

**LYTLE INDEPENDENT
SCHOOL DISTRICT**

**CAMPUS AND STUDENT
ACTIVITY FUND MANUAL**



2018-2019

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Introduction

This manual was written to provide a set of standardized accounting procedures for the administration of Student Activity and Campus Accounts in all elementary and secondary schools in the Lytle Independent School District. Principals, assistant principals, and other employees involved in the handling of these funds should become knowledgeable of the instructions prescribed in this manual.

The principal, 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 and in accordance with state and local law.

This manual replaces all prior publications regulating the administration of student activity funds including all earlier editions of the manual itself.

Student Activity Funds

Lytle student activity funds are held by the school as trustee to be expended only for the purposes authorized by the student club, class or organization. All funds raised by student organizations must be expended exclusively for the benefit of students. Student activity funds are accounted for by the district as agency funds 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 which supplement the educational curriculum of the District. Fund raising activities shall in general contribute to the educational experience of pupils and shall not conflict with the instructional program.

Student participation is an important factor in the management of money raised by the student body and expended for its benefit. Each expenditure should be approved by an officer of the student group. The following are examples of acceptable uses of student activity funds:

1. Supplies and materials to be used by the student members of the group
2. Entry fees and other expenses associated with competition and meetings
3. Travel expenses and meals consumed by the student members and their adult sponsors
4. Membership in related organizations
5. Flowers, cards, plaques or other such expressions of condolence or appreciation
6. Charitable contributions and scholarships
7. Expenditures related to parties and other entertainment of the student members
8. Equipment to be used by the student members of the organization.

Note that any equipment purchased with student activity funds will become the property of Lytle Independent School District and must be properly tagged and included in the fixed asset inventory of the district.

Inappropriate expenditures of student activity funds include:

1. Any purchase not approved by the student membership of the group
2. Any purchase other than those listed above which benefits adult sponsors and does not benefit student members.

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 accounting procedures.

Campus Accounts

Lytle campus activity funds are funds generated by teachers, sponsors, or the principal as a result of fundraising, vending or other approved campus activities. These funds, in accordance with Board Policy CFD (Local) may be used for activities of the students, faculty, staff or campus.

Campus accounts contain funds raised at a particular campus which are managed by the principal or other campus administrator. These funds are accounted for as Campus Activity Funds as stipulated by the *Financial Accountability System 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 expenditures are **strictly prohibited**:

1. Purchase of a gift for any person or organization, other than small tokens of appreciation which are related to performance
2. Payment of district mileage to school employees who already receive a monthly travel allowance
3. Parties, luncheons and entertainment which serve no educational purpose
4. Loans to anyone
5. Donations, contributions
6. Alcoholic beverages
7. Advertising
8. Professional dues of an individual unless there is a direct benefit to the campus or to a group of students
9. Membership in private clubs
10. Traffic citations, parking or toll charges, auto repairs
11. Stipends and monetary awards to employees
12. Furniture for administrative offices
13. Flowers for death (except in the case of a student), illness, or leave of absence
14. Meals or expenses relating to a Parent Teacher Association or Organization
15. Replacement of an individual's property that was lost, stolen or damaged on the school or district premises or being used at a school or district function.

The following are **allowable** expenditures of the Campus Account:

1. School furnishings and equipment which will benefit the student body
2. School repairs, maintenance, and landscaping
3. Postage and office supplies not reimbursable through the instructional budget
4. Student body assembly or dance expenditures
5. Emergency health or safety needs of students
6. In-district mileage reimbursement for faculty/staff members on school business at the current district rate per mile providing a travel log is kept (a copy should be attached to the Check Request as documentation)
7. Out-of-town meals, lodging and travel expenditures for faculty/staff members who must accompany students provided that expenditures do not exceed the reimbursable limits established by the district's travel reimbursement procedures
8. Check printing fees and bank service charges
9. Awards such as plaques in recognition of students, staff or volunteers for services to the school and/or district and related reception expenditures
10. Light refreshments such as pastries and coffee for teacher in-service, staff meetings, and meetings where the school serves as host for other students, staff and patrons including Open House, Parent Night and Instructional Nights
11. Field trips, meals, and other activities planned for the benefit of students, either as recognition of an accomplishment or for purposes of enrichment.

This list is not intended to be all inclusive. Principals should use their own discretion and be guided by the principles addressed in this manual. Any questions concerning the appropriateness of a disbursement should be directed to the District's Financial Management Department.

Sub-accounts

The term **sub-account** is used in this manual to indicate separate accounts within either the Student Activity or Campus Account. Sub-accounts are used to account separately for money belonging to individual student groups in the Student Activity Account or money that is designated for specific purposes in the Campus Account. It is important to maintain sub-accounts because money held for groups of students or for any specified purpose must be spent to benefit that same student group or for that intended purpose. Funds held in the various sub-accounts may not be commingled. If one sub-account is allowed to become overdrawn, it is, in effect, borrowing from the other accounts.

Examples of required sub-accounts are the following:

- Textbooks
- Pictures
- Cheerleaders
- Student clubs
- Grade level classes
- Band
- Other as required

Within the Student Activity Account, there will be at least one account that is used for the benefit of the student body as a whole. This account will be used for receipts and expenditures which benefit students but cannot be identified with any individual student group. Examples of these are interest earned on the account, bank service charges and the expense of purchasing checks for the Student Activity Account.

The Campus Account will also consist of sub-accounts. Funds held for specific purposes will be accounted for separately. For example, money collected by library book fairs will be accounted for in a separate sub-account.

Faculty Accounts

Money contributed or generated by a school faculty may not be held in either the Campus or Student Activity Account. Faculty groups must maintain a separate bank account and may not use the employer identification number (tax ID number) of the district.

Responsibilities

All campus personnel including principals, assistant principals, secretaries, and faculty will be held responsible for any campus and student activity funds entrusted to them. Money (or property purchased with campus or student activity money) which is lost due to carelessness, theft, or fraud will be reimbursed by the responsible party.

The **principal** is responsible for the overall administration of the Student Activity and the Campus Accounts including bookkeeping, monthly reporting and compliance with the policies and procedures manual. The principal and superintendent will approve all fund raising activities in advance and will monitor the activities by reviewing and signing the Fund Raiser Report. The principal will ensure each student group is allowed one fundraiser per year. It is the principal's obligation to see that all faculty sponsors have signed the *Responsibilities of Faculty Sponsors of Student Groups* (see appendix A-1) and that these forms are kept on file.

The **district business office** (or other designated employee) is responsible for the following:

1. Maintaining the accounting records;
2. Completing monthly bank statements and activity reports;
3. Issuing checks when properly authorized by the principal;
4. Receiving money and making receipts;
5. Depositing into the school's bank account; and
6. Advise principals of repeated violations of required procedures.

The assistant principal will maintain campus level records of the Student Activity Accounts.

The **faculty sponsor** of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him (or her). It is the obligation of the faculty sponsor to follow the procedures presented in this manual. This includes maintaining detailed financial records, completing the Fund Raiser Report to account for all fund raisers, and maintaining a positive balance in his (or her) account at all times. The faculty sponsor will sign the form titled *Responsibilities of Faculty Sponsors of Student Groups* (see appendix A-1) before undertaking any the sponsorship of a student club or organization. The forms will be filed at each campus.

Auditing Activity Account Records

All Student Activity and Campus Accounts will be audited periodically. Audit reports will be provided to the Board, the Superintendent, the Business Department, and the respective principal. An audit of the Student Activity and Campus Accounts will be conducted by the Business Department when a change of principal occurs.

Other Issues

Investing Campus and Student Activity Funds

All investment transactions must be handled by the Business Department in accordance with Board approved investment policies and procedures.

Fixed Assets

Fixed assets including furniture, play ground equipment, scoreboards, etc. that are purchased with campus or student activity funds will become the property of the Lytle Independent School District. It is the responsibility of the principal to see that the fixed asset is included in the fixed asset inventory of the district. District policy states the capitalization threshold for classifying capital assets shall be \$5000 (Local Policy CFB).

Parent Organizations

Funds raised by outside groups such as the Jolly Rogers, PTA, band boosters, and so forth are the responsibility of the officers of the organization. The TEA Financial Accountability System Resource Guide states that using the resources of the school district to account for such funds could be in violation of the section of the Texas Constitution that prohibits the appropriation of public funds for individual or private purposes. Funds belonging to these groups will not be accounted for either in the Student Activity or in the Campus Accounts. (Texas Education Agency Financial Accountability System On-Line Resource Guide)

Donations

Any donations of cash or property to a campus or campus organization must be approved by the superintendent. All donors will be acknowledged for their contribution to the district.

Credit Cards

The district utilizes several credit cards for purchasing of food, supplies, and travel. All credit purchases must be pre-approved on a purchase order. A white copy of the purchase order must be presented to central office in order to check out a credit card. The signed original receipt and credit card shall be submitted to the business office within 3 days of purchase to ensure prompt payment to the vendor. District credit card usage may be suspended and/or revoked if receipts are not submitted on a timely basis.

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Basic Records and Record Keeping Guidelines

The following is a list of forms which are to be used to provide adequate supporting documentation of the activity in these accounts. Detailed instructions on the use of these forms are included in subsequent sections of this manual. Reference is made below to the section which describes the use of the forms as well as to the page in the appendix where a blank copy of this form may be found.

A-1. Responsibilities of Faculty Sponsors of Student Groups – Form to be completed upon assignment as a faculty sponsor.

A-2. Fund Raiser Report A report used to document all fund raising activities. See chapter 6 and Appendix A-2.

A-3. Cash Receipt Tabulation A record of a deposit given to the assistant principal by a faculty sponsor. See Chapter 5 and Appendix A-3.

A-4 Check Request Form Used to document authorization to release a check. See Chapter 4 and Appendix A-4.

A-5 Money collected from students – Form used to document collections from students. See chapter 5 and Appendix A-5.

A-6 Money disbursed to students – Form used to document disbursement to students. See chapter 4 and Appendix A-6.

A-7 Returned check tracking form – Form used to document returned checks. See chapter 5 and Appendix A-7.

A-8 Incentives Request Form – Form used to document incentives given to students. See chapter 6 and Appendix A-8.

A-9 IRS Form W-9 – Form used to document vendor's tax ID number. See chapter 4 and Appendix A-9.

A-10 Principal's Summary of Fund-Raising Activity - A report used to document all fund raising activities. See chapter 6 and Appendix A-10.

A-11 Transfer of Funds Form – Form used to transfer funds from one sub-account to another within the same bank account.

A-12 Sales Tax Report – Form used to report total sales taxable and non-taxable.

A-13 Sales Tax Summary - Form used to report total sales of all student groups.

A-14 Contract for Consultant Services – Form used to secure services of an external consultant.

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Bank Accounts

All student activity funds and campus funds will be kept at the LISD designated depository bank. Student activity funds and campus funds are accounted for separately but are kept in a single bank account. The account title must identify it as an LISD account. **All funds received will be deposited into the bank account and all disbursements will be made by check from the account.** The written authorization of the superintendent will be required to open new bank accounts and to make changes to existing accounts.

Checks drawn on the Student Activity Fund account will have two authorized check signers. The superintendent, assistant superintendent and campus principals will be authorized to sign checks.

Monthly bank statements will be reconciled to the general ledger using the bank reconciliation form by the district business office. The bank reconciliation must be signed by the person completing it as well as by another person from the business office.

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Payments from the Student Activity and Campus Accounts

General Policies

All expenditures shall be paid by check from the appropriate checking account using pre-numbered checks in numerical sequence. Campus accounts shall follow district policy for purchasing procedures. No Student Activity Fund Account checks will be written without prior authorization from the principal, the assistant principal, the faculty sponsor and the appropriate student officer. Authorization will be in writing using the Requisition Form, A-4.

IRS Form W-9 shall be required and maintained at the district office for ALL vendors. See Appendix A-9.

Checks will be made to a specific person, company or organization. Checks will not be made to “cash” or to the school itself. If an error is made and it is necessary to void a check the word “void” will be written clearly across the check and the signature lines will be cut off.

A check may be issued to the person authorized (sponsor or other designated person) for reimbursement of purchases, however sales tax will not be reimbursed. The sponsor or designated person will then be required to submit an invoice documenting the amount of the purchase.

Funds held for either the Student Activity or Campus Account may not be used to cash checks. This practice is strictly prohibited because check cashing is, in effect, a loan until the check has cleared the bank.

Purchases of a personal nature shall not be commingled with purchases made for District use. Personnel cannot use the District’s tax-exempt status to avoid paying sales tax on personal items. If an employee makes both personal and school related purchases from a vendor at the same time, the two purchases shall be rung up separately.

Requisition Form

Before a check may be written from the Student Activity Account, it must be authorized through the TxEIS Requisition System using a completed Requisition Form, A-4. The purpose of this form is (1) to provide authorization for the expenditure; (2) to document the purpose of the expenditure; and, (3) to identify the sub-account to be charged.

The Requisition Form must be signed by the sponsor and student officer and submitted to the assistant principal. If the purchase has already been made, receipts/invoices must be attached to the Requisition Form. The assistant principal will retain the receipts and attach to the pink copy of the purchase order for payment. The assistant principal will verify that there are adequate funds in the sub-account when the requisition is at his/her level of the approval path in TxEIS.

Under no circumstances will a payment be authorized when there are not sufficient funds in the sub-account to cover the check. No sub account or checking account will be allowed to be overdrawn. Funds must be deposited immediately to cover overdrawn accounts.

Additional Documentation

Every check written from the Student Activity Account must be documented further by some additional support. In most cases this will be an **original invoice** which will be presented along with the Check Request Form. It is advised that whenever possible the Principal insists that the invoice be presented before the check is written. The Principal is responsible for the proper documentation of all disbursements. Once the check has been released, it may be more difficult to obtain the appropriate documentation.

There are some cases when an invoice is not available in advance. The following is a list of alternative forms of support. The list is not all-inclusive. There will be other circumstances which are not covered here. In those cases the Principal should use his or her judgment to obtain the most appropriate written evidence that the expenditure was made to the payee named on the check in the amount indicated on the check and that it was made for a legitimate purpose.

1. Money distributed to students on out of town trips must be documented by the signatures of the students on a **money disbursed to students form A-6**, which indicates the date, the amount received by each student, and other pertinent information. In this case the Check Request Form should indicate that the funds will be used for a travel advance. The list of student signatures must be submitted to the office no later than five school days following the trip. Money advanced to the sponsor, which is in excess of that used by the students must be returned at the same time. The amount returned and the receipt number will be noted on the list of signatures.

2. In some cases a payment is made partly from the school account and partly by the LISD Accounts Payable Department. In those cases the original receipts and invoices must be submitted to the Accounts Payable Department. In order to properly document the expenditure from the Student Activity Account, a copy of the original invoice or receipt should be attached to the Check Request Form. There must be a notation on the copy that the original was submitted to the LISD Accounts Payable Department.

This additional documentation is critical to maintaining control over the student activity accounts. It is the responsibility of the sponsor or other designated employee who requests a check to provide all of the support required in this section. However, it is ultimately the Principal's responsibility to see that these requirements are met. **Principals should enforce these procedures by withholding additional checks to sponsors who have not provided documentation required for checks written previously.**

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Receiving Cash

In order to maintain control over cash received, **at least two persons** must be involved in the functions of collecting, documenting, and depositing cash. This is accomplished by having teachers or sponsors collect from the students, support the amount collected by completing the Cash Receipt Tabulation and other supporting documentation described below, and submit the cash with signed documentation to the assistant principal for receipt within 24 hours of collection. **An assistant principal cannot accept cash that has not been counted and that is not properly supported by a completed Cash Receipt Tabulation.**

The assistant principal should NOT be responsible for any student fund raising activity or for collecting for things such as lost textbooks, summer school fees, parking permits, pagers, athletic event tickets (i.e. Football, etc). When one individual collects money from students, makes receipts and deposits the money in the bank, internal control over cash receipts has been impaired.

Collection of Money by Persons Other Than the Assistant Principal

Faculty sponsors, librarians, and others may collect money for such items as lost books, fines, student dues, yearbook and other sales. In such instances the following procedures shall apply:

1. When sponsors and other employees are collecting cash they shall complete the cash receipt. This form is necessary to document the origin of the funds deposited.
2. In some instances the sponsor (or other employee) is collecting money that is owed by individual students. Examples of this are, (1) collecting for merchandise that was ordered for a student, such as a yearbook; (2) collecting for merchandise that has been given to the student to sell, such as candy; or, (3) collecting class or club dues. The employee collecting cash will further support the amount received by making a list of the names of the payers and the date and purpose for which the money was received. (See Appendix A-5.) Sponsors who anticipate collecting funds frequently throughout the school year should purchase a tablet and use it exclusively for this purpose. It is the sponsor's responsibility to maintain these records and to make them available to the principal and the business office. These records must be turned over to the assistant principal to support money collected. A Cash Receipt Tabulation form A-5 should be used for this purpose.
Note: It is not necessary to complete this list for activities such as concession stand sales, book fairs, and school store sales where it is neither necessary nor possible to record each individual payer.
3. When the list described in #2 above is used, the sponsor should be sure that the total on the list of students is the same as the total indicated on the Cash Receipt Tabulation.
4. If checks are collected, a list of checks or a copy of each check is required for identification purposes in the event it is returned by the bank.
5. The original Cash Receipt Tabulation must accompany funds collected when being turned over to the assistant principal. The sponsor will keep a copy to document that funds were given to the assistant principal. The assistant principal will issue a receipt to the sponsor for funds collected.

6. Collections must be submitted to the assistant principal by 3:45 P.M. daily. Sponsors may not keep student funds overnight.
7. All money collected must be submitted to the assistant principal in the same form as collected. The employee's personal check may not be substituted for cash collections.

Receipt of Money by the Assistant Principal and Business Office

The following procedures shall be followed by the assistant principal when funds are received:

1. The assistant principal will count the money to ensure agreement with the Cash Receipt Tabulation. This will be done in the presence of the person turning in the funds. The assistant principal will reconcile the amount received with the Cash Receipt Tabulation.
2. The assistant principal will prepare a receipt and issue it to the sponsor who turned in the cash and enter the receipt number on the Cash Receipt Tabulation. (This procedure is detailed below.) The assistant principal will sign and date Cash Receipt Tabulation. The original will be kept by the assistant principal and a copy made and given to the sponsor.
3. The assistant principal/campus secretary/bookkeeper shall receipt and deposit all monies the first business day following the close of the event. Scheduled times for depositing money are Athletics at 9:00 a.m., Jr. High at 10:00 a.m., High School at 10:03 a.m., all other campuses/departments at 11:00 a.m.
4. The business office will count the money to ensure agreement with the Cash Receipt Tabulation. The business office will prepare a deposit slip and issue a copy to the assistant principal (See Bank Deposits).

Cash Receipts

The receipts issued will be pre-numbered and prepared in duplicate. Pre-numbered receipts must be used in consecutive order so that each receipt in a book is accounted for. The original receipt is issued to the individual who submitted the cash. The copy remains in the receipt book to provide a chronological record of cash received.

Receipts will be prepared in ink and will always be legible. If it is necessary to make a correction to a receipt, the assistant principal will void that receipt by writing "void" across the face of the receipt and begin a new receipt. The original and all copies of voided receipts will be maintained in the receipt book. Each receipt will be issued to no more than one person.

Receipts provide the written proof that cash has been received in the office. They are pre-numbered to provide control over cash receipts. When not in use, the receipt books should be secured in a locked drawer. The assistant principal is responsible for maintaining an adequate supply of receipt books and to see that they are used in numerical order. Standard receipt books will be obtained from the business office.

Bank Deposits

Bank deposits shall be made by the business office. The business office will count all cash and checks on hand. Bank deposits will be prepared in triplicate. The original is sent with the deposit; one copy is maintained by the business office as a file copy, and the second copy is maintained by the assistant principal.

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

1. The date and the amount of the deposit.
2. A calculator strip of all checks being deposited.
3. The bank account name and account number.
4. The Student Activity Account/ Campus Activity Fund sub-account number.

Returned Checks

In the event that a check written to any Lytle ISD campus, club, or organization is returned unpaid by the bank, Lytle ISD will collect cash for the returned unpaid check.

A check which has been deposited may be returned unpaid by the bank for a variety of reasons. The following procedures will be required to account for returned checks. See Appendix A-7:

- 1 The business office will initiate form A-7 to determine which sub-account originally collected the check.
2. The original check will be returned to the faculty sponsor for collection.
3. On the cash receipts journal, the amount of the check will be entered as a cash receipt reversal with a notation concerning the maker of the check and the date it was returned.
4. When the cash is collected by the sponsor, the original check will be released to the maker.
5. A receipt will be made as described above for the amount of the funds collected. The receipt will indicate that the amount is a redeposit.
6. On the cash receipts journal, the amount of the redeposit will be entered as a deposit, with a notation identifying it as a redeposit and indicating the maker of the check.

6

Documenting Fund Raisers

Each bona fide club, as approved by the principal, will be allowed to conduct a maximum of one (1) tax free fundraiser in each school year. **No fund raisers will be initiated without the written authorization of the principal and superintendent.** In order to establish control over the funds raised by student and other groups all faculty sponsors are required to complete a Fund Raiser Report for each fund raising project. Although the report itself is the obligation of the faculty sponsor, the Principal is responsible for enforcing compliance with this requirement.

The Fund Raiser Report

The Fund Raiser Report (A-2) will be used both to authorize and document fund raising activities. Before beginning any such activity, the faculty sponsor will complete the top section of the Report which describes the type and purpose of the fund raising project. The principal and superintendent will sign the report at the top to document approval. The report will then be returned to the faculty sponsor.

Accounting for the Fund Raiser

Sponsors who are involved in fund raising activities have an obligation to account for all of the funds which are collected (or should have been collected.) The Fund Raiser Report provides a record of receipts and disbursements associated with a fund raiser. In the event that the sponsor is later questioned about the amount of money raised, the Fund Raiser Report will document the amount of cash received and that it was properly deposited. Related expenditures are also included on the report.

The sponsor will complete the Fund Raiser Report within ten (10) school days of the conclusion of the fund raising event. The number and selling price of the items sold are entered to determine the gross profit. All of the expenses incurred in the fund raiser will be documented on the report. Checks will be entered individually. If more room is necessary, the sponsor will use the back of the report or an additional sheet. No cash expenses will be allowed from daily fund raiser collections.

In some cases when merchandise is given to students to sell, the sponsor is unable to recover either the merchandise or the money. This is considered an expense of the project and will be entered in this section of the report. A list of students who did not pay must be attached to the report.

Enter the net profit on the Fund Raiser Report. The net profit of the activity is the gross profit less the expenses. All funds collected must be turned over to the assistant principal. Enter the number and amount of each deposit on the report. Some activities involve a long collection process. The sponsor may collect small amounts from students over several months but still must deposit these amounts with the assistant principal daily.

After completing the Fund Raiser Report, the sponsor will sign it and submit it to the principal for review. Reports which are incomplete or which are incorrect should be returned to the sponsor. This report should be used by the Principals to evaluate the success of the fund raising activities and the ability of the sponsor to account for money raised. It should guide the Principal's decisions concerning the approval of future projects.

Once the report has been signed by the principal, it will be filed with the other accounting records of the student group. The faculty sponsor will keep a copy for his/her files. **Note: It is the responsibility of the faculty sponsor to account for the fund raiser. Fund Raiser Reports will not be completed by the assistant principals.**

Change Funds

In some cases, it may be necessary to establish a change fund to make change during a fund raising event. The fund will be established by cashing a check for a predetermined amount. At the end of the event, the full amount will be re-deposited.

Record Retention

Faculty sponsors and assistant principals are required to keep **all** documentation of a fund raiser for five years. These records should be kept neatly with the Fund Raiser Report and be readily available for examination by the principal or the business office.

Any sponsor or assistant principal that leaves the campus or does not have these responsibilities for the subsequent year should turn any and all pertinent documents over to the principal.

Incentives

Incentives given to students must have prior approval by the Principal and documented using the Incentives Approval Form (A-8) Section A of the form must be fully documented by the person making the request prior to presenting it to the Principal for approval. If this merchandise is part of the inventory of a fund raising activity, you must attach a copy of this form to the Fund Raiser Report.

7

Accounting Practices

This chapter describes the procedures to be followed to maintain adequate accounting records for both the Student Activity and Campus Accounts. The records described in this chapter will be maintained by the campus assistant principal or other designated employee. They must be kept current and available for review by the principal and the business office.

Cash Receipts and Disbursements Journals

Cash receipts and disbursements journals are used to record all expenditures and receipts of cash. Whenever a check is written, it should be entered into the cash disbursements journal in numerical order by check number. Other transactions which decrease cash may also be entered into the cash disbursements journal with a notation describing the transaction. Examples of these are entries to record bank charges, corrections of errors, and returned checks which do not clear the originating bank.

Deposits must be entered in a cash receipts journal to record the amount, date of the deposit, and receipt number. Other entries which may be made to the cash receipts journal are corrections of errors, re-deposits, and interest paid by the bank.

Cash receipts and disbursements journals may be kept in a single journal. The district does not require that an LISD form be used. Schools may use standard spreadsheet application with a separate worksheet for each group. The journal will include the date of the transaction, the amount, and, in the case of checks, the payee. Each sub-account will be represented by a separate column so that the transaction can be extended to the appropriate column.

Monthly Activity Statement

When all of the activity of the month has been entered into the cash receipts and disbursements journals and when these journals have been balanced to the business office General Ledger Inquiry, the assistant principal will reconcile with the sponsors of each group. This process must be completed monthly.

Record Retention

All of the accounting records related to the Student Activity and Campus Accounts, including all bank statements and related canceled or voided checks, all validated deposit slips, all receipts, all reports and journals will be retained for a period of five years following the end of each fiscal year. The LISD fiscal year ends on June 30.

Sponsors are required to meet with the assistant principal in order to clear any pending items related to student activities such as missing receipts prior to the end of the school year. At this time, the assistant principal should request that all binders containing student activity information be submitted by personnel that no longer serve as sponsors for the following school year.

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Sales Tax

Public schools are exempt from paying the state sales and use tax. Therefore, public schools do not pay sales tax on items *purchased* for their own use. However, exemption from paying sales tax does not relieve public schools from the obligation to collect sales tax on taxable sales. In most cases when a school or school organization sells items to individuals which become the property of the individual, sales tax must be collected. Some items are specifically exempt from sales tax and there are some cases when sales which would ordinarily be taxable are exempt. These are discussed in more detail below.

The following description of taxable and nontaxable sales is adapted from the TEA Financial Accountability System On-Line Resource Guide.

Public schools and school-related organizations must collect sales tax on all sales which are not specifically exempt. For example, sales tax must be collected on the following:

- School purchased supplies *sold* directly to students including athletic equipment, uniforms, band supplies, t-shirts, jackets, and school supplies
- Fees for materials when the end product becomes a possession of the student
- Student publications such as yearbooks and football programs
- Articles such as pencils, cups, etc. with the school logo which are sold during fund raisers
- Books sold to students at book fairs

Remember that the items listed above are presented for purposes of illustration. The list is not intended to be all inclusive.

Public schools and school-related organizations are **NOT** required to collect sales tax on the following:

- Admission tickets, if the event is entirely for educational purposes. This includes sporting events and drama or musical performances *by students*. (An educational purpose exists when 100% of the proceeds from admissions go to an educational organization.)
- Student club memberships
- Sales of food and soft drinks that are:
 - sold or served during the regular school day
 - sold or served by a parent-teacher association during a fund-raising sale, the proceeds of which do not benefit an individual
 - 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 a part of a fund-raising drive sponsored by the organization for its exclusive use.

- Newspapers whose sales price per copy does not exceed \$.75; that are printed and distributed periodically at intervals of four weeks or less; for the dissemination of news of a general character and of a general interest. Of course, school newspapers which are not sold are not subject to sales tax.

One-Day Tax-Free Sales

Each school in the District, each organization within that school, and each outside organization affiliated with that school are allowed to have two one-day tax-free sales during a calendar year. One-day tax-free sales mean that collection and remittance of state sales taxes is not required on qualified sales on that day. The delivery of yearbooks to students on a single day qualifies a yearbook sale as a one-day tax-free sale even though the yearbooks were sold over a longer period. This rule can be applied to other fund raisers when the delivery is made to the students on a single day. Note that the time limit for the two (2) one-day tax-free sales is a calendar year which is from January 1 through December 31, rather than a school year.

While the sale of yearbooks can be selected as one of the two one-day tax-free fund-raisers, a book fair is usually not a qualified tax-free event because the school is not the actual seller. The school is acting as an agent for the vendor. The sale of items received from a vendor, in which the school and the respective vendor have an agreement that the vendor will take back any unsold items, would generally not qualify as a tax-free sale because the vendor is not an exempt organization.

The tax-free status of a one-day tax-free fund raiser must be so designated on the Fund Raiser Report and approved in advance by the Principal.

Collecting Sales Tax

Schools and school organizations must collect sales tax (currently **8.25%**) on all taxable items. There are two ways to collect sales tax:

1. The tax can be added to the selling price of an item. For example, if the selling price is \$1.00, the school would collect \$1.09 for each item sold. (ROUNDED)
2. The tax can be included in the selling price. For example, if an item is sold for \$1.00, including tax, the school would retain \$.92 and the remaining \$.0825 would be remitted as sales tax. (To “back out” the amount of the sale, divide the selling price by 1.0825. The sales tax is the difference between the amount of the sale and the selling price.) (ROUNDED)

Reporting Sales Tax

Each organization, class or club which sells merchandise must report its sales once the sale is concluded. The Sales Tax Report on page A-12 should be completed and turned into the campus assistant principal no later than the **last day** of the month of the sale. The total sales, taxable and nontaxable, are reported on this form. Nontaxable sales and one-day tax-free sales are deducted from total sales to arrive at net taxable sales. If there is a sales tax liability, the sponsor will submit a Check Request Form (A-4) as well as the Sales Tax Report Form (A-12).

The assistant principal will complete the Sales Tax Summary on page A-13. This form reports the total sales, both taxable and nontaxable, held on all campuses. This report must be submitted monthly to the Financial Management Department along with a check request for the total sales tax due by the **5th of each month**. The assistant principal will charge each campus organization for its share of the sales tax. Copies of the sales tax reports completed by each organization reporting sales will be attached to the report. In the event that there are no sales to report, the assistant principal will complete the form by writing the name of the school on line one and zeros across the columns to indicate that there were no sales to report.

The Business Office will report taxable and nontaxable sales and remit the sales tax due to the State Comptroller's Office.

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Other Issues

This chapter addresses additional issues which are relevant to Campus and Student Activity Accounts.

Supplemental Payments to Employees for Services

According to the Texas Education Agency, “A campus may find a need to compensate school district employees for services performed beyond their regular duties (i.e., maintenance employees who set up a school facility during off duty hours, school personnel judging contests outside of the normal school day, etc.). Such auxiliary services are those discharged by the employee in addition to their normal, specified duties and will usually be performed outside of regular work hours. **These payments should not be made directly to the employee, but rather should be made through the district payroll office.**” (Financial Accountability System Resource Guide)

Additional compensation such as that described above must be included in the employee’s paycheck. The campus should submit the request on an LISD Check Request form (A-4) listing the district as vendor. The campus will reimburse the district for the amount of the compensation as well as any payroll taxes, etc.

Payments to Non-employees for Contracted Services

When payments are made to non-employees for contracted services, a Contract for Consultant Services should be completed (see appendix A-14.) The form, which includes the name and social security number of the non-employee as well as a description of the services to be provided and the amount of compensation, must be completed before the services are rendered. At the end of the year, a list of all non-employees who were paid for contracted services must be sent to the Business Department. The list must include the non-employee’s address and social security number and the amount paid during the calendar year. The Financial Management Department will aggregate the data from all campuses and issue 1099 Forms as required by the Internal Revenue Service. Note that club sponsors may not pay non-employees using either their own personal check or cash and then seek reimbursement from the activity fund.

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Appendix

The following pages (pages A-1 through A-14) contain the forms referred to in this manual.

A-1	Responsibilities of Faculty Sponsors of Student Groups
A-2	Fund Raiser Report
A-2a	CYA Report
A-3	Cash Receipt Tabulation
A-4	Purchase Requisition Form
A-5	Money Collected from Students
A-6	Money Disbursed to Students
A-7	Returned Check Tracking Form
A-8	Incentives Request
A-9	IRS Form W-9
A-10	Principal's Summary of Fund –Raising Activities
A-11	Funds Transfer Form
A-12	Sales Tax Report
A-13	Sales Tax Summary
A-14	Contract for Consultant Services
A-15	SAF Bona Fide Group