

2014-2015

# Activity Fund Manual



*ISSUED BY THE BUSINESS OFFICE*

# Introduction

This manual was written to provide a set of standardized accounting procedures for the administration of Student Activity, Campus/Principal and Teacher/Employee Accounts in the facilities of the Port Arthur Independent School District. Principals, secretaries and other employees involved in the handling of these funds should become knowledgeable of the instructions prescribed in this manual.

The principals, teachers, and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will assure parents and students that the funds are handled properly. Student Activity, Campus/Principal and Teacher/Employee Accounts may not be used to circumvent the controls established. Purchases must comply with the District's purchasing procedures and relevant statutes. These accounts should not include any revenues received from the sale of any school property. Revenues from the sale of school property should be sent to the Business Office for proper recording.

## Activity Funds

### Definition

There are two basic types of activity funds that are common for Texas public schools. The first is a clearing account (Campus/Principals' Account) which is used for items such as school pictures, yearbooks, class rings, etc. These funds shall be used to promote the general welfare of each school and the educational development and morale of all students.

### ***There are two main categories of activity funds:***

**Campus Activity Funds** - 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** - Funds generated by specific student groups, not by the district or campus, and is the property of said groups, i.e. student council, pep squad, etc. The school district is required to provide stewardship by properly accounting for these funds. Decisions on the use of club funds are the concern of 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.

The students make decisions about the expenditures of student activity funds.

Teacher/Employee Account – Funds are owned by the staff and utilized in this District. The major source of revenues for this fund is the profit margins from the vending/soft drink machines located in the teacher/employee lounge.

To secure the deposit of public funds, all activity funds must be deposited with the District's banking institution. Additional bank accounts are strictly prohibited.

Campus/Principal Accounts - Campus/Principal Accounts contain funds raised at a particular campus which are managed by the principal or other campus administrators. These funds are accounted for as Campus Funds (Fund 461) as stipulated by the TEA Financial Accountability Resource Guide. Campus accounts must be spent to promote the general welfare of the school and the educational development of students. Principals may use these funds to supplement their budgeted district funds. Campus funds should not be spent to benefit any individual or non-student group.

The following is a schedule of some of the appropriate uses and prohibited expenditures from district funds. The list is not all-inclusive, but can serve as a guideline. Any questionable items should be verified through the District's Business Office.

## **CAMPUS/PRINCIPAL'S ACCOUNTS**

### ***SUMMARY OF ACCEPTABLE/UNACCEPTABLE EXPENDITURES***

#### **Acceptable Uses of Campus/Principal's Funds:**

- Organization, institutional, and individual memberships benefiting the district, campus or group of students. 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.
- Educational field trips, meals, and other activities planned for the benefit of students as recognition for accomplishments. The travel expenditures for faculty/staff who must accompany students on a trip are also acceptable provided that expenditures do not exceed the reimbursable limits established by the District's travel policies.
- Parent/student functions such as Open House, Parent Night, and Graduation. Refreshments & snacks for meetings where the school serves as host for related activities for students, staff, & patrons.
- Awards such as plaques, paperweights, certificates, school apparel that does not exceed \$25 per calendar year in accordance to IRS, in recognition of students, staff, or volunteers for service to the school or District.
- Reception expenditures related to above.

- Incentives for student involvement, participation, and achievement.
- Supplemental classroom instructional needs and general office supplies, including school furnishings and equipment which will benefit the general student body.
- Improvement of campus and site facilities such as plants, bulletin boards, signs, and flags.
- District approved conference attendance and travel costs for employees on school business, subject to travel allowances as established by the District.
- Refreshments and snacks for teacher in-service and staff development.
- Business meals for staff - for reasonable cost comparisons, the per diem amounts are at the current district rates. Appropriate documentation indicating who was at the meeting (sign-in sheet) and what was discussed (agenda) is strongly recommended by IRS.
- Emergency health or safety needs for students.
- In-district mileage reimbursement for faculty/staff members on school business at the current district rate per mile provided a travel log is kept and attached to the Check Request as documentation.
- Flowers, not to exceed \$75.00 for death, illness, or leave of absence from the campus employee only. (i.e., spouse, parent, sibling, or offspring).
- Replacement of student items that was lost while in the possession of a district employee.

### **Unacceptable Uses of Campus/Principal's Funds:**

- Payment of an individual's organization dues or fees that do not provide a direct benefit to the district, campus or to a group of students including the payment of professional liability insurance.
- Reimbursement for luncheons or dinners while attending civic organization's meetings except to officially represent the school district or campus.
- Purchase of any gift for any person or organization; this includes gift certificates, retirement gifts, flowers, holiday gifts, and food gifts. Gifts of public funds are prohibited under Article III, Section 52 of the Texas Constitution.
- Extravagant or high-priced awards such as watches or other jewelry.
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts.
- Payment of an individual's personal bills.
- Loans to employees, parents or students for any reason.

- 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.
- Payment of expenses of spouses or other non-employees (i.e. travel expenses).
- Payment of district mileage to school employees who already receive a monthly travel allowance.
- Appreciation meals furnished to employees that exceed the reasonable limitations noted.
- Abuse of number of appreciation meals furnished to staff.
- Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
- Traffic citations, parking or toll charges, auto repairs.
- Appreciation and fundraising dinner tickets.
- Furniture for administrative offices.
- Flowers for illness or leave of absence.
- Meals or expenses relating to a Parent Teacher Association or Organization.
- 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 or gift.
- Any other expenditure prohibited by federal or state law, TEA or board policy, or PAISD regulations.
- Structural additions or improvements to the campus unless properly authorized by the facilities department.
- Gift cards, gift certificates, or the like for district employees.
- **Note:** *Any equipment purchased with student activity funds or campus/principal accounts will become the property of the Port Arthur Independent School District and must be included in the fixed asset inventory of the district.*

## **Student Activity Funds**

Student Activity Funds consist of money that is received and held by the school as trustee. Individual student groups raise these funds and their disbursement is controlled by that group as long as the decisions regarding their use of funds do not conflict with Board policy and/or legal regulations or restrictions. Student activity funds are accounted for by the district as agency funds (Fund 890) in compliance with the TEA *Financial Accountability System Resource Guide*. The basic purpose for the collecting or raising and expending of activity funds must be for the direct benefit of the students or for the general benefit of the school. Within this scope, funds are to be used to finance activities that supplement the educational curriculum of the District. Fundraising activities shall in general

contribute to the educational experience of pupils and shall not conflict with the instructional program. Student activity money shall be expended to benefit a bona fide student group that contributed to its accumulation. Fundraising activities should not be for the individual benefit of a student based on sales, but should be equally distributed to the students holding the fundraiser. **A bona fide student group** is one that has been properly approved by the campus principal and consists of elected student officers and a faculty sponsor.

The sponsor of each school organization is required to ensure that adequate financial records are maintained. These records, which are subject to audit, should include, at a minimum, the following:

- Monthly Detail General Ledger Report
- Sponsor's copy of cash receipt forms
- Sponsor's copy of invoices or disbursement vouchers
- Minutes of each meeting which detail, at a minimum, attendance, approval of expenditures, discussion of fundraising activities and approval of financial status.

## **STUDENT ACTIVITY FUNDS**

### ***SUMMARY OF ACCEPTABLE/UNACCEPTABLE EXPENDITURES***

#### **Acceptable Uses of Campus/Student Activity Funds:**

- Supplies & materials to be used by student members of the group.
- Entry fees & other expenses associated with competitions & meetings once all possible resources have been considered.
- Travel expenses & meals consumed by the student members & their adult sponsors (travel disbursements must be documented by a PAISD travel & settlement voucher).
- Membership in related organizations.
- Charitable contributions & scholarships.
- Expenditures related to parties & other entertainment of student members.
- Equipment to be used by the student members of the organization.
- Flowers, for death, illness, or leave of absence from the student's campus only.
- Light refreshments such as pastries & coffee for Open House, Parent Night, or other parent/student functions.
- Other reasonable expenditures approved by student membership of the group.

### **Unacceptable Uses of Campus/Student Activity Funds:**

- Any purchases not approved by the student membership of the group.
- Any purchases which benefits adult sponsors & does not benefit student members.
- The use of the charter buses or other transportation that has not been approved by the PAISD Superintendent.
- 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.
- Gift cards, gift certificates, or the like for the district employees.
- Funds derived from the student body as a whole shall be expended in a manner benefiting all students. The management of student activity funds shall be in accordance with sound business practices, including established budgetary and accounting procedures.

### **Teacher/Employee Accounts**

Teacher/Employee Accounts contain funds raised through vending and soft drink sales in teacher lounge areas only. In other words, the profits from the sales in these machines are available for the special campus/department employees to use. These funds are accounted for as Teacher/Employee Funds (Fund 891) as stipulated by the TEA Financial Accountability Resource Guide. Principals or department heads may use these funds to supplement their budgeted district funds. These funds should not be spent to benefit any individual or non-student group.

The following is a schedule of some of the appropriate uses and prohibited expenditures from district funds. The list is not all-inclusive, but can serve as a guideline. Any questionable items should be verified through the District's business office.

### **TEACHER/EMPLOYEE ACCOUNT**

#### ***SUMMARY OF ACCEPTABLE/UNACCEPTABLE EXPENDITURES***

#### **Acceptable Uses of Teacher/Employee Funds:**

- Organization, institutional, and individual memberships benefiting the district, campus or group of students. 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.

- Educational field trips, meals, and other activities planned for the benefit of students as recognition for accomplishments. The travel expenditures for faculty/staff who must accompany students on a trip are also acceptable provided that expenditures do not exceed the reimbursable limits established by the District's travel policies.
- Parent/student functions such as Open House, Parent Night, & Graduation. Refreshments & snacks for meetings where the school serves as host for related activities for students, staff, & patrons.
- Awards such as plaques, paperweights, certificates, school apparel that does not exceed \$25 per calendar year in accordance to IRS, in recognition of students, staff, or volunteers for service to the school or District.
- Reception expenditures related to above.
- Incentives for student involvement, participation, and achievement.
- Supplemental classroom instructional needs and general office supplies, including school furnishings and equipment which will benefit the general student body.
- Improvement of campus and site facilities such as plants, bulletin boards, signs, and flags.
- District approved conference attendance and travel costs for employees on school business, subject to travel allowances as established by the District.
- Refreshments and snacks for teacher in-service and staff development.
- Business meals for staff - for reasonable cost comparisons, the per diem amounts are at the current district rates. Appropriate documentation indicating who was at the meeting (sign-in sheet) and what was discussed (agenda) is strongly recommended by IRS.
- Emergency health or safety needs for students.
- In-district mileage reimbursement for faculty/staff members on school business at the current district rate per mile provided a travel log is kept and attached to the Check Request as documentation.
- Flowers, not to exceed \$75.00 for death, illness, or leave of absence from the campus employee only. (i.e., spouse, parent, sibling, or offspring).
- Replacement of student items that was lost while in the possession of a district employee.

#### **Unacceptable Uses of Teacher/Employee Funds:**

- Payment of an individual's organization dues or fees that do not provide a direct benefit to the district, campus or to a group of students including the payment of professional liability insurance.

- Reimbursement for luncheons or dinners while attending civic organization's meetings except to officially represent the school district or campus.
- Purchase of any gift for any person or organization; this includes gift certificates, retirement gifts, flowers, holiday gifts, and food gifts. Gifts of public funds are prohibited under Article III, Section 52 of the Texas Constitution.
- Extravagant or high-priced awards such as watches or other jewelry.
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts.
- Payment of an individual's personal bills.
- Loans to employees, parents or students for any reason.
- 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.
- Payment of expenses of spouses or other non-employees (i.e. travel expenses).
- Payment of district mileage to school employees who already receive a monthly travel allowance.
- Appreciation meals furnished to employees that exceed the reasonable limitations noted.
- Abuse of number of appreciation meals furnished to staff.
- Alcoholic beverages, tobacco products, controlled substances, firearms, and other weapons.
- Traffic citations, parking or toll charges, auto repairs.
- Appreciation and fundraising dinner tickets.
- Furniture for administrative offices.
- Flowers for illness or leave of absence.
- Meals or expenses relating to a Parent Teacher Association or Organization.
- 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 or gift.
- Any other expenditure prohibited by federal or state law, TEA or board policy, or PAISD regulations.
- Structural additions or improvements to the campus unless properly authorized by the facilities department.
- Gift cards, gift certificates, or the like for district employees.
- Note: Any equipment purchased with student activity funds or campus/principal accounts will become the property of the Port Arthur Independent School District and must be included in the fixed asset inventory of the district.

## **Fundraising**

- The campus principal and Business Office should pre-approve all fundraisers. The sponsor should complete the Fundraiser Proposal Form for submission to the principal and Business Office for approval. Upon approval, the principal and sponsor will retain a copy and return the original to the Business Office.
- The sponsor is responsible for maintaining accurate records of all sales activities and accounting for all items purchased from vendors for resale.
- Sponsors should take care to select a reputable company for the purchase of fundraising materials. In addition, the sponsor should maintain a good relationship with District vendors by submitting bills to the campus bookkeeper/secretary for payment in a timely manner.
- Sponsors must keep control of the merchandise and money. Both should be secured at all times.
- Sponsors should keep accurate records of buyers of purchased items and funds received, collect all money due to the activity account, and keep a detailed list of any amounts due from students. Sales details should be turned in to the campus secretary/bookkeeper with all funds collected. The principal should be notified if student obligations are not paid.
- The sponsor should submit a Fundraiser Follow-Up Form to the principal and Business office within two weeks of the conclusion of the project. A copy should be sent to the campus financial/campus secretary.
- Raffles are not allowable fundraisers for school district or activity fund clubs. Attorney General opinion No. JM-1176 states that independent school districts and their related activity fund accounts are not qualified to hold charitable raffles

## **Cash Collection Procedures**

- For control purposes there should be at least two people involved in the collecting and depositing of cash. Therefore, all activity fund accounts will have a sponsor separate from the financial/campus secretary.
- All monies collected will be deposited promptly into the activity funds account. Cash is **never** to be held and spent on expenses; all disbursements must be made with a check as a result of a purchase order or direct pay request.
- All money collected must be submitted in the same form as collected. A staff member is not to substitute his/her personal check for cash collected. No personal checks are to be cashed from the funds collected.

- Sponsors are not to take money home or keep it unsecured in classrooms after hours. Funds should be counted by the sponsor, secured in a locked box or bag, and given to the financial/campus secretary for storage in a locked secure cabinet or safe until deposited at the bank. Sponsors should not retain funds over three days.

### **Cash Receipts and Deposits**

- All money collected must have some type of back up. The sponsor must provide a listing when receiving collections from multiple individuals and it is necessary to maintain a record of who has paid. Computer generated lists or hand written ledger sheets are acceptable, provided all pertinent information is furnished (date, names, number of items sold, amounts paid, and method of payment.)
- If it is not feasible to record each individual payee but only the number of each item sold (such as sales at a table, tickets, etc.), a cash receipt voucher may be used detailing the beginning inventory, ending inventory, amounts sold and funds received. This form will be given to the campus financial/campus secretary along with funds collected.
- Copies of individual receipts used when the purchaser requires a receipt for future reference such as yearbook sales, etc. may be used as back-up with deposits. Receipts should be pre-numbered and accounted for in a numeric sequence. Copies of the receipts including any voids should backup the deposit given to the campus financial/campus secretary. Merely providing the receipt numbers with no other support does not constitute appropriate supporting documentation for collections.
- The sponsor should count cash collected to ensure the total agrees to the total collections per the Deposit Verification Form. It is helpful for the sponsor to provide the breakdown of cash by denomination. Amounts should be turned in daily to the campus bookkeeper or secretary.
- The financial/campus secretary should count the funds in the presence of the sponsor, if possible, for verification to the sponsor's cash deposit form.
- Upon verification of the cash count, the financial/campus secretary should prepare a bank deposit slip. The bookkeeper should provide the sponsor with a cash receipt for funds received for deposit. Sponsors should make sure that a receipt is returned to them. If the sponsor fails to receive a receipt or if the amount does not agree to their records, the financial/campus secretary should be contacted promptly.

## **Disbursements from Activity Funds**

- All disbursements from activity funds should be in compliance with PAISD purchasing policies. Effort should be made to disburse funds by means of a PAISD purchase order with a PAISD approved vendor. All questions regarding approved vendors and the purchase order process should be directed to the PAISD purchasing department.
- Reimbursement payments are discouraged but if they cannot be avoided, it will require acceptable documentation: vendor's original invoices and/or sales receipts or cash register tapes. Balance due statements, copies, and credit card slips that only show a total are not acceptable because the items do not provide appropriate detail.
- The sponsor should provide the appropriate documentation to the bookkeeper/secretary when submitting invoices for payment. The original vendor invoice must be submitted. Invoice copies and vendor statements of the balance due are not acceptable forms of documentation. If disbursement is from a student activity account, a copy of the club minutes detailing the approval of purchase, those present and signed by the club president or designee is required. The bookkeeper/secretary will maintain this documentation.

Disbursements for campus activity funds require principal approval.

- All requests for payments must be submitted in a timely manner. Late payments to vendors reflect on the entire school district and could result in late payment fees or interest charged to the account. Texas Government Code Chapter 2251 requires the district to pay vendors within 31 days of the later of: the date the goods are received; the date of performance of the service; or the date the invoice is received by the school district.
- All payments are to be made by check. No payments can be made with cash withheld and not deposited into the activity account.
- Payments to district employees must be made through the PAISD Payroll department. Cash payments should never be made to employees from the activity fund for services rendered, extra-duty, or overtime.
- People or companies who are not district employees and are paid for services provided to an activity fund account must be identified as independent contractors. Payments to contractors will be reported to the IRS and a form 1099 will be issued to the contractor if yearly amounts paid are over \$600. An IRS form W-9 indicating the taxpayer ID must be obtained and forwarded to Purchasing Department before the contractor can be paid.

- Sponsors are responsible for communicating with the bookkeeper before committing to any contracted service. The secretary will determine if a contract is required, and if the vendor is active in the Munis system. Contracts should be forwarded to the Principal for review and signature. A copy should be sent to the Purchasing Department.

**Contracted Services may include:**

- Catering/banquet services
  - Rentals: cars, vans, buses, costumes, facilities
  - Presenter/Performer including disc jockeys, seminar and workshop speakers, etc.
  - Custom services: monogramming, sewing, choreography, custom t-shirts, etc.
  - Lodging, transportation, meals and miscellaneous costs associated with travel for individuals performing a service must be included in their fee and treated as a contract service.
- Provisions under Article 21.023 of the Federal Statutes provide tax exemption to the school district. PAISD is entitled to an exemption only on items purchased that relate to the educational process. The Texas Sales and Use Tax Exemption Certificate must be presented each time a purchase is made. The certificate can be obtained from the Purchasing Department.

- Purchases by individual members, teachers, or coaches of classes or teams do not have exemption from sales tax even though they are connected with the school or a school organization. Examples of these types of purchases are cheerleaders purchasing their own uniforms, athletic team members purchasing their own jackets, or science students purchasing a science board.

- **Booster clubs, PTAs, and other associated groups may not use the District's tax exemption certificate or employer ID number.** By law, these groups must obtain their own tax exemption status and employer ID number. Sponsors should never give these groups the district's ID number.

A quick reference guide (located in the back of this manual) created for principals that provides guidance on allowable/non allowable expenditures from general operating, campus activity, and student activity funds. The list is not all-inclusive and should be used as a guideline.

**Sales Tax Collection and Payment**

Funds received and deposited into activity funds from the sale of materials or services must be analyzed to determine if the sale is subject to the collection and remittance of State sales tax. All sales, both taxable and non-taxable, must be reported to the state.

PAISD accounting will report sales and remit the tax to the state on a quarterly basis. A taxable sale is defined as the transfer of title or possession of tangible personal property for consideration (usually money) or the performance of a taxable service for consideration. Schools must collect sales tax on all sales that are not specifically exempt. (See Appendix D-1&D-2 for a list of tax exempt and taxable sales).

**For example sales tax must be collected on:**

- a. school purchased supplies sold directly to students including athletic equipment and physical education uniforms;
- b. fees for materials when the end product becomes a possession of the student;
- c. student publications such as yearbooks and football programs
- d. the sale of a school newspaper if the sales price per copy exceeds \$.75 per issue;
- e. school rings (unless acting as an agent for the vendor and the vendor is collecting and remitting sales tax);
- f. books sold at student book fairs (unless acting as an agent for the vendor and the vendor is collecting and remitting sales tax); and
- g. charges to the general public for parking.

**Schools are not required to collect taxes on the following:**

- a. fees and admission tickets;
- b. student club membership fees;
- c. Parking permits and fees charged to students, faculty, or staff for parking
- d. (Rule 3.315);
- e. Sales of food or soft drinks that are:
  - 1. Sold and served during the regular school day
  - 2. Sold by a person under 19 years of age who is a member of an organization devoted to the exclusive purpose of education, and groups associated with public or private elementary or secondary schools as part of a fund-raising drive sponsored by the organization for its exclusive use.

In some fundraising activities, the school group is merely acting as a sales agent for the vendor. Tax must be collected as part of the sale and remitted to the vendor. The vendor then remits the sales tax to the State Comptroller. The school would not report this activity as a sale since it is reported by the vendor.

Sponsors must report taxable sales and collection of sales tax to the financial/campus secretary. The sales tax rate is 8.25% (6.25% State and 1%

local- city of Port Arthur and .50% economic development and .50% community development).

**When imposing sales tax the school has the option of:**

1. Adding the tax to the selling price of the item. If the selling price were \$1.00, the school would collect \$1.08 from the buyer.
2. Absorbing the tax in the selling price of the item. If total sales were \$100.00 including tax, the organization would divide the total sales by 1.0825 to find taxable sales or \$92.38. Multiply total sales by .0825 to find sales tax to be remitted of \$7.62.

**Tax-Free Days**

Each bona-fide chapter is permitted TWO tax-free sales days per CALENDAR year.

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 is a bona-fide chapter of the school. 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.

For example:

- The school district qualifies for a tax-free day.
- The school-wide fundraiser qualifies for a tax-free day.
- The Basketball club qualifies, but the basketball team does not.
- The Cheerleader Club qualifies, but not the cheerleader team.
- The Debate Club qualifies, but debate teams and classes do not.
- The Senior Class qualifies, but not one particular class that has seniors in it.
- Collection and remittance of state sales tax is not required on qualified sales made during each one-day period. One day is defined as a consecutive 24-hour period.

Items sold after the completion of the one-day sale are taxable. If items are pre-sold, such as yearbooks, items delivered from the vendor within one 24-hour period are nontaxable.

Items sold after the completion of the one-day event are taxable. However, tax-free orders for merchandise can be taken for more than one day, as long as the merchandise is all delivered on the same day and the money has been collected. Information and clarification regarding all state and local sales tax statutes may be obtained from the Business Office.

## **Recordkeeping Requirements**

All records such as receipt books, deposit slips, check requests, purchase orders, sales records, cash reconciliation forms, etc, must be kept in an orderly fashion and retained for audit purposes for a total of seven years. Activity funds may be audited by the district's internal or independent auditors and district Business Services Group staff. All records of the sponsors and secretaries or bookkeepers are subject to audit and must be made available upon request.

## **RESPONSIBILITIES**

All campus personnel including principals, campus/financial secretaries, sponsors and faculty will be held responsible for any campus and student activity funds entrusted to them. **The responsible party will reimburse the Club Account for money (or property purchased with student activity funds) which is lost due to carelessness, fraud, or theft due to carelessness.**

**The Principal** is responsible for the overall administration of the Student Activity Campus and Teacher/Employee Accounts including the bookkeeping, monthly reporting and compliance with the policies and procedures manual. The principal will approve all fundraising activities in advance.

Each campus that handles Student Activity Funds must have a safe available for use to safeguard any funds that are deposited with the campus/financial secretary. The safe should be large enough that it can be bolted to the floor for added security if possible and it should not be visible to the public eye if possible.

**The Financial/Campus Secretary** (or designated employee) is responsible for the following:

1. Maintaining the accounting records as required in the policies and procedures manual.
2. Issuing checks when properly authorized by the principal.
3. Receiving money and issuing a receipt.
4. Preparing deposit bag to be picked up by mail room supervisor/school Messenger.
5. Posting all transactions on a daily basis.
6. Following up on problem items as stated by the Student Activity Funds.

The Campus/Financial Secretary will advise the principal of situations where faculty sponsors continue to disregard required procedures. Due to internal controls, the campus/financial secretary (designated employee) should not participate in the collection of funds from fundraising activities. Campus/financial

secretaries are not to accept gifts from sponsors or vendors. It is their responsibility to notify the Principal if a gift is received.

**The Faculty Sponsor** of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him/her. It is the obligation of the faculty sponsor to follow the procedures as outlined in this manual. This includes maintaining detailed financial records and maintaining a positive balance in the respective account at all times.

The official sponsor (administrator, counselor, or teacher) should be cognizant of all the account activity and should sign off on all check requests and deposits.

**PAISD Business Office** is responsible for maintaining and updating these procedures and guidelines for activity funds, providing training, processing requests for payments, and reviewing the activity of the funds to ensure adherence to procedures and guidelines.

**Independent auditors** will include activity funds in the annual independent audit of the district's financial records.

## **ACCOUNTING FOR FUNDRAISING ACTIVITIES**

***Only qualified fundraising companies can be utilized by the campus/student activity funds.***

Fundraising is an organized activity to raise funds for an organization or campus. Fundraisers should include a service or product. Campuses are not allowed under Texas Law to conduct raffles, bingo, and other games of chance.

All fundraising activities involving a vendor or requiring public solicitation must first be approved by the Principal. Under no circumstances should a campus or organization enter into agreements or advertise an event until approvals from the Principal has been received.

Sponsors who do not properly manage their activities and have large monetary amounts outstanding will not be allowed to conduct subsequent fundraising activities.

Within one month of the close of the activity, the fundraising activities should be recapped and a summary submitted to the Principal. The recap should detail the total receipts and expenditures of the sale and provides a section to detail lost, damaged or returned products. Monies which are uncollected due to the failure of a student to remit funds should be detailed, too. These records should

be maintained by the campus so that the monies can be collected at registration or prior to graduation (if appropriate).

## **MISCELLANEOUS ACTIVITY FUND SUGGESTED GUIDELINES**

### **Alcoholic Beverages**

The purchase of alcoholic beverages with school funds is strictly prohibited.

### **Awards**

At certain times during the school year it may be necessary to reward a student or group of students for their achievements (honor roll, perfect attendance, etc.). The principal of a school should exercise caution when rewarding students for an activity that could be associated with the UIL to ensure compliance with UIL rules and regulations. It is suggested that students participating in fundraising activities may be awarded a maximum of \$50.00 for top sales.

### **Benevolence/Social Funds**

Social funds are defined as funds generated or contributed solely by school personnel to be utilized and expended at the school's discretion. All expenditures for hospitality, condolence, or any other purpose for the sole benefit of the school personnel shall be paid out of social funds.

### **Benevolence Using Campus/Principal's Funds**

There are specific criteria that must be adhered to when using these funds. Principals may at his/her discretion use funds from the campus/principal's account to purchase flowers in the event of a campus employee's or campus student's death.

At no time should club activity funds or budgeted monies be used for this purpose. Specific requirements are listed below:

- Must be related to the death of a campus employee or campus student (expenditures for spouses, children, siblings, parents or other relatives or any other purpose shall be paid out of social funds)
- Must be limited to purchases of flowers, plants or other similar expression of sympathy
- Purchase should be limited to \$50

Expenses explicitly prohibited are the following:

- Cash or Gift Cards
- Food
- Contributions to organizations in lieu of flowers (American Cancer Society, etc.)

### Cafeteria Deposits

On a daily basis, the cafeteria manager and cashier will bring the daily lunchroom deposit to the campus office. This deposit must be in a tamper evident bank bag in order to be accepted by the business agent. The deposit will be stored in the vault for safekeeping until it is picked up by the armored car courier.

### Cash Loss

The student activity funds sponsor will be held responsible for any student activity fund entrusted to them. The sponsor will reimburse the student organization for any money which is lost due to carelessness, theft, fraud, or failure to follow established procedures. In the event of a cash loss/theft notify the:

- ❖ Campus Principal
- ❖ Assistant Superintendent for Business & Finance
- ❖ Comptroller

### Faculty Expenditures

Activity funds are generated by the student body. As such, expenditures for the faculty (refreshments, t-shirts, etc.) should be limited and discouraged. Budgeted funds may not be used for this purpose.

The principal may, at his/her discretion, provide refreshments for a faculty meeting and may assist with the expenditures for a faculty or year-end gathering. At no time should budgeted monies be used for this purpose.

### Fundraisers

Under no circumstances should campuses or organizations participate in door-to-door solicitation, donation campaigns of any kind (examples: formal solicitations, letter campaigns, "can shakes", etc.) nor enter into agreements with solicitation firms. Campuses are not allowed under Texas Law to conduct raffles, bingo, and other games of chance.

### Gift Cards

#### Unacceptable Uses

- Appreciation Gifts (except as authorized through Social Funds which are generated solely by campus personnel contributions)
- Gifts to individuals for services performed
- Grant Funds cannot be used to purchase Gift Cards
- Benevolence and Retirement Gifts using the Principal's Fund

## Acceptable Uses

- Student Recognitions/awards (\$50 maximum)

Payments and gifts to employees are not permitted from the student activity fund. Purchase of gifts for special occasions, e.g. baby showers, retirements, birthdays, should be purchased using the Benevolence/Social Funds.

### Personal Check Cashing

Employee personal checks may not be cashed or substituted for cash collections.

### Refunds

All refunds for students under eighteen (18) years of age for tuition, textbooks, etc., must be generated on a school check payable to the student's parent or legal guardian. Cash refunds from the petty cash account or previously receipted monies are not allowed.

### Retirement Gifts Using Campus/Principal's Funds

There are specific criteria that must be adhered to when using these funds. Principals may at his/her discretion use funds from the campus/principal's account to purchase retirement gifts for a campus employee.

At no time should club activity funds or budgeted monies be used for this purpose. Specific requirements are listed below:

- Must be a campus employee
- Must limit purchases to flowers, plants, plaques or other gifts of appreciation
- Purchase should be limited to \$50

Expenses explicitly prohibited are the following:

- Cash or Gift Cards
- Contributions to an organization in the employee's name (American Cancer Society, etc.)

### Scholarships

If a club wishes to donate a portion of their ending balance to the scholarship fund, the officers and sponsors of the organization must submit a signed request to the principal. The funds will then be transferred to the scholarship account.

### 1099 Requirements

In order to ensure that Port Arthur Independent School District properly reports all payments to the IRS, a copy of all supporting documentation (personal

services agreements, check copy) must be received by the Accounting Department for all contracted services performed by a private individual or company. The personal services agreement must clearly indicate the individual's name and tax identification number so that the District can secure a W-9 form from the vendor. A W-9 form will be required for all vendors who provide a service (consultant, disc jockey, trophy sales, t-shirts). If in doubt, the campus should contact the Purchasing Manager for clarification.

### Spouse's Expenses

Payments for expenses incurred by spouses are considered illegal gifts of public funds unless the spouse is representing the school district in an official capacity. Reimbursement for spouse expenditures must be received within 30 days.

### Purchasing Procedures

#### **UNAUTHORIZED PURCHASES**

❖ Please be reminded that the school district WILL NOT PAY for purchases (any commitment of District dollars) made unless a purchase order was issued first. It is vital all staff be aware of this policy. Any supplies/equipment/services obtained without a properly drawn and issued purchase order will be at the employee's expense.

#### ❖ **Purchase Approval and Munis Requisitioning System**

The school principal is fully responsible for all purchases requiring disbursement of activity fund monies. All purchases made with student activity funds must be made through the Munis online requisition system and must be approved in advance by the principal. Only approved vendors should be used. It is the responsibility of the requestor to use the appropriate budget code and to insure sufficient funds are available in the school clubs budget prior to initiating any purchasing action. All standard District purchasing procedures apply to student activity funds and can be found in the Business Office Procedure

#### ❖ **Delivery of Merchandise**

All merchandise ordered must be sent and received at Central Receiving. No exceptions!!

#### ❖ **Competitive Bidding Requirements**

1. Purchase requests for less than \$10,000:
  - a. Written or telephone quotes are not required, but are encouraged.

b. The requestor shall keep all documentation relating to these purchases on file.

2. Purchases of more than \$10,000 but less than \$25,000:

a. The requestor shall obtain a minimum of three (3) quotations. If quotations are written, the written request for quotations should contain specific, clear and concise requirements. This procedure helps assure that all vendors receive the same information regarding the requirement. Quotations received should be signed by an authorized representative of the vendor. Faxes may be used to issue and receive quotations. Only written quotes on company letterhead will be accepted. A copy of the three quotations must be sent to the Purchasing Department.

b. Originals of all documentation relating to these purchases should be kept on file by the requestor.

### **3. Purchase Requests for \$25,000 or more:**

a. Purchases of \$25,000 or more must be presented to the Board for approval unless the vendor was previously approved on a bid or bid equivalent. If utilizing a sole source for \$25,000 or more, the requestor shall submit a signed written statement (notarized) supporting the purchase which will be included in the Board meeting agenda. Sole source forms must be approved by the Assistant Superintendent for Business or the Comptroller.

b. Purchases of \$25,000 or more which are not currently available through District bid, other approved agency bids, or sole source purchase are subject to competitive bidding. A formal bid must be prepared, issued, advertised in the local paper, publicly opened, evaluated, and presented to the Board if there is no current bid. In some instances, large or unique purchase requirements may be bid even if a current bid is in existence, if a possibility exists to obtain better pricing. The requestor shall assist the Purchasing Department by helping to identify requirements and potential vendors. The requestor shall sign off on the proposed mailing list of vendors and on the bid prior to issuance.

### **❖ Contracts and Lease Agreements**

All contracts and lease agreements must be reviewed by the District Business Office prior to approval. No contract or agreement may be entered into without specific authorization in writing by the Superintendent or designee.