even though the cash on hand does not exceed the maximum allowable.
- All checks held for deposit shall be endorsed as follows:

For Deposit Only

(Name of School) Activity Fund

Account Number

- Deposits (of returned checks) must be deposited separate from other funds collected.

Purchases from Activity Funds

The policies and procedures which apply to the expenditure of General Funds also apply to the expenditure of Activity Funds. Refer to the Denison ISD purchasing policy for detailed instructions. The following general guidelines apply to the purchasing process in relation to Activity Funds:

- The Business Office will not reimburse employees for sales tax they paid for purchases on behalf of Denison ISD.
- All expenditures from Activity Funds must be made by check. No expenditures will be made using non-deposited cash
- District approved Purchase Order or Check Request must be obtained before any activity fund purchase can be made.
- All reimbursement claims must be submitted to the Business Office within three weeks of the original transaction date.
- No purchase shall be made unless sufficient funds are available in the proper Activity Fund Account or will be available at a later date within the current fiscal year.

- No expenditure for individual professional dues, private club memberships, alcoholic beverages and other similar/related expenses.
- Activity fund purchases should comply with the district's purchasing procedures and relevant statutes. Purchases must comply with the Texas Education Code, Section 43.031

Sales Tax Issues

Taxable Sales:

Unless a product is noted in the tax exempt section below, the school organization must collect sales tax on all fund raiser products sold, or the sponsor can conduct a One-Day Tax-Free Sale and sell any taxable item as tax free.

The following items are tax exempt:

- Fees and admission tickets.
- Student club memberships.
- Food and soft drink sales sold and served during the regular school day and by a school, student organization or organization devoted to the exclusive purpose of education and directly associated with Denison ISD.

This list is not comprehensive. The Business Office can provide assistance with helping each sponsor determine the taxable status of items purchased for a fund raiser.

Effective August 30, 1993, each school district, each school, and each bona fide chapter of each school is allowed to have (2) one-day tax free sales each calendar year. During these 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. One-day tax-free sales mean that collection and remittance of state sales tax is not required on qualified sales on that day. 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, holding meetings, and conduction business are bona fide chapters of the school and each group may have (2) one-day tax-free sales in a calendar year

Tax Free Purchases:

All items purchased by a public school, school district or non-private school for the schools 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. To valid the certificate must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that 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.

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

Individual members of teams or other organizations may not claim exemption from the sales tax on meals the purchase while on school-authorized trips.

An exemption may also be claimed by the school from the hotel occupancy tax if the school contracts and pays for the accommodations. This exemption is only for the state hotel occupancy taxes. City taxes are not tax-exempt.

Teachers, coaches, and other staff may not claim exemption from sales tax on individual purchases while on school business even though they are reimbursed by the school for expenses. For example, a teacher who is attending a conference out of town would not be able to claim a sales tax exemption on an individual meal purchase.

CLEAR FORM

TEXAS SALES AND USE TAX EXEMPTION CERTIFICATION

Name of purchaser, firm or agency	
Address (Street & number, P.O. Box or Route number)	Phone (Area code and number)
City, State, ZIP code	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: _____

Street address: _____ City, State, ZIP code: _____

Description of items to be purchased or on the attached order or invoice:

Purchaser claims this exemption for the following reason:

I understand that I will be liable for payment of sales or use taxes which may become due for failure to comply with the provisions of the Tax Code: Limited Sales, Excise, and Use Tax Act; Municipal Sales and Use Tax Act; Sales and Use Taxes for Special Purpose Taxing Authorities; County Sales and Use Tax Act; County Health Services Sales and Use Tax; The Texas Health and Safety Code; Special Provisions Relating to Hospital Districts, Emergency Services Districts, and Emergency Services Districts in counties with a population of 125,000 or less.

I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate and, depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.

<div style="display: flex; align-items: center;"> <div style="font-weight: bold; margin-right: 5px;">sign here</div> <div style="border-bottom: 1px solid black; flex-grow: 1;"></div> </div>	<div style="border-bottom: 1px solid black; flex-grow: 1;"></div>	<div style="border-bottom: 1px solid black; flex-grow: 1;"></div>
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.
 THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.
 Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

This certificate should be furnished to the supplier. Do not send the completed certificate to the Comptroller of Public Accounts.

TEXAS HOTEL OCCUPANCY TAX EXEMPTION CERTIFICATE



CLEAR FORM

CAROLE KEETON STRAYHORN • TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

NOTE: This certificate is for business only, not to be used for private purposes, under penalty of law. The hotel operator may request a government ID, business card or other identification to verify exemption claimed. Certificate should be furnished to the hotel or motel. DO NOT send the completed certificate to the Comptroller of Public Accounts. The certificate does not require a number to be valid. Refer to Hotel Rule 3.161 for exemptions.

Check exemption claimed:

- United States government or Texas government official exempt from state, city, and county taxes.** Includes US government agencies and its employees traveling on official business, Texas state officials or employees who present a Hotel Tax Exemption Photo Identification Card, and diplomatic personnel of a foreign government who present a Tax Exemption Card issued by the US Department of State.
- Religious, charitable, or educational organization or employee exempt from state tax only.** Educational organizations include school districts, private or public elementary and secondary schools, and Texas institutions of higher education as defined in Section 61.003, Texas Education Code. Beginning October 1, 2003, non-Texas institutions of higher education (public and private universities, junior colleges, community colleges) must pay the state hotel occupancy tax. Religious and charitable organizations must hold a letter of exemption issued by the Comptroller of Public Accounts to claim the exemption.
- Other. Organization exempt by law other than Chapter 156, Tax Code.** Specify reason for exempt status below. **Supporting Documentation Required.**

Name of exempt organization	Organization exempt status (Religious, charitable, educational, governmental)
Address of exempt organization (Street and number, city, state, ZIP code)	

GUEST CERTIFICATION: I declare that I am an occupant of this hotel/motel on official business sanctioned by the exempt organization named above and that all information shown on this document is true and correct.

Guest name (Please print)

	Date
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FOR HOTEL/MOTEL USE ONLY (OPTIONAL)

Name of hotel/motel				
Address of hotel/motel (Street and number, city, state, ZIP code)				
Room rate	Local tax	Exempt state tax	Amount paid by guest	Method of payment

You have certain rights under Ch. 559, Government Code, to review, request, and correct information we have on file about you. To review or correct your state tax-related information, contact the Texas State Comptroller's office.

Hotels may require verification before accepting a hotel occupancy tax exemption certificate. An organization may qualify for hotel occupancy tax exemption even when it does not have a Comptroller's letter of hotel tax exemption or cannot be found on the Comptroller's list of exempt organizations. Some examples include churches, public schools, and community colleges.

You may need to pay the tax until verification of hotel tax exemption can be obtained from the Comptroller's office. You can apply to the hotel for a refund or credit.

To receive verification or to apply for exemption, please contact a hotel tax specialist toll free at 1-800-252-1385 or in Austin at 512/463-4600. From a Telecommunications Device for the Deaf (TDD), call 1-800-248-4099 or in Austin 512/463-4621.

You may also visit us online at <http://www.window.state.tx.us/taxinfo/exempt/>. Receive tax help via e-mail at exempt.orgs@cpa.state.tx.us.

Theft or Loss of Activity Funds

In the event that a theft or loss of activity funds occurs, the appropriate principal must immediately report the incident to the Director of Business. The Director of Business will collect all relevant information about the incident. All necessary administrative personnel including the Superintendent should be contacted. The Superintendent will determine if local law enforcement should be informed. A formal report will be written by the Director of Business and turned in to the Superintendent within ten working days of the incident.

Activity Fund Account Deficit

No activity fund account will be allowed to operate with a deficit balance.

Sound activity fund management dictates that expenditures must be equal to or less than generated revenues. If an activity fund sub-account continuously operates with a deficit balance, then expenditures have not been adequately controlled to be equal to or less than generated revenues. Furthermore, the sub-account is being used for an unauthorized purpose.

When this occurs, the appropriate principal will be required to submit a collateral account to the Business Office, so that the negative balance may be promptly transferred.