LHISD

TOGETHER, WE ARE BUILDING CHAMPIONS.

ACTIVITY FUND MANUAL

PREFACE

The purpose of this manual is to provide standardized accounting procedures for the administration of Activity Funds in elementary and secondary schools of the Liberty Hill Independent School District. Principals, sponsors, campus bookkeepers/administrative assistants, and other parties involved in the handling of Activity Funds should become knowledgeable of the instructions prescribed in this manual. The procedures outlined herein comply with statutory requirements and constitute policy as established by Liberty Hill Independent School District. This manual supersedes all prior publications regulating the administration of Activity Funds.

Rosanna R. Guerrero
Chief Financial Officer

July 18, 2023
Date

Central Office Positions Referred to in Manual

Position	Name of Employee	Phone Extension
Finance		
Chief Financial Officer	Rosanna R. Guerrero	1016
Director of Finance	Wayne Curry	1011
Payroll Manager	Elizabeth Tinajero	1017
Purchasing Coordinator	Kim Chappius	1019
Accountant	Sara Lemenager	1044
Budget/Grant Accountant	Karla Martinez	1037
Accounts Payable Specialist	SJ Schwartz	1042
Payroll Specialist	Joni Dixon	1054
Payroll Specialist	Cindy Smith	1036
Child Nutrition Services		
CNS General Manager	Chandon Ford	1010
CNS Specialist	Lark Nabi	1030
District Chef	Adrian Ibarra	1018
Public Education Information Management System		
PEIMS Manager	Laurie Kelso	1031
PEIMS Specialist	Maria Alviso	1051

Business & Financial Services Main Line: (512) 260-5570

TABLE OF CONTENTS

SECTION 1: GENERAL INFORMATION – INTERNAL CONTROL

1.1 Definition and Purpose of Activity Funds

1.2 Responsibility for Activity Funds

1.3 Required Training

SECTION 2: BASIC RECORDS

2.1 Enumeration of Basic Records

2.2 Additional Records

2.3 Retention of Records

SECTION 3: BANKING PRACTICES AND PROCEDURES

3.1 Bank Accounts

3.2 Bank Reconciliation

SECTION 4: RECEIPT OF CASH AND CHECKS

4.1 General Operating Procedures

4.2 Control of Activity Fund Cash Receipt Books

SECTION 5: DEPOSIT OF FUNDS

5.1 General Operating Procedures

5.2 Procedures for the Preparation of Bank Deposits

SECTION 6: RETURNED CHECKS AND RE-DEPOSITS

6.1 Returned Checks

SECTION 7: ACTIVITY FUND DISBURSEMENTS

7.1 General Operating Procedures

7.2 Activity Check Procedures

7.3 Contracts and Lease Agreements

7.4 Capital Items (Equipment)

7.5 Reimbursements

SECTION 8: PETTY CASH

8.1 General Policies

SECTION 9: VENDING MACHINES

9.1 General Policies

9.2 Vendor-Serviced Machines

9.3 General Operating Procedures

SECTION 10: FACULTY FUNDS

10.1 Definition of Faculty Funds

10.2 General Operating Procedures

SECTION 11: STATE AND LOCAL SALES TAXES

11.1 Taxable Status of Purchases

11.2 Taxable Status of Sales

11.3 Collection and Remittance of Sales Taxes

11.4 Tax Free Sales Days

SECTION 12: FUNDRAISING/SALES ACTIVITIES

12.1 Definition of Fundraising/Sales Activities

12.2 Approvals Required

12.3 Accounting for Fundraising/Sales Activities

12.4 Individual Student Accounts

12.5 Restriction of Fundraising

12.6 Approved Use of Activity Funds

12.7 Prohibited Use of Activity Funds

12.8 Guidelines for Conducting a Concession

12.9 Fundraising for Charities

SECTION 13: COMMISIONS/DONATIONS

13.1 Commissions

13.2 Donations

SECTION 14: TRANSFER OF FUNDS BETWEEN ACTIVITY ACCOUNTS

14.1 Transfers for the Purpose of Payment of Contribution

14.2 Documentation of Transfer

SECTION 15: ACTIVITY FUND FORMS AND REPORTS

15.1 Supply of Forms and Reports

SECTION 16: ACTIVITY FUND AUDITS

16.1 Spot-Check Audits

16.2 Audit Process

ACTIVITY FUNDS

ACCOUNTING PROCEDURES

SECTION 1: General Information - Internal Control

1.1 Definition and Purpose of Activity Funds

Activity Funds are funds accumulated by the schools, including the collection of student fees and various school-approved, money-raising activities. **Activity Funds are used to promote the general welfare of the school and the educational development and morale of all students.**

Student Activity Funds are funds generated by specific student groups thus they belong to the student groups. Examples of student groups include: Spanish Club, Student Council, Class of 2016, etc. These funds are accounted for as fiduciary trust funds under fund number 865, and expenditure of these funds must be approved by the officers and sponsor of the student activity fund.

Campus Activity Funds are funds raised locally at the school or donated to the school and include faculty and departmental accounts. Campus activity funds are accounted for in fund 461 and expenditure of these funds must be approved by the principal.

Nothing should be sold on campus (or purchased) without prior approval of the principal.

1.2 Responsibility for Activity Funds

According to TEA and auditing standards, Activity Funds are part of school district funds. As such, they are subject to the same rules and regulations as other district funds. This includes rules and regulations pertaining to payroll taxes, sales tax, prudent expenditure of funds, safeguards, separation of duties, IRS Regulations (W-2s, 1099s), proper documentation, audit standards and requirements, fixed asset recording, and management authority and responsibility.

The school principal is responsible for the proper collection, disbursement, accounting, and control of all Activity Funds. This responsibility includes providing for the safekeeping of funds at the school. All money must be properly safeguarded at all times and never left unattended overnight or for even a short period of time. **All money received should be deposited on a daily basis.** Employees who fail to properly safeguard money in their possession may be held responsible for replacement of missing funds. Principals must provide a secure location to hold money received prior to deposit in the bank. The school principal is not responsible, however, for funds collected, disbursed, and controlled by parent or booster organizations.

The school principal is responsible for ensuring that every faculty sponsor, campus bookkeeper/administrative assistant, and other parties involved in the handling of Activity Funds reads and follows the guidelines and procedures in the Activity Fund Manual. The school principal is also responsible for ensuring that any party involved in the handling of Activity Funds signs and returns the appropriate Activity Fund Manual receipt form.

The faculty sponsor of a student club or group is responsible for maintaining adequate financial records as evidence of proper custodianship of money received and disbursed by club accounts. Each faculty sponsor is also responsible for ensuring that everyone participating in events sponsored by that organization is aware of and will abide by all of the rules concerning Activity Funds.

1.3 Required Training

All staff (principals, campus bookkeepers/administrative assistants, club sponsors and anyone else) that administer Activity Funds are required to attend the Activity Fund training at the beginning of each school year.

SECTION 2: Basic Records

2.1 Enumeration of Basic Records

1. Activity Fund Cash Receipts

Cash receipts are the means to accurately record cash received and provide support to substantiate bank deposits.

2. Bank Deposit Slips

Bank deposit slips, when properly acknowledged by the bank, serve as a receipt for money deposited in the bank on specific dates. As such, these slips, when properly prepared and acknowledged, are vital supporting documents in the maintenance of accurate cash records. Deposit slips shall be obtained from the Business Office.

2.2 Additional Records

The basic records described in Section 2.1 do not represent all necessary forms used in accounting for Activity Funds. These forms are specified in Section 16 of this manual.

2.3 Retention of Records

All Activity Fund records must be retained on file in the school for a period of at least five years.

SECTION 3: Banking Practices and Procedures

3.1 Bank Accounts

Each campus will have their own bank account to use for Activity Funds. These bank accounts will be with the depository bank selected by the Board of Trustees. All monies received will be deposited into this account and all disbursements will be made from this account. Only Activity Fund transactions may be directed through the Activity Fund bank accounts. Schools and school organizations are prohibited from borrowing funds or entering into deferred payment contracts from any and all sources.

3.2 Bank Reconciliation

Bank reconciliations will be prepared by the campus bookkeeper/secretary, signed by the campus Principal, and sent to Business & Financial Services for review monthly.

SECTION 4: Receipt of Cash and Checks

4.1 General Operating Procedures

1. An official receipt should be prepared immediately for any cash and/or checks received. Receipts should be issued in pre-numbered sequence and should be prepared in ink. The school district should not accept postdated checks.
2. Signatures should be MANUAL; signature stamps are prohibited. Do not pre-sign receipts.
3. If an error occurs in the preparation of a cash receipt, initial the correction on the original and both duplicate receipts.
4. The maker of a check must be indicated on the receipt if the maker is someone other than the person turning in the money.
5. Originals of receipts must be retained in the activity fund cash receipt book.
6. Under no circumstances should a receipt amount or the signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt.
7. Activity Deposit Slip Form should include receipt numbers to allow for proper audit trail.

4.2 When funds submitted to the campus bookkeeper/administrative assistant have previously been tabulated on a Tabulation of Monies Collected Form, the campus bookkeeper/administrative assistant shall:

1. Reconcile monies received to the total amounts listed on the Tabulation of Money Collected Form.
2. Issue an official Activity Fund cash receipt once amounts have been verified to the individual turning in funds.
3. Indicate on all copies of the Tabulation of Monies Collected the cash receipt number issued by the campus bookkeeper/secretary and the date of issuance.
4. Retain the original Tabulation of Money Collected Form.

4.3 Control of Activity Fund Cash Receipt Books

The campus bookkeeper/administrative assistant shall be responsible for maintaining an adequate supply of receipt books and Tabulation of Money Collected form. The campus bookkeeper/administrative assistant shall issue receipt books as needed to teachers and other persons authorized by the school principal. The campus bookkeeper/ administrative assistant must keep a distribution record of all receipt books issued; this record is considered part of the official Activity Fund records. At the end of the school year the campus bookkeeper/ administrative assistant shall recall all outstanding receipt books so that all books issued during the school year are accounted for.

SECTION 5: Deposit of Funds

5.1 General Operating Policies

1. Deposits must be made daily (cash and checks).

2. Funds submitted for deposit at the end of the school day should be secured in the vault or taken to the bank depository night drop and picked up the next day.

3. All checks to be deposited should be endorsed as follows:

FOR DEPOSIT ONLY

Activity Account Name

4. All monies on hand at the end of the school year must be deposited.

5.2 Procedures for the Preparation of Bank Deposits

1. Bank deposit slips shall be prepared in triplicate for each deposit. The original deposit slip (white) will be retained by the bank with the funds. The second copy (yellow) will be filed with a copy of the check and any related documentation. The third copy (pink) will be kept in the receipt book.

2. The following information must be indicated on the bank deposit slip:

a. The date and amount of the deposit

b. A listing of each check in the deposit showing the maker's name and the amount of the check

c. Listing of accounts funds are being deposited into

3. The sum of the amounts of the supporting cash receipts must be in agreement with the amount of the bank deposit.

SECTION 6: Returned Checks and Re-Deposits

6.1 Returned Checks

Occasionally a check which was previously deposited is returned unpaid by the bank at a later date because of insufficient funds, account closed, improper signature, or other reasons. Procedures in such cases are as follows:

1. The bank will automatically send the returned check to Envision Payment Solutions for collection.

2. Envision Payment Solutions will send a notice to Business & Financial Services when a check does not clear (and Business & Financial Services will notify the campus). Envision Payment Solutions then works on the collection of the check. Envision Payment Solutions will send Business & Financial Services a check when collection of the funds has been made or deposit directly into the Activity Funds bank account via Electronic Funds Transfer (EFT).

3. Envision Payment Solutions phone number is 1-877-290-5460.

SECTION 7: Activity Account Disbursements

7.1 General Operating Procedures

To limit irregularities, all expenditures should be paid by pre-numbered checks from the activity fund checking account. Checks made out to "cash" or to the paying school should never be issued. LHISD requires two signatures on the checks to limit the possibility of irregularities. The campus principal should be one signer, and either the CFO, the Director of Finance, or the Superintendent should be the other.

Income received from a specific group should be expended for that group. No expenditure of funds should be approved by the principal unless sufficient funds are available in the appropriate activity account.

Activity Funds Check Request forms are the authority to issue a check drawn on the activity fund checking account and the support to substantiate each bank withdrawal. Permanent original (e.g. not copies) documentation (invoices, etc.) must support the payment and should be attached to the original Activity Funds Check Request Form.

7.2 Activity Check Procedures

1. Activity Check Request Form filled out and submitted to campus bookkeeper/ administrative assistant.

2. Attach receipts if requesting reimbursement, or attach invoice if requesting to pay a vendor.

3. If Student Activity Group or Club (865) must provide minutes approving purchase when requesting a check

4. New vendors must supply a W-9 and the Felony Conviction form. Please keep these documents on campus.

5. May not make purchase or be reimbursed if there are not sufficient funds in the account.

6. Activity groups/clubs shall get all invoices and requests for reimbursement to the campus bookkeeper/secretary within 30 days of the purchase.

7. Once approved by campus principal, the check and all backup documentation should be sent via inter-office mail to the Director of Finance in the Business & Financial Services department for a second signature. If reimbursing the campus principal, the CFO and Director of Finance will sign the check.

7.3 Contracts and Lease Agreements

All contracts and lease agreements must be reviewed by the Purchasing Coordinator prior to approval. No contract or agreement may be entered into without specific authorization in writing by the Superintendent, CFO, or authorized designee.

7.4 Capital Items (Equipment)

1. A capital item is any item that meets all of the following criteria:
   a. is tangible in nature;
   b. has a useful life of more than one year;
   c. does not lose its identity by being incorporated with another item;
   d. has a unit cost of over $5,000.
2. Capital items will not be purchased with Activity Fund monies without the prior approval of the Superintendent or authorized designee. After the purchase is approved, the campus will move the money from the Activity Fund to the general fund (for fixed asset tracking purposes). Business & Financial Services will contact the campus to provide the budget code for requisition entry.
3. Donations of capital items will not be accepted without the prior approval of the Superintendent or authorized designee.

7.5 Reimbursements

Students or employees may be reimbursed in rare exceptions for personal funds expended for school purposes, provided that an original detailed receipt is provided. These reimbursements should be an exception and not the rule. Any campus that abuses this exception will be denied reimbursements in the future. **Reimbursements should be kept to a minimum as a safeguard against unauthorized purchases by individuals.**

SECTION 8: Petty Cash

8.1 General Policies

Campus bookkeeper/administrative assistant can withdraw up to $150 from their Student Vending Activity Account at the beginning of the year. The check request should be made out to the campus bookkeeper/administrative assistant and cashed at the bank.

At the end of the school year these funds should be deposited back into the Student Vending Activity Account.

SECTION 9: Vending Machines

9.1 General Policies

In accordance with District policy, commissions from vending machines located in the school, shall be controlled by the school principal and processed through the Activity Fund.

9.2 Vendor-Serviced Machines

All commissions generated by vending machines shall be entered into individual Activity Fund accounts established by the principal. Commissions resulting from vending machine sales may be entered into accounts related to the purpose for which the commissions will be expended.

Commissions from vending machines located in areas restricted to school employees may be placed in the Faculty Account. Commissions from vending machine sales will be distributed based upon the student/faculty groups that generate the funds. The funds will be deposited into the appropriate Activity Fund by the campus bookkeeper/administrative assistant.

9.3 General Operating Procedures

1. Vending machine commissions will be entered monthly via SBAA cash receipts.
2. Elementary Schools – since students do not have access to the vending machines, 100% of the funds may be put into the Faculty Account.
3. Student and faculty vending machine commissions should be kept separate.

SECTION 10: Faculty Funds

10.1 Definition of Faculty Funds

Faculty Funds (also referred to as "Sunshine Funds") are defined as funds generated or contributed solely by the school faculty to be utilized and expended at its own discretion. This is one example of Campus Activity Funds. All expenditures for hospitality, condolence, luncheons, lounge facilities or any other purpose for the sole benefit of the faculty, shall be paid out of Faculty Funds.

10.2 General Operating Procedures

1. All Faculty Fund transactions shall be conducted through the Campus Activity Fund.
2. All regulations governing the receipt and disbursement of Activity Fund monies are applicable to Faculty Fund transactions.
3. Transactions involving Faculty Funds must be processed through a separate Activity Fund account to prevent them from being commingled with other funds.

SECTION 11: State and Local Sales Tax

11.1 Taxable Status of Purchases

Ruling No. 95-0.40 from the State Comptroller, effective October 1, 1969, states:

"The sale, lease, or rental of tangible personal property directly to an educational organization . . . , when such 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. . . ."

In accordance with this ruling:

1. Purchases for the school of equipment and materials for educational or instructional use, or for administrative use necessary to the educational function of the school (office supplies, duplicating paper, etc.), are exempt from state and local sales taxes.
2. A school must provide the vendor with the Liberty Hill Independent School District State Identification Number 1-74-6001610-2 when claiming tax exempt status.

3. Purchases from Faculty Funds for hospitality, condolence, etc. are generally **not tax exempt** as these expenditures are not related to the basic educational or instructional function of the school.

4. **The State Identification Number may not be used to claim tax exemption by individuals making purchases from personal funds, although such purchases are on behalf of the school.** Payment must be made by school check to legitimately gain exemption from state and local sales taxes

5. The Liberty Hill Independent School District State Identification Number may **not** be utilized by parent, patron, or alumni organizations to secure exemption from sales taxes.

11.2 Taxable Status of Sales

1. Taxable Items

   Schools must collect Sales Tax on the following:

   a. School-purchased supplies sold directly to students

   b. Fees for materials when the end product becomes a possession of the student (Except products used in Agriculture)

   c. Student publications such as yearbooks and newspapers

   d. Football programs

   e. Clothing, shoes, etc. when the item becomes the personal possession of the student

2. Exempt School Items

   Public schools and school-related organizations need not collect Sales Tax on the following:

   a. Fees and admission tickets, including football and play tickets

   b. Club memberships

   c. Deposits

   d. Vending machine sales of food and soft drinks

   e. Sale of whole cake or pies

   f. Food and drinks sold by PTA carnivals

3. 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, etc., may not claim exemption for 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 state portion of the Hotel Occupancy Tax if the school contracts and pays for the accommodations.

4. Exempt Food Sales

   Sales Tax is not collected on meals and food products, including candy and soft drinks.

   This exemption from the Sales Tax applies to guests, employees, or teachers served in a school cafeteria or teacher's lounge during the regular school day. Sale of food, including candy and soft drinks, is exempt from the Sales Tax when sold by an organization associated with a public elementary or secondary school (Spanish Club, Student Council, Class of 2016, etc.) if:

   The sale is a part of a fundraising drive sponsored by the organization

   and

   All net proceeds from the sale go to the organization for its exclusive use.

   NOTE: Fundraisers must adhere to federal competitive rules (i.e. smart snacks requirements). Therefore, fundraising groups must keep in mind that food items intended for immediate consumption may not be sold during the school day.

11.3 Collection and Remittance of Sales Tax

1. The school shall collect the applicable sales tax on all taxable sales.

   The sales tax rate is 8.25% as of 8/1/2015.

2. When imposing sales tax the school has the option of:

   a. Adding the tax to the selling price of the item. Thus, if the selling price of an item is $1.00 and the tax rate is 8.25%, the school would collect $1.0825 from the buyer for each item sold.
   b. Absorbing the tax in the selling price of the item. If an item were sold for $1.00 including 8.25% tax, the school would multiply the total collections by .0762. This product is the amount of State, City, County, and Special Use taxes due on the total collections at an 8.25% rate.

3. All sales tax collected by the school shall be remitted monthly to the Business Office unless contractual agreements with a vendor stipulate that such taxes should be remitted to the vendor. The Sales Tax Monthly Report should be used for reporting to the Business Office.

4. Business & Financial Services will assume full responsibility for transmitting to the State Comptroller's office all sales tax collections received from the schools.

11.4 Tax Free Sales Days

1. School districts, public schools, qualified exempt private schools and bona fide chapters within a qualifying school may conduct two one-day tax-free sales each **calendar year**. For the purposes of this exemption, one day is counted as 24 consecutive hours and a calendar year is the 12-month period from January through December.

   For example, a school may sell taxable items such as t-shirt, hats, uniforms, school supplies or crafts tax-free on a designated tax-free sale day. These days should be designated in advance so that purchasers are aware that the sales are not subject to tax. The organization may not collect tax on the transactions and keep the tax under the “tax-free” sale provision. The exemption does not apply to any item sold for more than $5,000 unless it is manufactured by the organization or donated to the organization and not sold back to the donor.

Either the date of which the items are delivered by the vendor to the school organization or the day on which the school organization delivers the items to its customers may be designated as the one-day tax-free sale day. Persons buying from surplus inventory on the designated date do not owe tax. **Those buying on subsequent dates owe tax unless the purchase occurs on the organization's other tax-free sale day**.

Each campus qualifies for two one-day tax-free sales, not each department within a campus. These funds are managed through Campus Activity Fund accounts (Fund 461). Each bona fide club qualifies for two one-day tax-free sales. These funds are managed through Student Activity Fund accounts (Fund 865).

1. To qualify as a bona fide chapter of a school, a group of students must be organized for an activity other than instruction. 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 grade levels (e.g. senior class, junior class or freshman), but cannot be limited to specific classes (e.g. Senior English or Biology II). Various other school groups such as student council, science club or drama club can qualify if they are composed of students and school staff.

   A department of a school, such as a purchasing, accounting, maintenance or IT department is not a bona fide chapter even though it is part of the school or school district.

SECTION 12: Fundraising/Sales Activities

12.1 Definition of Fundraising/Sales Activities

A fundraising activity may be defined as any activity involving participation of a student body, a school recognized student group or faculty undertaken for the purpose of deriving funds for a school or a school sponsored group. Fundraising activities are not confined to regular school hours but are considered an extension of the school program.

Sales activities are those not designed to generate a profit but are for items sold at cost such as game day t-shirts, sales of uniforms, etc.

12.2 Approvals Required

1. Sponsors of student groups shall submit to the principal at the beginning of the school year plans for any fundraising activities during the year, the amount to be raised, and the use of such funds.

Prior to undertaking a fundraising activity, the sponsor of the student group shall apply for authorization at least two weeks prior to the proposed activity through the completion of a Fundraising Activity Application. This form must be approved by the principal and the Chief Financial Officer in the Business & Financial Services department.

The principal shall review the fundraising activity request to avoid conflicting activities and to regulate the number of fundraising projects any one organization has in a year. Schools are limited to two campus wide fundraisers and two fundraisers per activity group.

Sales activity also requires prior approval through the completion of a Fundraising Activity Application. This form must be approved by the principal and the Chief Financial Officer in the Business & Financial Services department.

2. Money-raising activities of outside organizations must be conducted outside of school hours and may not involve students or teachers during the regular school day. Parent organizations shall secure approval from the building principal and Facilitron to use school facilities for fundraising projects, e.g., school cafeteria for spaghetti supper, gymnasium for benefit game, etc.

12.3 Accounting for Fundraising/Sales Activities

1. All collections and disbursements associated with any money-raising activities coordinated by the school or a school recognized student group shall be transacted through the Activity Fund.
2. Outside organizations conducting money-raising activities shall manage their own finances and may make donations to the school or an individual student club as they elect. Such contributions may be designated for either a specific purpose or for expenditures at the discretion of the principal.
3. Pre-printed numerical tickets are to be used for all events that require a ticket for admittance. This includes proms, pre-paid dinners and any other event where tickets are used.
4. When the faculty is also participating in a campus wide fundraiser and the faculty is to receive a portion of the proceeds, the fundraiser must be advertised to the general public that _____% is going towards the faculty. A reasonable percentage (***cannot exceed 25%***) should be used in determining the faculty portion of the proceeds. The faculty cannot take a percentage of individual club fundraisers.
5. If two or more clubs are participating in a fundraiser, the Fundraising Activity Application should list all clubs involved and the percentage split of profits between clubs.
6. After the completion of the activity, the Fundraising Activity Application Recap portion must be completed and submitted to Business & Financial Services within 30 days of the ending sale date. The Fundraising Activity should be verified by the campus bookkeeper/administrative assistant and reviewed by the principal. The faculty sponsor is responsible for the factual preparation and submission of the Fundraising Activity Application. A copy of the form and all supporting documents will be retained in the school file for audit purposes.
7. The faculty sponsor is responsible for keeping accurate records for all money-raising activities. Such records shall include at a minimum:
    a. Distribution lists
    b. Collection reports
    c. Original Cash Receipts received for money turned in to the campus bookkeeper/administrative assistant.
    d. Sales brochures

    All records shall be retained for audit purposes for a period of five years.

12.4 Individual Student Accounts

The general activity account for a group or club needs to be credited for all donations and amounts received from fundraising efforts. 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. **Crediting accounts for individual students for their fundraising efforts is strictly prohibited**. Every club member should receive an equal benefit of all funds raised in the name of the school regardless of participation.

According to the IRS, a group or club cannot require that a member participate in a fundraiser nor require that each member raise a certain amount. In addition, the IRS stipulates that a member who does not participate in a fundraiser would be entitled to the same benefits as those members who did participate.

12.5 Restrictions on Fundraising

1. Door to door sales or sales to businesses by students shall be confined to the school's attendance areas and shall be done by groups of not less than two students.
2. Solicitations of cash gifts by individual students for any school related purpose is prohibited.
3. Pay assemblies during school hours to benefit individual school organizations are prohibited.
4. Raffles are not allowed. The Attorney General's opinion JM-1176 states that independent school districts are not qualified to hold charitable raffles under the Charitable Raffle Enabling Act, article 179f, V.T.C.S.
5. Bingo is not allowed. Texas Constitution Art. III Sec. 47b
6. Fundraisers must adhere to federal competitive rules (i.e. smart snacks) requirements. Food items that do not meet the smart snacks requirements must be sold outside of the school day. The following are examples of allowable fundraisers that may occur during the school day:
    a. Any non-food items
    b. Any food items not meant for consumption on the school campus during the school day (e.g. cookie dough to be prepared at home)
    c. Any food item sold after the end of the school day (e.g. 30 minutes after the end of instruction)
    d. Food items sold in concession stands after the end of the school day (e.g. 30 minutes after the end of instruction)

12.6 Approved Use of Activity Funds

Activity Fund purchases have the potential to be scrutinized by the public and therefore should clearly benefit the students.

Below are the two sections pertaining to the uses of Activity Funds:

1. **Student Activity Funds - 865** (German Club, Student Council, etc.) may use money raised for the following purposes.

    a. To finance transportation to an approved event.
    b. To pay student meals at an approved event (not to exceed $10.00/meal).
    c. To pay student meals at an approved banquet (not to exceed $20.00/meal).
    d. To pay expenses for the sponsor and chaperones (both must abide by amounts listed under employee travel guidelines) for the approved event.
    e. To pay expenses for national competitions – **only if prior approval is obtained from the Superintendent**. If Superintendent approves, the club must fundraise specifically for the competition.
    f. To pay a legitimate contest entry fee.
    g. To give students an annual banquet.
    h. To purchase needed supplies and equipment, when such purchase has prior approval of the principal.
    i. To purchase contest awards.
    j. To pay a building use fee and security fee for an approved event.
    k. To give a gift designed to benefit the entire school.
    l. To purchase inexpensive symbolic awards.
    m. To pay for extra custodial help for an approved event.
    n. To pay expenses associated with a senior prom, such as band, decorations, facility, invited guests, etc. If excess funds remain after bills for senior activities are met, the class may:
        I. Designate that the funds be spent for a memorial gift to the school or campus improvement project.
        II. Turn the funds over to the scholarship committee to be used for scholarships for members of that class.
        III. By majority vote, use excess funds to defray the cost of banquet tickets.

Any excess funds not used by the senior class will go into next year's senior class account. These funds may not be kept and used for future class reunions.

2. **Campus Activity Funds - 461**

    General Campus Activity Fund Clubs (Misc. School Activity funds, Library funds, Elementary Student Council, Campus-wide fundraisers, etc.) may use money for the following purposes:

    a. To purchase needed supplies and equipment (classroom/office supplies), when such purchase has prior approval of the principal.
    b. To give a gift designed to benefit the entire school.
    c. Incentives for student involvement and teacher appreciation not to exceed $50. (plaques/certificates.)
    d. Field trip admission fees.
    e. Organizational or Institutional Membership.
    f. General operation of the school.
    g. To pay for school assemblies/student body functions

Faculty Campus Activity Funds may use money for the following purposes.

a. To purchase school shirts for faculty.

b. To purchase food, drinks, snacks, etc. for staff meetings.

c. To purchase paper goods and supplies for staff break rooms.

e. Attendance/morale incentives for faculty.

f. Training for faculty.

12.7 Prohibited Uses of Activity Funds

1. Student Activity Funds may ***not*** use raised money for the following purposes.

   a. Cash gifts, gift cards and gift certificates.
   b. To purchase a table or tickets to banquets for employees.
   c. To purchase a gift for any school employee, except with the vote of club officers, to purchase items of little monetary value for the faculty for teacher appreciation (no gift cards/gift certificates).
   d. To pay for General Fund budgeted items.
   e. To pay for food, drinks, candy, etc. for faculty meetings, back to school, end of school year, etc. *(Items for campus wide meetings should be budgeted for.)*
   f. To purchase paper goods & supplies for staff break rooms.

2. Campus Activity Funds may ***not*** use money for the following purposes.

   a. Cash gifts, gift cards and gift certificates.
   b. Extra compensation/bonuses.
   c. Replacement of individual's property that was lost, stolen, or damaged at school or during a school function.
   d. Individual memberships.
   e. Alcohol, tobacco products, firearms, etc.
   f. Non educational trips.
   g. Any other expenditure prohibited by federal or state law, TEA, or Board policy.

12.8 Guidelines for Conducting a Concession

1. Staff Responsibilities

   a. The club/organization sponsor should be present at all times during the concession to resolve any monetary disputes or issues.
   b. Staff Members/Volunteers should be properly trained in cash handling and inventory management.
   c. The club/organization sponsor is ultimately responsible for reconciling incoming cash with remaining inventory.
   d. Establish a safe environment to work in. Make sure all equipment is in good working condition.

3. General Responsibilities

   Establish responsibilities before staff members/volunteers arrive.

   a. Stocking and restocking
   b. Cash management
   c. Inventory purchasing
   d. Stand maintenance and upkeep
   e. Stand set up and tear down
   f. Selling

   Create instructions and/or checklists for each duty.

4. Inventory Management & Reconciliation

   It is critical to maintain a log of what you purchased, sold, and what is left in inventory. A standard template is available to keep track of inventory and concession revenue.

   Note any discounted items separately at the end of your log so that it is evident when "reduced prices" are granted. This is common when games/events are coming to an end and there is a surplus of inventory that needs to be sold. If inventory is given away, list the description, quantity, and the value of the quantity that was given away under the "Inventory wasted" section of the template.

   When the concession is over, document the revenue and attach the template as back-up. Complete the financial recap on the form provided. This will serve as the inventory reconciliation.

5. Recommendations

   Basic Equipment: Cash Box (have enough small bills and coins for early transactions), Calculator, Tape, Menu Boards, Latex Gloves, Microwave, Cleaning supplies, Hand Sanitizer, Garbage Cans, First Aid Kit, Paper Towels, etc.

Menu Specific: To avoid waste and make clean-up easier consider making hot foods available only during limited hours. Purchase pre-packaged items to make inventory control more manageable.

12.9 Fundraising for Charities

If you are fundraising for a charity, a Fundraising Activity Application must be submitted to Business & Financial Services for approval 30 days prior to beginning of fundraiser. No fundraising for charity is to take place without Principal & CFO approval. The application should indicate the organizations name and percent of profits that will be donated. You must submit a requisition to pay the charitable organization upon completion of the fundraising event. An audit trail of every financial transaction must exist. **Therefore, cash should never be handed over to the charitable organization as a form of payment.** For more information on charitable fundraising contact Business & Financial Services.

SECTION 13: Commissions/Donations

13.1 Commissions

1. General student picture commissions may be split as follows.
   a. Maximum of 25% to faculty account.
   b. Other 75% into student fund(s).
2. Individual clubs/sports picture commissions should be deposited 100% into the appropriate individual/club sport fund(s).

13.2 Donations

All contributors must submit a Contribution Acknowledgement Form to the Business Office.

Donations should never be solicited by either staff or students unless approved by the Superintendent.

SECTION 14: Transfer of Funds between Activity Accounts

14.1 Transfers for the Purpose of Payment or Contribution

Occasionally a club will compensate another school organization for goods purchased or services performed. This may occur when a club purchases advertising in the yearbook, newspaper, etc., or when a club purchases materials from the School Store. A transfer of funds shall be made between accounts in such instances in lieu of issuing an activity fund check.

Likewise, a club may desire to make a voluntary donation or contribution to partially defray the expenses incurred by another club in directing a certain activity.
In such cases the contribution shall be effected by an internal transfer of funds.

Loans from Activity Fund accounts are not allowed.

14.2 Documentation of Transfer

Each transfer shall be initiated by the preparation of a Request for Internal Transfer of Funds disclosing both the amount of and the reason for the transfer. When all required approvals have been obtained, the campus bookkeeper/secretary will send the form to the Business Office and a journal entry will be completed.

SECTION 15: Activity Fund Forms and Reports

15.1 Supply of Forms and Reports

All Activity Fund forms and reports are available on the Business Office web page.

Following is a list of the Activity Fund forms and reports:

Acknowledgement of Responsibilities of Faculty Sponsors of Student Groups

Activity Fund Club Treasurer's Report

Activity Fund Club Minutes

Activity Fund Club Meeting Sign-In Sheet

Fundraising Activity Application

Tabulation of Monies Collected

Activity Deposit Slip

Activity Check Request Form

W-9 Form

Felony Conviction Notice

SECTION 16: Activity Fund Audits

16.1 Spot-Check Audits

These audits are conducted on a random basis for all types of transactions (i.e., accounting, inventory, cash accounts, petty cash, athletic ticket rolls, etc.) This allows Business & Financial Services to review for accuracy and compliance with procedures as well as identify weaknesses which may warrant more in-depth audit coverage.

16.2 Audit Process

1. **Field Work** – It will be necessary for the auditor to review certain records and conduct interviews with campus personnel. Access to personnel and records is important for the prompt completion of the field work.

2. **Final Audit Report** – The final audit report will include observations, recommendations, and may include management's responses. It will be submitted to the CFO. The final audit report will be sent to the campus principal.

3. **Follow-Up Review** – Business & Financial Services may follow-up on previously reported findings to determine whether corrective action was taken as planned by the auditee. It is the responsibility of the principal of the campus being audited to implement the corrective action required to resolve audit findings.