

**Spring Hill ISD
Activity Fund Procedures – Reconciliation, Reporting, Reimbursements
May 27, 2011**

RECONCILIATION

- *Promptness and accuracy are of the utmost importance.
- *Bank statements must be reconciled monthly. A sample form is attached for your use. Both pages of the bank reconciliation form must be completed.
- *The principal should sign the bank reconciliation to document his evaluation and approval.
- *Club account balances should be reconciled monthly.

REPORTING

- *Club account balances should be reconciled monthly and a written report given to each club sponsor for verification.
- *The club sponsor must notify the principal immediately (within 10 days) if a discrepancy is found.
- *A monthly report to the Board of Trustees is due to the business manager no later than noon on the Wednesday that precedes the regularly scheduled board meeting. This report is signed and approved by the campus principal each month. A sample report is attached for your use.
- *All campus reports must follow this format.
- *Records must be maintained for five years after the conclusion of the fiscal year in which the transaction occurred. Mark each box with a destroy date on the end when you are storing records. Then, at each year end, you can easily destroy old records without having to revisit the contents of each box.
- *A semi-annual comprehensive report is due each August 15 and January 15. These reports are as of July 31 and December 31 respectively. This report will include a list of each deposit and each disbursement by account title along with beginning and ending balances for each account. It must also be approved by the principal and each club sponsor. Special care must be taken to insure that these amounts are equal to the monthly board report.

REIMBURSEMENTS FROM BUDGETED ACCOUNTS

- *In the event that funds are advanced for items from the campus activity funds that are eligible for reimbursement from the regular budgeted accounts, the reimbursement request must include the check number from the activity fund. This check number will serve as the invoice/source document number.
- *The regular paperwork necessary for a disbursement from the budgeted accounts will be required.

SPRING HILL INDEPENDENT SCHOOL DISTRICT

BANK RECONCILIATION

BANK NAME: _____

STATEMENT DATE: _____

BANK ACCOUNT NUMBER: _____

BALANCE PER STATEMENT: _____

OUTSTANDING DEPOSITS:

OUTSTANDING CHECKS:

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

OTHER ADJUSTMENTS:

RECONCILED BANK BALANCE

This report is true and correct to the best of my knowledge and ability. _____

Secretary Signature

Date

I received the bank statement referenced above unopened. I examined it for any unusual items. My signature below signifies that I have evaluated this bank reconciliation, and it is true and correct to the best of my knowledge and ability.

Principal/Director Signature

Date

SPRING HILL INDEPENDENT SCHOOL DISTRICT

PROOF OF CASH

FUND _____

BANK # _____

NAME: _____

Prepared by: _____

Date: _____

BANK ACCOUNT NUMBER: _____

Month End: _____

DEPOSITS CLEARED: \$ _____

Balance Prior Month Proof: \$ _____

LESS INTEREST: (_____)

+ _____

OUTSTANDING DEPOSITS:

+ _____

CHECKS WRITTEN:

_____ THRU # _____ \$ _____

_____ THRU # _____ \$ _____

_____ THRU # _____ \$ _____

_____ THRU # _____ \$ _____

-(_____)

OTHER ADJUSTMENTS:

INTEREST EARNED: \$ _____

+ _____

BANK CHARGES & BANK DRAFTS:

SERVICE CHARGE: _____

WIRE TRANSFERS _____

-(_____)

RECONCILED BANK BALANCE

Guidelines for Developing Bylaws

Bylaws are the governing document of your organization. They are written to provide direction and continuity and are beneficial during leadership transitions. By putting on paper how your organization is going to operate you are able to keep things running smoothly, provide answers to tough questions (like what to do about a difficult officer), and eliminate any confusion as to how the organization should be run in order to reach its goals. They should be reviewed with new leaders, updated and kept on file with the Center for Leadership.

These instructions will assist you in creating bylaws for your student organization. Read the instructions, consider your choices and then construct a set of bylaws that fit your organization. There is also a template available using the Quidditch club as an example. All **bolded information** must be included. *Italicized information* may be customized to your organization.

Note: *All bylaws must be in outline format.*

Article I – Name

Indicate the name of your proposed student organization. This must include **Elon University** in some manner.

Article II – Purpose

This is the most important section of the bylaws. Student organizers should work with their advisor to develop a brief statement of purpose that reflects the mission and the philosophy of the organization. The purpose should include, but not be limited to the following:

- A. A discussion of the goals and ideals of members and of how the organization will contribute to campus life and the members' personal lives,
- B. How the organization will promote the academic mission of the university,
- C. How the organization will cooperate and interact with other organizations on and off campus.

Article III – Membership

Explain how one may join (Eligibility) and how, at any given point in time, you will know who the members are (Good Standing). Be sure to specify any special requirements or skills necessary for participation, such as a GPA, etc. Examples:

- A. Any full-time Elon student who has expressed an interest in the activities of the club and has paid club dues on time.
- B. Any full-time Elon student who has attended 3 meetings and/or events.
- C. Any full-time Elon student who has read the organization's manual and/or met any additional membership requirements deemed by the organization.
- D. Part-time students, such as seniors in their last semester, must be approved for eligibility by the Director of Organization Development.
- E. To be an active member, students must be in good academic standing. Students who do not meet the Elon University definition of good academic standing may not participate in any of the club's activities or meetings until they return to good standing.

Article IV – Governance

Section I – Officers

Titles and duties of each officer: List the title of each officer and his/her duties, including all the responsibilities that must be performed for the club to operate smoothly. The positions of President, Vice President, and Secretary/Treasurer are the standard positions, but you may choose positions of Directors, Coordinators, Liaisons (to other groups), Coaches, etc. Use titles that fit your particular group. Be clear about responsibilities for each position.

- A. There must be a **President** and a **Treasurer**.
- B. Certain clusters have specific guidelines for officers:
 - a. Sports –
 - b. Religious –
 - c. Greek – delegate to IFC, Panhellenic, NPHC
 - d. Service –
 - e. Etc.
- C. Using the terminology “other duties as assigned” should be included in each description of duties.

Section II – Officer Elections

Define how officers are nominated and the procedure by which they will be voted into office.

- A. **Nominating Method:** A group can nominate officers from the floor during a meeting, submit nominations privately to officers for a ballot or make other arrangements. You will need to indicate if voting will occur at the same meeting when nominations are made or at another meeting.
- B. **Voting Procedure:** This section must include two provisions (1) **Quorum:** indicate what percentage of members must be present at the meeting for a vote to be valid. (2) **How a Vote Carries:** specify what percentage of those present must vote for a person for that person to be elected as an officer. You may decide that a *plurality* (the largest percentage of votes) is sufficient to elect an officer, or you may specify a *particular percentage* (e.g. majority, which is one-half plus one; two-thirds, three-fourths, etc.).
- C. You will also need to indicate who will count the votes. The following language is recommended: **The counting and handling of the ballots will be the responsibility of the *President* and the Advisor. If the President is running for office, this responsibility will fall to the next ranking officer who is not on the ballot.**

Section III – Terms of Office: Define when officers will be elected and will take office. The Student Life Committee recommends, but does not require, the following timetable, with terms of office from April 1 to March 31.

February: Elect new officers who participate in the Leadership Development Institute held by the Center for Leadership.

March: New officers shadow old officers and prepare next year’s budget request to the SGA.

April: New officers assume office and present budget requests to SGA, appoint members to committees for next year, plan for new membership recruitment in the fall (SGA Organization Fair in September), set goals with other officers, etc. Note: Unless specified otherwise, a member may be

elected to an office more than one year. If necessary, you may place limitations on service in your bylaws.

Section IV – Vacancies in Officer Positions

Define how vacancies will be filled in case an officer resigns or is removed from office. The Vice President usually assumes the President’s position for the remainder of the term unless the bylaws specify that a new President will be elected within a specified time period. Include provisions for how each officer will be replaced.

Section 2 – Removal of Members and Officers

Removal of Members: A member may not be removed arbitrarily. Specific reasons for initiating removal proceedings must be specified in the bylaws. Common reasons include a significant amount of unexcused absences from meetings/activities, violation of rules explained in the Student Handbook or failure to abide by the policies of the club/organization, and conduct unbecoming the organization.

Reasons for Removing Officers: Officers are expected to fulfill all responsibilities of their offices and those of standard membership. Be sure to list the responsibilities of each officer in Section IA: “Titles and duties of each officer,” and indicate in this section that failure to fulfill the responsibilities of his or her office are grounds for removal.

Procedures for Removing Members and Officers: Minimum due process must be followed: The accused person must be **provided written charges and an opportunity to defend him/herself** before the officer or committee authorized to take action in the organization. The bylaws must specify this authority; it can be a judicial committee, the officers, or the entire membership, and procedures can be different for disciplining members or officers.

The percentage of members required in attendance to vote on removing a member or officer AND the percentage of those present who must vote to remove the member or officer for the action to be effective must be specified in the bylaws (quorum and how a vote carries).

The accused member/officer must be notified in writing of their status after the decision is made whether or not to remove the member or officer from the club or organization. NOTE: This section may be retitled “Disciplines/Expulsion Procedures”, and the bylaws may specify a range of sanctions up to and including expulsion. For example, the bylaws may fine a member up to a specified amount (state the manner in which the amount of a fine is decided), put a member on probation for a specified amount of time, restrict the member from participating in specified activities for a specified amount of time, suspend the member from the organization for a given period of time, etc. These sanctions need to be defined in the bylaws or some companion document voted upon by the organization and cannot be determined randomly.

Article V – Meetings

Indicate:

- A. How often the organization will meet (monthly, bi-weekly, etc.),
- B. How meeting times will be determined (vote at start of year, etc.)
- C. How and by whom members will be notified if the time of the regular meetings needs to be changed or if there needs to be a special meeting,

- D. What the attendance rules are for meetings and other organization events (fund-raisers, social events, etc.) and who is to be contacted if a member cannot participate for a good reason,
- E. How many required meetings of the officers you may desire and how many officers must be present for the meeting to be official,
- F. What constitutes a **QUORUM**: what percentage or number of the organization's members must be present for the organization to conduct business. (For example, you could establish 50% of the members or a minimum of 10 members as quorum. Unless a quorum is defined differently for special events, such as elections or disciplinary proceedings, the quorum given here applies whenever the organization is making decisions. If the number or percentage of members defined to constitute a quorum is not met, the organization cannot conduct official business that affects the other members.)
- G. How a **VOTE CARRIES**: what percentage of members present at a meeting must vote for an action to carry and be in effect for the organization. (The percentage of members present for a vote to carry may vary from issue to issue only if specified in the bylaws. For example, the percentage of positive votes to elect officers is usually higher than the general percentage required to conduct business.)

Article VI – Committees

Some organizations may find it necessary to operate with committees, usually referred to as “standing committees”, while others may decide to implement a committee for a specific task, usually referred to as “ad-hoc”.

Define the composition and responsibilities of committees whose mission is to implement the goals and objectives of the club and to provide opportunities for involvement and ownership by the members. Typical committees may include a social committee, fundraising committee, budget committee, recruitment committee, scheduling committee, judicial committee, etc.

The names of the committees and who appoints the committees and the chair of the committees should be specified in the bylaws. Often, the section in the bylaws detailing the duties of the officers will indicate which committees the officers appoint and if the organization must approve the membership and/or chair of the committees.

Ad-hoc Committees: It is often helpful to authorize the President of the organization to appoint committees to address a specific issue. In these situations, the committee should report on its work and progress to the organization as a whole.

Article VII – Finances

Funds may be generated from any or all of the following:

Section 1 – Dues

If dues are to be collected from members, there must be a stated process and time for determining the amount of the dues.

- A. Specify how the amount of dues will be decided. Choose one of the following: (1) refer to Article V; (2) choose a specific quorum and how the vote will carry for dues; (3) a minimum of 3 officers on the executive committee and the advisor.
- B. Do NOT provide a specific dollar amount in the bylaws.
- C. The first of the academic year, after a group has ended its recruitment process and has the bulk of members for the year, is a good time to set dues. It is a good idea to set goals and determine activities of the organization for the year and decide how the activities will be financed.

Section 2 – Student Government Association

Funds may be generated from Student Government Association allocations (in April of each year for the following academic year), from membership dues and from fund-raisers.

If your organization falls under the Academic or Honorary cluster, a request for funds goes through the Student Organization Advisory Board member. A letter will be sent to your advisor prior to allocation explaining the details of the process.

Section 3 – Fundraising

Fundraisers must be approved in advance by the Division of Student Life and all raised funds must be deposited into the organization's on-campus account. The organization should get approval from the Student Development Office before soliciting businesses in the community or other external constituents, such as parents, alumni, etc. Student organizations are asked to make sure the organization's fund-raising efforts don't jeopardize university fund-raising efforts of which the student organization may be unaware. Please note that there are certain guidelines for *club sports* in which donations may not exceed \$3,000, and the organization may not receive more than \$6,000 in private donations in a fiscal year. *See your Student Organization Advisory Board (SOAB) member for further clarification.*

If the organization must pay fees to an outside affiliation, such as national or professional organizations, the bylaws or another formal document must reflect this obligation.

It is suggested that bylaws include a provision for membership participation in fundraising efforts.

Article VIII – Advisor

Section 1: Selection

Every student organization is required to have a full-time faculty or staff person willing to serve as an advisor before the Student Life Committee will recognize a group as an official student organization. Provisions for selection of an Advisor must be included in your bylaws.

Section 2: Duties

To reserve rooms, vans, etc., the advisor must sign the appropriate forms. The advisor is also required to attend or find a person approved by the university to attend out-of-town events in which the student organization participates. The advisor's role is not to run the organization, but to give advice to members and officers and to facilitate an experience rich in opportunities for intellectual, cultural and personal growth. *Club Sports please see your Student Organization Advisory Board member for further guidelines.*

Article IX – Amendments

Include a mechanism to propose and pass changes to the organization's bylaws. The membership must vote on any changes. Members should have appropriate time to consider changes before a vote is taken on their approval. Unless otherwise stipulated, a quorum is sufficient to pass any changes.

Article X – Parliamentary Authority

Each organization should select from the many books about parliamentary procedure, one to use as a model for administrative business. The manual will serve as a guide and reference as situations warrant. The two most popular parliamentary procedure systems are Robert's Rule of Order and Sturgis.

Some *disadvantages* are:

- Less control at the school site
- Possible delay in information and reporting to the school site

Regardless of whether a school district uses a centralized or decentralized method of accounting for activity funds, every school district should have formally adopted policies and procedures for activity fund accounting.

5.5.3 Responsibility for Activity Funds

The responsibility for activity funds involves principals, staff such as the school secretary or clerk, fund sponsors and auditors. The responsibilities are that of:

- *The school principal, or designate*, who is personally responsible for the proper collection, disbursement and control of all activity funds at the school. This responsibility includes providing for the safekeeping of funds at the school.

Money on hand at the end of the school day ideally should be placed in a night depository at the school's bank. If this is not feasible, the principal should store the money in a locked, secured area.

The principal is not responsible, however, for funds collected, disbursed and controlled by parents, patrons or alumni organizations, and these funds should not be accounted for in a school district's activity funds (i.e., Parent Teacher Organizations, athletic and band boosters clubs, etc.).

- *The school secretary/clerk* who is responsible for maintaining an adequate supply of various activity fund forms. This person should be responsible for issuing cash receipt books as needed to teachers and other persons authorized by the school principal. This clerk must keep a distribution record of all receipt books issued, which is part of the official activity fund records. The school secretary/clerk is commonly responsible for the depositing of activity funds into the bank, accounting and reporting for activity fund

activities and cash management (if the school district uses a decentralized activity fund method).

- *The individual activity fund sponsors* who are responsible for managing their respective activity funds. This responsibility can include developing fund raising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, safekeeping activity fund money until it is deposited by the school district and other fiduciary responsibilities.
- *The internal auditor* who is often responsible for the annual audit of each activity fund and other periodic audits of such funds as deemed necessary by school district management or the board of trustees. If a school district does not have an internal auditor, periodic audits of activity funds should be performed by an independent internal or external party.

5.5.4 Procedures for Handling Activity Funds

Common procedures for accounting for activity funds concern receipts, disbursements, banking and checking, payments and petty cash.

5.5.4.1 Activity Fund Receipts

Cash receipts records are the means of accurately recording cash received and provide support to substantiate each bank deposit. Most school districts use prenumbered cash receipts books or other similar forms to record all cash and/or checks received.

In order to maintain effective cash control, if possible, at least two persons should be involved in the functions of collecting cash and receipting cash. The person who collects the cash should not be responsible for receipting cash receipts.

The procedures that should be followed for activity fund receipting are:

- An official receipt should be prepared immediately for any cash and/or checks received. Receipts should be issued in prenumbered sequence and should be prepared in ink. The school district should not accept postdated checks.

- A form that includes details about the payer and a description of the receipt should be completed for cash receipts.
- An actual cash count by the person signing the receipt should be made in the presence of the person turning in the money. The total of cash and checks should be shown separately on the cash receipt.
- The maker of a check must be indicated on the receipt if the maker is someone other than the person turning in the money. The account name should be placed on each check.
- A copy of the receipt should be given to the person paying the money.
- Originals of receipts must be retained in the activity fund cash receipt book.
- Under no circumstances should a receipt amount or the signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt.
- The original of the voided receipt must remain attached in the activity fund cash receipt book. The principal should approve the voiding of a receipt by signing the original receipt.
- Receipts are not to be pre-signed or predated.
- Deposit slips should include receipt numbers to allow for a proper audit trail for the disposition of all prenumbered receipts.

5.5.4.2 Activity Fund Disbursement Vouchers

To limit irregularities, all expenditures should be paid by prenumbered check from the activity fund checking account. In addition checks made out to "cash" or to the paying school should never be issued. Many school districts require two signatures on the checks to further limit the possibility of irregularities.

Income received from a specific group should be expended for that group. No expenditure of funds should be approved by the principal unless sufficient funds are available in the appropriate activity account. Some school districts allow for transfers as loans between two or more activity funds. When transfers as loans occur, the school district should ensure that appropriate approvals have been received and that the loans are repaid by the end of the school year in which the loan was granted.

Disbursement vouchers are the authority to issue a check drawn on the activity fund checking account and the support to substantiate each bank withdrawal. Permanent original (e.g. not copies) documentation (invoices, etc.) must support the payment and should be attached to the original disbursement voucher. After payment of a voucher, the original documentation should be defaced (stamped as paid, or perforated) to ensure that invoices are not mistakenly paid twice.

5.5.4.3 Supplemental Activity Fund Checks

With a centralized activity fund structure, issuing emergency checks requires special care. The nature of centralized funds may require prenumbered checks at the school site. The school district should outline in its activity fund guide the nature and acceptability of incorporating emergency checks into the activity fund process. It is recommended that emergency checks have an upper limit on the dollar amount.

The school activity fund financial secretary or clerk should contact the central business office regarding the details of specific district policy regarding emergency check issuance.

5.5.4.4 Bank Deposit Slips

As cash is collected and counted, deposit slips should be completed by the appropriate activity fund personnel. When properly validated by the bank, these deposit slips serve as evidence of money deposited on specific dates. These slips are vital supporting documents for accurate cash records and should be retained as a financial record of the school district.

5.5.4.5 Monthly Bank Statements

The bank statement is the official bank record of all transactions affecting the cash balance on deposit during the preceding month. All bank accounts should be reconciled on a monthly basis by a person who is independent of safeguarding the activity fund assets (cash or investments). The monthly bank statements should be sent directly to the school

principal in original sealed envelopes, and the principal should review the statements for unusual items.

When properly reconciled, the statement serves as official support for the cash balance indicated in the activity fund records. A bank statement should be received and reconciled for all accounts. The school principal should document approval of the bank reconciliations by signing the bank reconciliation form.

5.5.4.6 Bank Accounts

Business conducted with the bank shall not be in violation of any board policies, rules or regulations. Each school should have only one bank checking account. Excess funds should be placed in district-approved investment alternatives. A school district's combined total of cash and investments at any one financial institution should not exceed \$100,000 without adequate securities pledged to the school district for proper collateralization. The monitoring of bank accounts is generally easier under a centralized activity fund structure.

Schools should not borrow funds or enter into deferred payment contracts from any and all sources without the written consent of the central administration office.

5.5.4.7 Cashing of Checks

The practice of cashing personal and/or payroll checks should be discouraged in activity funds and in other school sources. The practice of cashing personal and/or payroll checks can weaken the school district's system of internal controls.

5.5.4.8 Advance Payments

Advance payment may sometimes be requested for expenses anticipated by clubs or other student groups engaged in out-of-town travel. A travel advance should be noted on the payment, and the group sponsor should return any unused funds to the activity fund clerk with supporting documentation as soon as the event is completed. A cash receipt for unused advance funds should be issued to the activity fund sponsor when such unused funds are returned.

5.5.4.9 Supplemental Payments to Employees for Services

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.

5.5.4.10 Payments to Non-employees for Contracted Services

To authorize payment of non-district personnel for consultant/instructor services, a Contract for Consultant Services or similar form should be completed before the services are rendered. The social security number of the individual should be obtained along with all critical data required for IRS Form 1099. Club sponsors *should not be allowed* to pay nonemployees using either their own personal check or cash and then seek reimbursement from the activity fund.

At the end of each calendar year, a list of all contractors who provided services during the calendar year should be prepared. The list should include the name, address, social security number and amount paid and should be sent to the business office to ensure issuance of a Form 1099.

5.5.4.11 Petty Cash Funds

A petty cash fund may be established at the discretion of the principal for the purchase of small, miscellaneous items. Disbursements from petty cash funds should not exceed the school district's preset limit for petty cash purchases, and employee and other checks should not be cashed from petty cash funds.

All activity fund petty cash fund procedures should adhere to the school district's petty cash accounting policies. Original invoices or other suitable documentation must be obtained for all petty cash expenditures and should be defaced after payment.

5.5.4.12 Transfers of Funds between Activity Accounts

Some activity funds are revenue producing by their very nature (i.e. vending machine accounts, interest accumulation accounts) and many school districts routinely transfer these proceeds to other activity funds. Any transfer of moneys between accounts should be approved by the school principal as well as the involved activity fund sponsors.

5.5.4.13 Purchases or Donations of Capital assets from Activity Funds

Activity funds may be used to purchase capital assets which meet the school district's capital asset capitalization policy, and such capital assets may subsequently be donated to the school district. These donated capital assets should be catalogued in the school district's capital asset records.

5.5.4.14 Audits of Activity Funds

Schools should be prepared to have their activity funds audited at least annually. Many school districts require an audit when a change in principals or financial clerks occurs. The audits of activity funds are commonly performed by an internal auditor if the school district has one. Activity funds are also subjected to audits by external auditors on a test basis.

5.5.4.15 Retention of Records

Activity fund records should be kept by the school district for the same length of time as other accounting records which generally are kept five years after the conclusion of the fiscal year in which the transaction occurred.

5.5.4.16 Competitive Procurement Requirements

Activity fund purchases should comply with the district's purchasing procedures and relevant statutes. Purchases which exceed \$50,000 must comply with the Texas Education

Code, Section 44.031. Comprehensive information relating to school district purchasing is provided in the Purchasing module of this *Resource Guide*.

5.5.4.17 Vending Machines

One of the common methods of raising activity fund revenues is through vending machines on the school campuses. Vending machines have been a common area for problems in the past due to a lack of control over inventory and cash receipts. Vending machines can be either school-serviced or vendor-serviced. The advantages of a vendor-serviced arrangement is that an outside company is responsible for the stocking of the machines, collection of moneys, etc., which relieves the school principal from overseeing inventories of drinks and cash collection procedures.

5.5.5 Taxable Status of Purchases

For a more comprehensive discussion of taxes, refer to the Application of Texas Sales and Use Taxes in the Tax Concerns and Obligations section 1.9.2 of the FAR (Financial Accounting and Reporting) module of this *Resource Guide*.

All items purchased by a public school for the school's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. The school, school district or an authorized agent should provide the seller a tax exemption certificate. To be valid, the certificate must state that the merchandise being purchased is for the organization's own use in providing education, is being made in the name of the organization, and that payment shall be made from the organization's own funds. The school district should not reimburse employees for sales tax they paid on purchases made on the behalf of the school district.

Purchases for their own use by individuals, even though connected with a school or school organization, are not exempt from the tax. As an example, cheerleaders purchasing their own uniforms, teachers purchasing computer equipment, band members purchasing their own instruments and athletic teams purchasing their own jackets are not tax exempt.

5.5.5.1 Exempt School Items

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

- Fees and admission tickets, if the event is entirely for educational purposes
- 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

5.5.5.2 School Sponsored Trips

Meals purchased by the school for athletic teams, bands, etc. on authorized school trips are exempt from the sales tax if the school contracts for the meals. The school must pay for the meals and provide the eating establishment with an exemption certificate.

Individual members of teams or other organizations may not claim exemption from the sales tax on the meals they purchase while on a school-authorized trip.

An exemption may also be claimed by the school from the hotel occupancy tax if the school contracts and pays for the accommodations. This exemption is only for the *state* hotel occupancy taxes; it does not exempt the school district from local hotel occupancy taxes.

Teachers, coaches, and other staff may not claim exemption from sales tax on individual purchases while on school business even though they are reimbursed by the school for expenses. For example, a teacher who is attending a conference out of town would not be able to claim a sales tax exemption on the purchase of an individual meal at a restaurant.

5.5.5.3 Taxable Sales

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

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

This list is not comprehensive; other taxable sales may be made by a school district.

5.5.5.4 Tax-free Sales

Effective August 30, 1993, each school district, each school, and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During these tax-free sales, the organization may sell any taxable item tax-free when the price of the item is \$5,000 or less. There is no limit on the number of bona fide groups at a school or school district. One-day tax-free sales mean that collection and remittance of state sales taxes is not required on qualified sales on that day. 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 sales event because the school is not the seller, and the school is therefore 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 also generally not qualify as a one-day tax-free sale.

According to the State Comptroller's office a bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.

For example:

The school district qualifies for a tax-free day.

The school-wide fundraiser qualifies for a tax-free day.

The Basketball Club qualifies, but the basketball team does not.

The Cheerleader Club qualifies, but not the cheerleader team.

The Debate Club qualifies, but debate teams and classes do not.

The French Club qualifies, but the French classes do not.

The Senior Class qualifies, but not one particular class that has seniors in it.

One-day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of pre-ordered and pre-paid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. The school group would collect and remit tax to the vendor, and the vendor would report the sale and remit tax to the Comptroller's office.

5.5.5.5 Toll Free Number

The state comptroller's office maintains a toll-free information number for quick response to any state tax question at 1-800-252-5555.

5.5.6 Definition of Fund-Raising Activities for a School

Fund-raising activities are not confined to regular school hours but are considered an extension of the school program. When fund-raising activities are in the name of the school, all funds raised become school funds, belonging to the school-sponsored group responsible for raising the money.

It is often advisable for the various school principals to submit an annual plan for fund-raising to the central office which would list the organizations which will engage in fund-raising activities with the intended use of the funds specified. At the end of the school year, schools commonly report the outcome of each fund-raising activity and how the funds were used.

5.5.6.1 Policy Regarding Expenditure of Local Funds

Effective September 1, 2009, [HB 3646](#), 81st Regular Legislative session, requires school districts to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources of revenue over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district's educational purpose and provide a commensurate benefit to the district or its students and meet the standards of [Section 52, Article III, of the Texas Constitution](#) regarding expenditure of public funds.

5.5.6.2 Raffles/Drawings

See information regarding [raffles or drawings](#) on the Attorney General's website. School districts are not qualified organizations. [Attorney General Opinion JM-1176](#) also ruled that independent school districts are not qualified to hold charitable raffles.

5.5.6.3 Other Organizations

Booster clubs and parent-teacher organizations are separate legal entities from the school district and must maintain separate federal identification numbers and bank accounts. The University Interscholastic League ([UIL](#)) provides booster club guidelines on its website, as do national and/or parent-teacher organizations.

Fund Raising Request Form

Fund Raisers may not take place until the Principal has granted approval.

The sponsor must provide this completed form before August 31st.

Permission is requested to conduct the following money-raising activity:

() School-wide () School-Sponsored Group _____

Specific purpose(s) for which the net proceeds is (are) to be used:

The following activity fund account(s) will receive the net proceeds:

Beginning Date: _____ Ending Date: _____

Time of day (if applicable): 1st performance _____ 2nd performance _____

I, _____, am requesting permission to conduct a money-raising activity, and I will be responsible for the accountability of all monies collected at the conclusion of the money-raising activity, and I will turn in all records* to the principal's secretary within 10 days of the activity's conclusion.

Event Sponsor

Event Sponsor

Approved

Not Approved

Principal

Date

5.5.7 Insurance

The school district should adopt a policy regarding insurance coverage for theft, fraudulent or dishonest acts of employees relating to activity funds.

5.5.8 Monthly "To Do" List

Presented below is a general list of common procedures which should be performed at least daily or monthly, where applicable, as they relate to activity funds:

- Enter deposits

- Enter payments

- Enter transfers and adjustments

- Enter investment purchases and/or withdrawals

- Enter debit/credit memos received from the bank statement

- Enter interest earned and bank charges from the bank

- Complete a sales tax report

- Reconcile the bank statement

- Print month-end reports

- Send activity fund documentation to the central business office if required