

# Runge Independent School District

## Activity Funds Manual

### Purpose of Guide

This manual is designed to provide a set of standardized accounting guidelines and procedures for the administration of the Runge Independent School District (RISD) Activity Funds. These procedures are designed to comply with existing federal and state laws, and local board policy.

Principals, Assistant Principals, Activity Sponsors, and other personnel involved in the administration and handling of activity funds are responsible for following the guidelines and procedures set forth in this manual. This manual supersedes all prior publications and communications regulating the administration of activity funds in the Runge Independent School District.

### Activity Accounts

Activity funds are monies primarily consisting of various fees and proceeds of school approved money-raising activities collected from students and school personnel. Each school may maintain a student activity fund. These funds are used to promote the general welfare of each school and the educational development and morale of all students. **As a general guideline, funds derived from the student body, as a whole should be expended as far as possible to benefit the student body as a whole. Funds collected or earned by specific groups of students (such as the Class of 2016) should be expended to benefit those students from which the funds are derived.** Funds accumulated by the faculty may be used to benefit either the faculty or students, at the discretion of the faculty. Funds donated to the school by students, faculty or outside groups are to be expended solely for the purposes prescribed by the donor.

Principals are charged with the responsibility for efficient and effective management of their school's activity funds as set forth in this manual. The principal will appoint and supervise reliable and capable personnel for the physical handling of receipts, deposits, disbursements, and other duties associated with activity fund operations as specified in this manual. The collection and disbursement of campus activity funds must comply with the LEA's Activity Funds Manual.

Principals are also responsible for notifying the Superintendent if they are aware of any significant problems with regard to their school's activity funds.

### Campus Activity Accounts

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 local policy, may be used for activities of the students, faculty, staff, or campus.

Campus fund accounts are the activity funds whose proceeds benefit the students as a whole. If a group is not a bonafide student group with officers and meetings, then the group will function as a campus activity account (i.e. Athletics, Band, etc.). The profits may be spent on a wide range of items of benefit to the school. However, they cannot be used for purchases or events that only benefit the faculty and staff. **Expenditures of these funds must be made in accordance with the purchasing procedures in place for RISD.**

Donations made may be deposited into the Campus Activity Account if the donation is under \$1,000.00. Anything over \$1,000.00 must be deposited into the General Fund.

## **Student Activity Accounts**

Student activity funds are held by the school as trustee. All student activity funds must be expended exclusively for the benefit of students.

The collection and disbursement of student activity funds must comply with the LEA's Activity Funds Procedures Manual. Student Activity Fund club accounts consist of funds collected by student clubs. These funds belong to the club and are held by the school for safeguard and convenience.

The school as represented by the principal is responsible for ensuring that the funds are protected, and that clubs do not over-expend monies which they do not have. Members and sponsors of the club according to the rules of the club must approve all expenditures of these monies.

Any donations to the club for any purpose by any person or group must be deposited into the Student Activity Fund so there are adequate records of transactions. There also must be a letter from the donor stating the amount and purpose of the donation. Donation receipts can be sent upon request by the business manager.

## **Activity Fund Procedures**

### **Cash Receipts**

The sponsor/principal of each club/account is required to maintain adequate financial records of all cash received by the club for fees, dues, fundraising activities, etc. Below are some but not all of the procedures.

All cash and checks received from students shall be receipted and a copy of the receipt and/or a list of monies received by students kept on file by the club sponsor. All monies shall be deposited daily at the depository bank. At no time shall money be left in a teacher's desk, file cabinet, etc. If money is stolen from a sponsor's room where the money was left overnight in a desk or file cabinet, the sponsor shall be responsible for returning that money to the club. The sponsor depositing the funds must have completed the deposit reconciliation sheet signed by two people prior to the deposit of funds.

Procedures for making bank deposits are as follows:

1. All checks must be endorsed.
2. The sum of the amounts of the supporting cash receipts must be in agreement with the amount of the bank deposit.
3. All documents must be sent to the business office the same day as the deposit is made at the bank. This includes copies of appropriate paperwork, including the completed deposit reconciliation sheet and bank receipt.

### **Expenditures**

All expenditures from activity funds will be made by check or credit card. In other words, no expenditures should be made using undeposited cash. The exception would be events that happen the same day (i.e. Students bring money for a field trip fee that happens the same day. Money is collected and the same amount is paid to the place where the field trip is taking place.) Activity fund checks will be cut on Friday unless otherwise authorized by the superintendent. Before a check can be cut, a requisition must be received and approved by the principal, business manager, and superintendent. Students are not permitted to authorize expenditures alone, however in cases of clubs and student associations, minutes where the expense was approved must be attached to the requisition. No sales tax should be paid to any vendor. Sales tax paid by an employee cannot be reimbursed. All checks must have proper documentation before payment can be issued. Proper documentation includes:

1. The vendor's original invoice.
2. Other documentation (letters, application forms, renewal notices, etc.) when a vendor does not issue an invoice.
3. Approved minutes for all student activity account purchase orders if necessary.
4. Approved purchase order.

Once the requisition has been approved by all approvers, a check will be issued.

If a purchase is made to a vendor that will not accept a purchase order and the dollar amount is unknown, the sponsor/principal should either estimate the cost and issue a check or have the sponsor make the purchase and reimburse him/her once the dollar amount is determined. This must have the approval of the superintendent first. If estimating and the check issued is for more than the actual purchase price, the resulting change is to be re-deposited into the Activity Fund Account. District credit cards are also available. An approved purchase order should be fourth to the RISD Administration Office for a credit card. Receipts must be turned in with the return of the credit card within 1 day of the purchase.

Activity funds are subject to the same purchasing procedures as your regular budget. You must have an approved purchase order when ordering from the activity fund. If you have a question concerning when to use a purchase order, please contact the business manager.

Payments to employees may not be paid directly from activity funds. Please contact the business manager with questions.

Payments for services to an individual, who is not an employee of the Runge Independent School District, will be considered for the IRS form 1099. Some examples of services are speakers at assemblies, game officials, ticket takers, contest judges, consultants, disk jockeys, and any company or person who repairs equipment. The procedures are as follows:

1. Have the person or company fill out a Runge ISD Vendor Packet.
2. Send the completed vendor packet to the business manager.
3. An invoice and the approved purchase order must be submitted to the business manager in order for a check to be cut.

## **Fundraisers**

Fundraising projects and activities that will directly benefit the campus and/or student body are considered allowable. Because of the strict bidding laws set forth by the Texas Education Agency and to provide administrative control over the extensive fund-raising activities promoted by the various school organizations, certain procedures are required.

The person or sponsor in charge of the project must complete the fundraising request form. Information on this form includes the dates of the sale, items for sale, projected profits, and the purpose of the fundraiser. This form should be submitted to your campus principal for approval. Once the principal approves the fundraising project, a copy of the form should be sent to the superintendent. The District Secretary will keep a log of fundraising activities and follow-up on missing information/deposits.

Sponsors should ascertain whether the items are taxable so the price can be adjusted accordingly. Generally, all items purchased by the school for its own use in providing education are exempt from the Texas sales tax. For its “own use” means the school making the purchase intends to make use of the item and not offer it for resale.

When the school or school organization purchases taxable items for resale, they must issue a resale certificate to the seller in lieu of paying sales tax. When the items are resold, the school organization must collect and remit the sales tax to the state. Should you have any questions, please see the superintendent.

Taxable items include:

1. School purchased supplies, sold directly to students, including athletic equipment, PE uniforms, pencils.
2. Fees for materials when the end product becomes possession of the student.
3. Uniforms, t-shirts, and any school spirit materials such as ribbons, pompoms, pennants, etc.
4. School pictures.

5. Supplies for musical instruments or music.

Tax free items include:

1. Fees and admission tickets, including football and play tickets.
2. Club memberships.
3. Vending machine sales of food and soft drinks.
4. School sponsored trips – meals purchased by the school for athletic teams, bands, etc. are exempt from sales tax. The school must pay for the meals and provide the eating establishment with an exemption certificate. If the money is individually dispersed to the students to purchase their own lunches, they may not claim sales tax exemption.
5. Food – sales tax is not collected on the resale of food products. However, if the food product sold were in a tin, then it would be subject to sales tax. Please check with the cafeteria manager if you have any questions regarding the sale of food.
6. The state allows each organization to have two one-day fundraisers that are exempt from sales tax a year. The fiscal year is from January 1 to December 31. A sale can qualify as a one-day sale as long as all items sold are delivered to the purchasers on one day. When requesting projects, you should identify if this is one of your one-day fundraisers. Every fundraiser is not a one-day sale.

## **Online Donations**

Student activity clubs and organizations may utilize external donor websites to seek donations for their club or organization with prior written authorization from the superintendent. A fundraising record request must be submitted.

## **Sales Tax**

Upon completion of the fundraiser, the school shall complete the Runge ISD Sales Tax Worksheet and forward it to the business manager. The business manager will complete the annual sales tax report due to the state and remit any monies owed.

## **Food Sales**

The Texas Department of Agriculture (TDA) defines competitive foods and Foods of Minimal Nutritional Values as such according to the Texas Public School Nutrition Policy:

- **Competitive Foods:** Foods and beverages sold or made available to students that compete with the school's operation of the National School Lunch Program or School Breakfast Program. This definition includes, but is not limited to food and beverages sold or provided in vending machines, in school stores, in the classroom or as part of school fundraisers. School fundraisers include food sold by school administrators or staff (principals, coaches, teachers, etc.) student or student groups, parents or parent groups, or any other person, company, or organization.

- **FMNV:** Foods of Minimal Nutritional Value: Refers to the four categories of foods and beverages (soda water, water ices, chewing gum, and certain candies) that are restricted by the U.S. Department of Agriculture under the child nutrition programs. Please contact the cafeteria manager for a complete list of Foods of Minimal Nutritional Values.

Approval must be obtained by the cafeteria manager, principal, and business manager before any food item is purchased and/or sold.

## **Travel**

Any travel from campus or student activity funds must be well documented and pre-approved by the appropriate administrator. Lodging will be paid at the State of Texas rate per day per person plus the occupancy tax for the fiscal year.

## **Activity Fund Records and Files**

The district has a campus activity fund bank account and a student activity fund bank account; both are in the district's depository bank. The bank statements will be reconciled monthly by the business manager. The business manager is responsible for the bookkeeping of the campus and student activity funds, however, sponsors should keep an individual club ledger on their activity fund showing all deposits and disbursements. They can use these ledger cards to balance with the business manager.

## **Voiding Checks**

If it is necessary to void a check, contact the business manager. Outstanding checks not cashed within 90 days of issuance will have stop payments placed on them (i.e. voided) at the year end.

## **Roll-Over and Disposition of Funds**

With centralized activity funds, these funds are still your funds. If not spent during the school year, it will be rolled-over and available to you to spend the next school year.

When an organization disbands or because of graduation of the Senior Class and these accounts have money left in their funds, the monies will be rolled-over into the Campus Activity Fund to be used by the entire student body.

## **School Audits**

The district's external auditor at the end of each school year will perform an external audit of all student and campus activity funds. Please ensure that all receipts, deposit slips, and supporting documentation is available in the business office.

## **Change Funds**

A campus or department may have a change fund for the school store, library, and special events such as fundraisers and athletic concession stands. Change funds should be small but ample enough to handle an activity efficiently. Change funds should be deposited after the special event.

A change fund for a fundraiser or special event must be deposited on the next business day following the conclusion of the fundraiser or special event. This change fund deposit should be separated from the revenue of the fundraiser or special event. Change funds must be secured under lock and key at all times. The appropriate teacher or sponsor is responsible for the maximum protection of their change fund.

Reimbursements from a change fund are prohibited. The cashing of checks from a change fund is prohibited. The loaning of any money from a change fund to anyone is prohibited.

## **Raffles**

The district is not a “qualified nonprofit organization” for purposes of the Charitable Raffle Enabling Act and must not sponsor or conduct raffles, i.e., awarded one or more prizes by chance at a single occasion among a pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.

## **Returned Checks**

Returned checks will be deducted from the appropriate activity account. The business manager will send a letter to the maker of the check with a copy to the club’s sponsor and campus principal.

### **Top Reminders for Activity Funds**

1. Cash should be deposited daily with an accompanying deposit reconciliation sheet with two signatures. Copies of the paperwork including the bank receipt should be sent to the business office the same day as the deposit.
2. It is against policy to make a purchase without an approved purchase order. If the amount is not known, just use a good estimate.
3. Keep track of taxes on all fundraiser transactions.
4. Because these funds flow through the district's accounts, activity funds for the most part follow the same policy as other monies, including meal amounts. For this same reason, purchases are tax exempt. Organizations such as PTO and band or athletic boosters cannot use our exemption because the purchase will be paid with their own funds that do not flow through the district.
5. State law prohibits school districts from conducting raffles or games of chance.
6. No gift cards may be purchased.
7. Do not begin fundraisers without the proper approval
8. Checks are cut on Fridays unless otherwise authorized by the superintendent.