

BUSINESS & FINANCE  
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# BUSINESS FINANCE

*Accounting Procedures-Activity Funds*



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**GREGORY-PORTLAND ISD**

**ADMINISTRATIVE REVIEW & APPROVAL OF PROCEDURES, HANDBOOKS AND  
MANUALS**

In accordance with Board Policy BP (Local), the Superintendent and administrative staff shall be responsible for developing and enforcing procedures for the operation of the District. These procedures shall constitute the administrative regulations of the District.

The Superintendent or designee shall ensure that administrative regulations are kept up to date and are consistent with Board policy. The Superintendent or designee shall resolve any discrepancies among conflicting administrative regulations. In case of conflict between administrative regulations and policy, policy shall prevail.

Administrative regulations are subject to Board review but shall not be adopted by the Board. The Superintendent shall review and approve all procedures, handbooks and manuals.

<b>Handbook/Manual</b>	<b>School Year</b>	<b>Revision Date</b>	<b>Approval</b>

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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 Activity accounts in all elementary and secondary schools in the Gregory-Portland 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 and Campus Activity Accounts may not be used to circumvent the controls established. Purchases must comply with the District's purchasing procedures and relevant statutes.

## **Types of Activity Funds**

There are two types of activity funds that are common for Texas public schools. The first is a **Campus Activity** 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. Campus Activity funds belong to the district and are overseen by the Campus Principal.

The second type of activity fund is the **Student Activity** account which is property of student groups, i.e. student council, art club, 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. To secure the deposit of public funds, all activity funds must be deposited with the district's banking institution. Deposits should be made daily with your campus secretary/bookkeeper to prevent theft and loss of money.

## **Campus Activity Accounts**

Campus Activity accounts contain funds raised at a particular campus which are managed by the principal. These funds are accounted for as Campus Funds (**Fund 461**) as stipulated by the TEA

Financial Accountability Resource Guide. Campus Activity 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. Students shall not be charged a classroom fee for the purpose of purchasing instructional materials. Instructional materials should be purchased with budgeted funds and not campus activity funds.

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

### **Acceptable Uses of Campus Activity Accounts Funds:**

- 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 and procedures.
- 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, and patrons. The expenditure from these functions require an agenda and sign-in sheet.
- Awards such as plaques, certificates, school apparel that does not exceed \$25 per calendar year in accordance with IRS and the District's Incentives/Award Procedures, in recognition of students, staff, or volunteers for service to the school or District.
- Incentives for student involvement, participation, and achievement in accordance with the District's Incentives/Awards Procedures.
- 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.
- Meals (subject to a limit of \$15 per meal), refreshments and snacks for staff appreciation, teacher in-service, staff development. An Agenda must be provided for staff development.
- Business meals for staff not to exceed \$15 per person, the per diem amounts will apply for overnight travel and are at the current district rates. Appropriate documentation indicating who was at the meeting (sign-in sheet) and what was discussed (agenda) is required 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. Reimbursements will exclude commuting mileage to and from the employee's primary work location.

- Check printing fees and bank service charges.
- The payment of advertisements in publications other than those circulated at the District's campuses. The advertisement shall state that the ad was paid using district funds and shall include the name of the activity account and club.
- Replacement of student items or district-owned items that were lost while in the possession of a district employee with sufficient documentation that the employee was not negligent in handling the student item(s).
- Library improvements or expansion of library books that are supplemental and not supplanting books funded from the district library book obligations.

#### **Unacceptable Uses of Campus Activity Account 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
- 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.
- Extravagant awards such as watches or other jewelry with a value in excess of \$25 per award per person.
- Extra compensation or bonuses to employees whether it be in the form of cash or gifts.
- Payment of an individual's personal bills.
- Parties for staff, including food, decorations, and favors.
- 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. The Texas Tort Claims Act prohibits use of funds in this manner.
- Payment of expenses of spouses or other non-employees (i.e. travel expenses).
- Reimbursements from general local funds for student and/or staff travel. (Approved travel forms and Requisitions must be completed prior to travel. The use of Campus Funds and request for reimbursement from general local funds is not allowed.)
- 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.
- Fees/dues collected from students for general instructional courses. Such instructional expenses should be funded with local/federal budgeted funds.
- 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, BBQ benefit or similar fundraising/donations conducted by individuals or other organizations.
- Furniture for administrative offices.
- 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.
- Donations of any type to organizations or individuals including benefits to raise funds for funerals, terminal illness, personal loss of home, or any other private fundraising activities. Any other expenditure prohibited by federal or state law, TEA or board policy, or G-PISD 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 activity accounts will become the property of the Gregory Portland 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 funds and the 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 865**) 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, and 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. All student organizations must follow the district's activity and purchasing procedures for fundraisers and expenditures.

*Fundraising activities shall benefit the entire fundraising group(s) and funds shall be distributed equally among the group(s), regardless of how much each student individually raised.*

### **Creating a New Student Group**

Before forming a new student group, the responsible sponsor must have written approval from the campus principal to establish the student group. Along with the written approval, a set of by-laws must be submitted to create the account code for the student group. Once written approval from the principal has been received, the campus secretary/bookkeeper must forward written approval and bylaws to the Business Office for account creation.

### **Student Organization By-laws**

All student organizations are required to have by-laws in existence. The by-laws should include the following (a template for by-laws can be found on the district's website):

- The name of the organization.
- The purpose of the organization.
- Rules of membership.
- Organization meeting times/schedule.
- Officers and elections.
- Dues; if any.

### **Officers and Duties**

All student groups must have officer representation in order to approve expenditures from the student activity account. Each group must have the following or similar positions:

**President:** the president presides at the meeting of the organization and ensures goals/policies and procedures are being met in a satisfactory manner.

**Vice President:** the vice president assists the president in the meeting, goals/policies and procedures. In addition, the vice president presides at the meeting when the president is absent.

**Secretary:** the secretary keeps accurate records of the meeting, sign-up sheets, etc.

**Treasurer:** the treasurer, with the help of the sponsor, is in charge of keeping track of fundraising and other revenue and expenditures.

## **Record Retention**

The sponsor of each school organization is required to ensure that adequate financial records are maintained. All records must be retained for a minimum of 5 years and may be in an electronic format. These records, which are subject to audit, should include, at a minimum, the following:

- Fund Raising/Sales Application;
- Deposits;
- Issued Receipts;
- Fund Raiser Profit/Loss Statement.

Documentation can be stored electronically but must be accessible to others in the event the sponsor is no longer responsible for the student organization. It is recommended for the campus Secretary to have access to these electronic documentations to easily forward to the business office or the next sponsor of the student organization. Electronic documentation must be legible.

## **Use of Student Activity Funds**

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

### **Acceptable Uses of 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).
- Membership in related organizations.
- Charitable contributions & scholarships (to be approved by Campus Principal).
- Expenditures related to parties & other entertainment of student members.
- Equipment to be used by the student members of the organization.
- Light refreshments such as pastries & coffee for Open House, Parent Night, or other parent/student functions.
- Gift cards, gift certificates, or the like for district employees limited to \$25 per gift per person. [Refer to the Incentives/Awards Procedures for allowable gift cards.]
- Other reasonable expenditures approved by student membership of the group.

### **Unacceptable Use of Student Activity Funds:**

- Any purchases not approved by the student membership of the group.
- Any purchases which benefit adult sponsors & does not benefit student members.
- The use of the charter buses or other transportation that has not been approved by GPISD.
- 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. The Texas Tort Claims Act prohibits use of funds in this manner.
- Gift cards, gift certificates, or the like for district employees when the value is greater than \$25 per gift per person.
- 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.

Note: Any equipment purchased with student activity funds or campus activity accounts will become the property of Gregory Portland Independent School District and must be included in the fixed asset inventory of the district.

### **Dissolving Student Group**

An organization to be disbanded may determine the use of the remaining balance in its activity fund. Funds remaining from an organization which made no such documented determination shall be credited to the appropriate administrative activity account and may be transferred by the principal to the campus activity fund and used at the principal's discretion.

### **Student Class Accounts**

Student class accounts travel with the pertaining class for the four years they are in high school. The account is labeled as "Class of 20XX" to identify the class it belongs to. Please contact the business department for the correct account to use.

Any funds the class fundraised in any year they were in high school, will carryover in their pertaining class account until their Senior year. In their Senior year, the class representatives can decide and vote on how to expend any remaining balance in the Senior class account. Any remaining funds after graduation will be credited to the appropriate administrative activity account in accordance with School Board Policy CFD Local.

The following is a guide of possible use of funds for the Senior class (not all inclusive and must

be voted by class representatives and approved by the campus Principal):

1. Leaving a memorial of their class behind at the campus such as a bench labeled “Class of 20XX” (with campus Principal’s permission).
2. Hosting a Senior luncheon
3. Senior presentation
4. Senior class trip
5. Scholarships

If funds are not used by the end of the Senior year, the remaining balance will be rolled over to the incoming Freshman class. The remaining balance from the Senior class is also subject to be used at the Principal’s discretion. A negative balance in the account is not allowed to be left behind.

The Junior class is traditionally responsible for the Senior class prom. Ticket sales will be deposited into the Junior class to cover the expenditures coming out of the Junior class account for the Senior prom. Any remaining funds from the sale of prom tickets will remain in the Junior class and will travel with them when they become Seniors.

### **Responsibilities**

All campus personnel including principals, bookkeepers, secretaries and faculty will be held responsible for any campus activity and student activity funds entrusted to them. The responsible party should reimburse the Club Account for money (or property purchased with student activity funds) which is lost due to carelessness, fraud, theft, or failure to comply with district’s procedures. The responsible party (employee) may also be subject to disciplinary action, up to and including, termination of employment due to violations of administrative procedures, theft, or fraud.

### **Principal**

The Principal is responsible for the overall administration of the Student Activity and the Campus Activity accounts including the bookkeeping, monthly reporting and compliance with the policies and procedures manual. The principal will approve all fundraising activities in advance and will monitor the activities by reviewing and signing the “Fund Raiser/Sales Activity Application”. It is the principal’s obligation to see that all faculty sponsors have signed the “Responsibilities of Faculty Sponsors of Student Groups” and to ensure that these forms are kept on file.

### **Additional Principal Responsibilities**

1. Physical safeguard of all cash on campus.
2. Accounting for all receipts and disbursements.
3. Administration of all related recordkeeping.

4. Ensure employees on your campus to whom you have delegated any activity fund task be adequately trained.
5. Ensure employees assigned attend training prior to performing any activity account transactions.
6. In the event of a change of assignments during the school year, it is the principal's responsibility to contact the finance office and request training for the new staff.
7. Ensure that the employee has adequate time to accomplish the assigned Activity Fund tasks and to provide a proper place of work conducive to the successful performance and timely completion of those tasks.
8. Ensure that each employee is properly performing the activity fund task so assigned.
9. A comprehensive training session is available at your request for you and your staff. Training sessions are usually held in the Business Office or other private setting to avoid disruption to the campus' daily activities or distractions from the training event.

### **Bookkeeper/Secretary**

The Campus Bookkeeper/Secretary is responsible for the following:

- maintaining accounting records
- receiving money and issuing a receipt
- preparing and delivery of deposits to depository bank
- monthly Sales Tax reporting to district Accountant
- Maintaining and reconciling district issued credit cards or charge accounts unless issued directly to a district employee

### **Faculty Sponsor**

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 provided. This includes maintaining detailed financial records and maintaining a positive balance in the respective account at all times. The faculty sponsor will sign an "Acknowledgement of Responsibilities of Faculty Sponsors of Student Groups" form, before undertaking the sponsorship of a student club or organization. If sponsors do not receive proper student activity training and forms are not filled out, sponsors will not be allowed to conduct any fundraising activities. The forms will be filed at each campus and all fundraising forms will be made available to the Business Office upon request. Sponsors must ensure that "Club Meeting Sign-in Sheets", and "Activity Fund Club Minutes" and the "Club Treasurer's Reports" are

completed and maintained.

### **Additional Sponsor Responsibilities**

1. If applicable, sponsors should keep a Merchandise Distribution Record of items disbursed to students to include:
  - a. Student Name, Date issued, # of items issued, \$ value of items issued, Date returned, # of items returned, \$ amount returned.
2. Sponsors must issue pre-numbered receipts for all fundraising funds collected from students:
3. The pre-numbered receipts must be completed in its entirety, including:
  - a. Date and \$ amount;
  - b. Name of student submitting the money (A receipt may not be issued to more than one person.);
  - c. An explanation of the purpose for which the money was received;
  - d. The name of the organization;
  - e. The signature of the person receiving the money (NO signature stamps.)
4. Under no circumstances shall a cash receipt be altered. If an error occurs, VOID the original receipt and all duplicates and issue a new receipt. The original of the voided receipt must be attached to the receipt book and retained for audit purposes.
5. An actual cash count should be made by the person signing the receipt in the presence of the student turning in the money.
6. Collections should be submitted to the campus bookkeeper/secretary **daily**.

The Business Office is responsible for ensuring that activity fund transactions are in compliance with all related District policies/procedures and state/federal law. Campus Staff/Sponsors are responsible for maintaining and providing all required documentation for activity fund transactions as needed or upon request.

### **Cash Theft/Loss**

In the event of a cash loss, theft, or dishonest act involving Activity Fund monies is uncovered, it shall be immediately reported to the school principal or designee. The principal will in turn notify the Assistant Superintendent for Business and Finance.

Sponsors and/or authorized personnel in handling cash are responsible for activity funds entrusted to them.

### **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. Under no circumstances should campuses or organizations participate in door-to-door solicitation, nor enter into agreements with solicitation firms. Campuses are not allowed under Texas Law to conduct raffles, bingo, and other games of chance. Under no circumstances should a campus or organization enter into agreements or advertise an event until approvals from the Principal and the Assistant Superintendent for Business and Finance have been received.

## **Fundraising**

All fundraising activities on school district property or related to the District's students, parents, or faculty must be approved by the Principal by completing a **Fund Raising/Sales Application Form** two weeks prior to the starting the fundraiser. Consideration must be given to:

- Other fundraising activities on or about the same time
- Minimizing any disruption to the educational program
- The purpose for which the proceeds will be used
- The total number of fundraisers on any one campus during the course of a school year
- The nature of the fundraiser and the demands it may make on students, parents, and staff

All campus organizations are limited to **two fundraisers per calendar year** (January – December). Athletic organizations may hold summer camps in addition to two fundraisers.

Food sale fundraisers must follow the district's nutrition policy and the Texas Department of Agriculture (TDA) regulations.

The TDA has established guidelines related to fundraisers. Specifically, there is no limit on fundraisers that meet the Competitive Food Nutrition Standards. Any food and/or beverage that meets the standards may sold on the school campus during the school day. The school day is defined as: the period from the midnight before the beginning of the official instructional day to 30 minutes after the end of the official instructional day. [Note. While there may be no limit under TDA, there is a maximum number of district-allowed fundraisers.]

The food and/or beverage fundraisers must fall under one of the following categories:

1. Fundraising event where the Competitive Food Nutrition Standards do not apply. Each campus may have up to six exempt fundraising days per year. Food and beverage items sold for exempt fundraisers cannot be sold in competition with school meals in the food service area during the school meal service.
2. Competitive Food Nutrition Standards do not apply to fundraising that include ordering

and distribution of food and/or beverage not intended to be consumed during the school day on the school campus.

3. Food and/or beverage sold to students at concession stands or other events must meet the Competitive Food Nutrition Standards if the sale occurs during the school day on the school campus.

On the following page you will find a chart of allowable fundraisers, which ones would be counted or not counted as one of the allowed two fundraisers and exempt days, not all inclusive. If you have additional questions about fundraisers, please contact the Business Office.

### Allowable Fundraisers

Counted	Not Counted
<ol style="list-style-type: none"> <li>1. Chocolate Bars</li> <li>2. Popcorn Bags</li> <li>3. Packaged Cookies</li> <li>4. Packaged Apples</li> <li>5. Food Tickets (ex. HEB Chinese, Koko's Enchilada Plates, BBQ Plates, etc)</li> <li>6. Valentine Grams</li> <li>7. Turkey Feathers</li> <li>8. Car Wash</li> <li>9. Garage Sale</li> <li>10. Swim-a-thon, Volleyball-thon, Shot-a-thon, etc.</li> <li>11. Percentage from Vendor sales (ex. Scholastic, Kendra Scott, FanCloth, etc.)</li> <li>12. Drama Shows, Dance Shows (ex. Dance team, Folklorico)</li> <li>13. Sponsor Posters</li> <li>14. Brochure Sales</li> <li>15. SnapRaise</li> </ol>	<ol style="list-style-type: none"> <li>1. Fan Shirts (Must be Pre-Orders ONLY)</li> <li>2. Percentage at Restaurants (ex. Chuck E. Cheese Night, Peter Piper Night, Chili's Night, Pollo Loco, etc.)</li> <li>3. Student Dances</li> <li>4. Student Talent Shows</li> <li>5. Concession sales at UIL events, Athletic Events, Saturday Events, etc.</li> <li>6. School Festivals</li> <li>7. Charity Donations</li> <li>8. Yearbooks (Must be Pre-Orders ONLY)</li> <li>9. Summer Camps</li> <li>10. Vending Machine Commission</li> </ol>
	Exempt Day
	<ol style="list-style-type: none"> <li>1. Any type of food sales during the day in accordance with the USDA guidelines.</li> </ol>

## Unallowable Fundraisers

1. Yearlong fundraisers
2. Fan shirt sales that are not pre-ordered.
3. Yearbook sales that are not pre-ordered.
4. Raffles-School districts are not allowed to conduct raffles or games of chance. Raffles are considered gambling under the Texas Penal Code-Class C Misdemeanor.
5. Food items that are for immediate consumption, do not follow the USDA guidelines and an exempt day is not filed.
6. Fundraisers from unapproved fundraising companies.
7. Sale of items purchased from a non-fundraiser vendor (such as Sam's, Wal-Mart, HEB, etc.).

## Individual Student Accounts

Money raised by student clubs shall be used to benefit the entire group rather than being credited to student individual accounts. According to the IRS Publication 557, if individual accounts are used to accumulate fundraising profits for individuals, then a) the money becomes taxable to the student; and b) the people who donate in good faith are not allowed to deduct their contributions.

*Example:* The students are raising money for an out-of-town trip, the entire amount collected should be divided by the students participating in the trip regardless of the amount that each individual student raised through fundraising activities.

## Concession Stands

The purpose of these procedures is to ensure the district remains in compliance while conducting sales at a concession stand. All district policies shall be followed when making purchases for the concession stand inventory and when handling cash from sales of the concession stand.

## Concession Stand Inventory

1. Submit *Fund Raiser Sales Application* for approval prior to making any purchases for the concession stand inventory.
2. After the application has been approved, you may begin the process to enter your requisitions to purchase inventory.
  - a. The approved *Fundraiser Sales Application* must be attached to your requisition as backup. The requisition will not be approved if application is not attached.
  - b. Please enter your requisitions in a timely matter to ensure your items arrive on time.
  - c. Open purchase orders are not allowed. A new purchase order shall be entered for replenishment of inventory.

3. When the purchase order has been approved, you may proceed with making necessary purchases according to the purchase order submitted.
  - a. Do not go over the approved dollar amount on the purchase order. If additional items are needed, submit for a new purchase order.
4. Once all items have been received, please ensure you enter your receiving record on Skyward and submit invoices or receipts to accounts payable for payment on a timely manner.

### **Cash Handling**

1. Funds should not be kept in classrooms, personal wallets or purses, or at home for extended periods of time. Keep cash secure at all times.
2. **No cash purchases are allowed to be made with any cash on hand.**
3. Staff is **strictly prohibited** from **“borrowing”** district funds. Staff who borrow (defined as temporarily removing of funds with the intent to return the funds) or steal district funds shall be subject to disciplinary action, up to and including termination of employment and may face criminal prosecution.
4. Personal employee checks shall not be cashed from monies collected at the campus or district level to ensure an adequate audit trail of all funds collected by the district.
5. Cash of different types shall not be commingled. A separate cash box shall be maintained for petty cash and change accounts, as appropriate.

### **Deposit**

1. At the end of the game or event, all cash must be submitted to the bookkeeper or campus secretary for deposit with all required backup documentation.
2. If the concession sales are after hours, all cash must be accounted for and prepared for deposit, sealed in a tamper proof bag and secured overnight in a locked safe.
  - a. On following day, turn in deposit to the bookkeeper or campus secretary for deposit along with required backup documentation.

### **Vending Machines**

All vendors who request to set up a vending machine for items such as stickers, pencils, erasers, etc., must be approved by the Purchasing Coordinator. Once the Purchasing Coordinator has verified the vendor and approved the use of the vendor, the campus Principal must approve the vendor to set up at the campus. Deposits of the commission will be at the Principal’s discretion.

### **Fundraiser Process**

#### **Approval**

Before starting a fundraiser, a **Fund Raiser/Sales Application** must be submitted to the campus Principal for approval by the club sponsor, completed in full, and at least two weeks prior to the

fundraiser start date. A specific purpose for the funds to be raised should be determined prior to the event being requested. If you are an athletic sponsor, the Fundraiser/Sales Application will be submitted to your Athletic Director instead of the campus Principal. Materials or merchandise for fundraising projects may not be ordered prior to receiving written approval from the principal.

### **Pre-Fundraiser**

Any person who orders merchandise without prior approval of the fundraiser will assume full responsibility for the bill. Once merchandise has been received, make an inventory listing of the fundraising merchandise (ex. 5 – Vanilla Popcorn, 5 – Cheddar Popcorn, 5 – White Cheddar Popcorn, etc.). Keep track of all merchandise distributed to the students, with the “Merchandise Distribution Report”. This report will help you in determining what merchandise has been sold or returned by the students.

If you are selling items that are to be pre-ordered, distribute an “Order Form” to all students to keep track of items being pre-ordered. For pre-orders, purchase orders will be done after all “Order Forms” have been received. Only order exactly the amount on the “Order Forms”. Extra items may not be ordered to sell at a later time.

### **During Fundraiser**

During the fundraiser, make sure students are safe handling money and turning it to you for safekeeping. Deposits are encouraged to be made daily to avoid potential theft or loss of money. Ensure when making deposits to campus Bookkeeper/Secretary that the money is being counted in front of you and a receipt is given to you with the deposit amount. Please make notes to the “Merchandise Distribution Report” as money and merchandise is being turned in. All fundraisers are to last a span of two weeks only. Please make sure you are following food sale guidelines when it pertains to your fundraiser.

### **Post-Fundraiser**

Once the fundraiser has ended, collect all monies and remaining merchandise from students. If order forms are turned in for pre-orders, verify that the money turned in matches the number of orders on the form. Deposits shall be made daily and no later than the next banking business day from the date of collection. Count the ending inventory, if any, and document what the plans for the remaining inventory will be. Students must vote on the outcome of ending inventory. For pre-orders, proceed in entering the necessary requisition to place the order with vendor. Complete the **Fund Raiser Profit/Loss Statement** to verify all deposits you have submitted have been accounted for and expenditures posted on the student activity account are correct.

### **Texas Sales Tax**

Texas school districts, public schools, qualified exempt private schools and each bona fide chapter within a qualified school are exempt from the payment of Texas Sales and use tax on purchases of taxable items for their use, if the purchases are related to the organization's exempt function.

The school district will not reimburse employees for sales tax they incur on purchases made on behalf of the district. To keep the person who makes the purchase from having to absorb the sales tax, complete and give them a Texas Sales and Use Tax Exemption Certificate before they make the purchase.

### **Prohibited Purchases for Staff or Student's Individual Personal Use**

Purchases made on the district's account by individuals for their own use, even though connected with a school or school organization are not tax exempt, furthermore, these transactions are strictly prohibited. For example, using the district's account and tax-exempt status to purchase pizza deliveries for students that the teacher wants to pay for personally, cheerleaders purchasing their own uniforms, band members purchasing their own instruments, and athletes purchasing their own letter jackets are not tax-exempt and using the district's account and tax-exempt status for these types of individual transactions is strictly prohibited.

Charges for items purchased for a fundraising activity by the District should not include a sales tax. Uniforms, school supplies, parking permits, T-shirts, or other items needed to operate a program should also be a non-taxable purchase from the vendor.

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

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

Either the date on which the items are delivered by the vendor to the school organization or the day on which the school organization delivers the items to its customers may be designated as the one-day tax-free sale day.

### **Taxable Sales**

#### **A. Supplies and Publications**

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

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

#### **B. Sales by Teachers and Students**

Teachers and students must collect the sales tax on merchandise other than food products they sell.

If the school assumes responsibility for the activity and/or sales, the school is responsible for ensuring the tax is paid. The school may purchase items tax free from the vendor using the Sales Tax Resale Certificate and must collect the tax when the items are sold.

Activity funds are those monies collected by students and school staff for the financing of District activities that are not encompassed or provided for in any of GPISD's normal budgets. These funds, however, are raised through school-related activities on school property (either by students, parents, or school employees) and must come under the accountability of GPISD. The raising and expending of activity funds can have only one basic purpose: "to promote the general welfare, education, and morale of all students by helping finance the normal legitimate activities of the student body and the school."

### **Career and Technology Education Program Generated Projects**

#### **Purpose**

To identify the distinction and outcome of income produced by program generated products for curriculum instruction, student activity fundraisers and sponsored projects. These guidelines ensure any CTE program activity is in compliance with District, State and Federal guidelines.

#### **Types of CTE Projects**

In order to align the CTE program with district procedures, the district has identified three types of projects within the CTE program. All projects must follow the curriculum set forth for career and technology programs. They list as the following:

1. Program Income Projects
2. Student Fundraiser Projects
3. Sponsored Projects

## **Program Income Projects**

Program income is defined in 2 CFR 200.80 as gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the federal award during the period of performance.

Program income includes, but is not limited to:

- income from fees for services performed
- the use or rental of real or personal property acquired under federal awards
- the sale of commodities or items fabricated under a federal award (costs to purchase or fabricate items must be allowable under the grant and the activities must be appropriate for the grant program)
- license fees and royalties on patents and copyrights
- principal and interest on loans made with federal award funds

All program income must be deducted from the total allowable costs of the program area to determine allowable costs. Program income must be used for current costs of the grant program.

**Program income projects** are projects funded by CTE program funding and then sold for a monetary amount more than the cost of building the project.

***For example:*** The materials needed to build a wooden bench are purchased out of the CTE program funding. The wooden bench is then sold to the Education Foundation. The difference between the expense of the material and the amount the wooden bench was sold for is considered program income. The fund used to purchase the materials for the wooden bench must be reimbursed and the program income will also go back to that fund.

Program income is not allowed to be deposited into Student Activity accounts. However, projects created by students in a class as part of the school curriculum are able to keep their project. The student may decide to donate the item or the proceeds of the sale to the student organization. Any project a student keeps totaling over \$5,000 would then require the student to reimburse the district for the cost of the project. A bill of materials will be created for the project and given to the student as an invoice. The receipt process will follow the district's current receipting guidelines.

Program income projects are allowed as long as all funds received from the sale of the items are deposited back into the CTE program fund(s). If creating program income projects, all program income funds received from the sale of items must be used in the same year received. Purchases using program income must follow the same grant and state guidelines.

Funding from CTE for banquets will only be allowed when program income has been made.

Allowable expenditures will be limited to meals, awards and anything else at the discretion of the Director of Career and Technical Education. These expenditures will help offset any program income earned and help meet required expenditures from the CTE allotment.

### **Student Fundraiser Projects**

Student fundraiser projects are projects funded strictly from student activity accounts. Student fundraiser projects must adhere to the district's **Activity Funds Procedures**. A maximum of two fundraisers are allowed per club per calendar year. A campus wide event and concession sales will not be counted as one of the two fundraisers. All student fundraiser projects must fill out an activity fundraiser application prior to beginning the project.

All materials being used for these projects must be purchased out of the student activity account. Materials purchased from CTE program fund(s) are not allowed to be used for student fundraiser projects. Projects to be donated to various causes must come of the student activity account unless the outside entity is providing the material to build the project. At that time, it will become a sponsored project.

Please review your yearly projects and consider your most profitable projects as your student activity fundraisers. Auction sales will be counted as an activity fundraiser.

### **Sponsored Projects**

Sponsored projects are projects being requested by an outside entity but all materials for the project are purchased by the requesting outside entity and a monetary donation is made to the student organization for the services. These types of projects must adhere to the following guidelines:

- The project will be used as a learning experience for our students providing them with a real-world connection to our CTE curriculum. The various stages of the project will be documented on the weekly lesson plans indicating the specific TEKS that are being covered as part of the course in which these students are enrolled.
- Safety precautions should be followed at all times, and students will only be allowed to work on the project under the direct supervision of the CTE program teacher(s).
- There will be no monetary donation to the district for the cost involved in developing the project. Instead, the students (under the guidance of the teacher) will prepare a Bill of Materials that will be supplied to the "requester".
- The "requester" will use the Bill of Materials to purchase all of the supplies that will be needed for the project. Doing this will allow for the faster acquisition of the necessary materials because our Purchasing Guidelines will not need to be followed, per se, since

our district will not be entering requisitions to obtain these items. Our district may assist the “requester” with obtaining quotes that are to include taxes.

- The “requester” will provide payment directly to all vendors. No funds will be routed through our district for this purpose.
- A simple document should be drafted and signed by the “requester” indicating that he/she is granting the campus permission to show this project at any prospective stock show(s) and/or competitions.
- Once the project is complete, the “requester” may choose to provide a donation for the work involved in creating the project. If so, the donation will be made to the campus program using a *Donation Agreement* form. The donated funds will need to be deposited into the respective student organization’s activity account. No money should be given directly to students or teachers as a form of compensation on any premises affiliated to our school district.

## **Conclusion**

These procedures are not all inclusive and as the CTE program continues to grow, additional procedures will be set in order to protect the students, teachers, and the district from mismanagement of funds while still providing the students with these types of rich learning opportunities.

## **Online School Stores**

Online stores for the purpose of fundraising, ticketing, collecting fees and accepting donations shall be posted on the school website. Only online payment solutions which the district has an agreement with shall be used. All online payments will be posted to the proper club/student account on a weekly basis.

## **Donations**

Donations are made by outside entities or individuals for the benefit of students or faculty. Donations are made without any return consideration going back to the donor, and may be in the form of goods, services, or money. Donations are allowed and must follow the districts procedures for donations. Donations should be donated for the organization as a whole and not just an individual. All donations solicited on behalf of the district become the sole property of the District (CDC Local). When a donation is received, a **Donation Agreement Form** must be completed and forwarded to the Business Office.

At the present time the district is utilizing the Donor’s Choose website. An approval process will be established to ensure that the district reviews and approves all donation requests.

## **Crowdfunding**

Crowdfunding is the practice of funding a project or idea by raising small amounts of money from a large number of people, typically via the Internet. Any group or club wanting to run a crowdfunding campaign must receive prior approval from the campus Principal at least two weeks before the start of the campaign by completing a **Crowdfunding Application**. All campaigns must support educational or instructional-based initiatives. Only district approved fundraising sites may be used to run a campaign. Any donations received become the property of the District. *Please see Crowdfunding Procedures manual for detailed information.*

## **Scholarship Procedures**

A student activity club organization that intends to award scholarships at the end of the school year must submit the scholarship criteria in writing to the campus Principal. The campus Principal will review and approve all scholarship criteria and awards. Club sponsors are responsible for ensuring the club account balance is sufficient to pay awarded scholarships. Students awarded a scholarship must submit proof of enrollment/registration from the college/university that he or she will be attending before the receipt of funds. Scholarships awarded to students will be made out in the form of a check made payable to the university where the student enrolls.

## **Petty Cash**

No club, organization, or campus is to create and/or maintain a petty cash account. All monies collected should be deposited upon receipt. The maintenance has a petty cash account in the amount of \$300 for small expenditures related to vehicle inspections or license plate renewals. The child nutrition department has a petty cash account in the amount of \$340 for small expenditures related to small expenditures or reimbursements.

## **Relations with Parent Organizations**

District-affiliated school-support or booster organizations shall organize and function in a way that is consistent with the District's philosophy and objectives, within adopted Board policies, in accordance with applicable UIL guidelines and financial and audit regulations. District-affiliated school-support or booster organizations may use District facilities with prior approval of the appropriate administrator. Other parent groups may use District facilities in accordance with policy GKD.

Before parent groups or other groups working with the school purchase equipment for the schools, including computer hardware and software, they shall notify the principal of their plans. In consultation with the Superintendent or designee, the principal shall determine the type or brand of equipment to buy to ensure compatibility with current District equipment.

## Periodic Internal Audits

The Business Office Finance Staff may conduct periodic audits of funds to identify any weakness in financial procedures or records. Audits are designed to assist principals in ensuring procedures are being followed in handling funds that are entrusted to them. Periodic internal audit of activity fund can assist principals in improving internal controls to comply with Texas Education Agency requirements and the District's Board Policies and Procedures.

All activity fund raisers are subject to internal audits at any given time. Please have all related student activity fundraiser documentation ready at hand for review. Records must be kept on file for at least 5 years.

### Red Flags:

- Deposits not being made on a daily basis. Irregular deposits. (large amounts)
- Receipt books are missing.
- Receipt copies have been torn out.
- Voided receipts for which there is no replacement or explanation noted.
- Frequent voided receipts.
- Receipt books are not being completed or are not being completed in sequence, either by date or number.
- New receipt books not being requested.
- Notice from bank of deposit errors/discrepancy.
- Total collections for a specific span of receipts does not agree with the total deposits for the span of receipts shown on the deposit ticket.
- Receipt of past invoice.
- Parents asking about checks which have not cleared their bank account on a timely basis.
- **Negative balance in an organization's fund.**
- Lower than expected balance in an activity fund.
- No documentation/receipts with check request.
- Any type of documentation not being readily available.
- Anything that does not appear reasonable or make sense.
- Explanation that does not explain or answer questions being asked, for example, getting the run around.

- Parents complaining about not receiving products purchased from fundraiser.
- Leaving funds or fundraising products unattended or losing them altogether.

### **Other Audits**

All records should be kept current, in good order and available for the district's Annual Financial Audit and any special audits at any time. These audits will be conducted annually and as needed.