

ACTIVITY FUNDS ADMINISTRATION MANUAL

INTRODUCTION

This manual is designed to provide a set of standardized accounting guidelines and procedures for the administration of activity funds in the Austin Independent School District. Principals, campus secretaries and bookkeepers, sponsors, and other personnel involved in the handling of activity funds are responsible for following the guidelines and procedures prescribed in this manual.

The principal, teachers, and clerical staff are placed in a position of trust by parents and students when funds are placed in their care. Adequate measures to control these funds will ensure that the funds are handled properly.

Activity funds may not be used to circumvent the controls outlined in the *Financial Operating Guidelines* of the District's Division of Finance.

This manual supersedes all prior publications regulating the administration of activity funds in the Austin Independent School District.

SECTION 1: GENERAL INFORMATION

PURPOSE OF ACTIVITY FUNDS

1.1 The activity fund is used to account for funds held by a school in the capacity of a trustee or as an agent for campus organizations and the general administration of the school. These funds are used to promote the general welfare of the school and the educational development and morale of all students. The accounting function for the activity fund is delegated to each campus and must comply with the guidelines and procedures described in this manual.

RESPONSIBILITY FOR ACTIVITY FUNDS

1.2 The school principal is responsible for the proper collection, disbursement and control of all activity funds. This responsibility includes:

1. Providing for the safekeeping of funds.
2. Proper accounting, administrating, and authorizing of transactions.
3. Expenditure of funds in compliance with applicable state laws, local Board policy, and administrative guidelines.
4. Adequate training and supervision of all personnel designated by the principal to administer activity funds.

The campus bookkeeper or other designated employee is responsible for the following:

1. Maintaining the accounting records as required in this manual.
2. Completing monthly bank reconciliations of all checking and savings accounts.
3. Issuing checks when properly authorized by the principal.
4. Receiving money and making receipts.
5. Depositing into the school's bank account.
6. Completing monthly reconciliation of the COR account (see Section 1.4 below).
7. Sending the Sponsor Bimonthly Accounting Report to the account sponsors and reconciling it to the bookkeeper's records.

The faculty sponsor of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him or her. The faculty sponsor is obligated to follow the procedures presented in this manual. This includes maintaining detailed financial records, completing the Sponsor Bimonthly Accounting Report as described in Section 2.8 below, completing the Sales Summary Report to account for all fund-raisers, and maintaining a positive balance in the account at all times. The faculty sponsor will sign the *Responsibilities of Activity Fund Sponsors* (see Appendix 1.1) form before undertaking the sponsorship of a student club or organization. These forms will be maintained on file at each campus.

The Sponsor's Ledger (Appendix 1.2) is suggested for use by account sponsors to record cash received and checks written and to keep a current balance in the activity account. These records may be kept in another format so long as the detail recorded on the Sponsor's Ledger is maintained.

When booster organizations and other parent organizations choose to keep their funds in a District activity account, the designated officer is the account sponsor and is required to comply with the procedures described in this manual.

AUDIT OF ACTIVITY
FUNDS

1.3 Activity Funds are audited periodically by the District's Internal Audit Department. In addition, an audit is to be performed whenever there is a change in the principal or campus bookkeeper position. The principal may request an audit in writing if a situation or event warrants it.

ACCOUNTING FOR
ACTIVITY FUNDS

1.4 The accounting records of activity funds are maintained in the IFAS Activity Ledger. The chart of accounts will depend on the

needs of each campus. However, the following standard accounts are required:

1. Administrative;
2. Checking;
3. Central Office Reimbursement;
4. Clearing;
5. Returned Checks;
6. Faculty/Staff Development;
7. General Student;
8. Goodwill;
9. Library;
10. PTA Donations;
11. Textbooks; and
12. Vending.

These standard accounts must be used as follows:

Administrative—used by IFAS AL to record each cash disbursement as a liability (credit) and to debit the liability to record the payment. The debits should equal the credits in the administrative account, returning the balance to zero.

Checking—records the debits and credits to cash. The balance in this account is the reconciled cash balance of the activity fund account.

Central Office Reimbursement (COR)—a special clearing account used to record instructional supply and other purchases made with activity funds that will be reimbursed from District funds. Charges to the COR account are limited to purchases properly chargeable to a campus budget and will be submitted monthly to the Finance Department for reimbursement from the appropriate budget account, not to exceed \$100 per receipt. Capital Outlay items may not be charged to the COR account.

District checks received as reimbursement for COR expenditures are credited to the COR account. Unreimbursed amounts must be charged to an appropriate activity fund account.

The bookkeeper is required to maintain the COR account reconciliation, an accounting of the unreimbursed expenditures that make up the balance in the COR account. The COR reconciliation

must be submitted monthly to the Internal Audit Department. Additional information on accounting for the COR account can be found in [Section 6.5](#).

Clearing—an account used to record expenditures that will subsequently be reimbursed by students or faculty.

Returned Checks—used to record checks deposited into the bank and subsequently returned. If, after an effort is made to collect the amount of the check and any bank fees charged, the check is determined to be uncollectible, the total of the check and fees will be charged to the Activity Fund account that originally received the check.

Faculty/Staff Development—used to record expenditures related to staff development and the receipts necessary to fund these expenditures. This account may be funded by donations and by vending machine commissions from machines used primarily by staff members.

General Student—used to record expenditures incurred for the benefit of the student body as a whole. The General Student account may receive funds through donations, vending machine commissions, and student fees, such as I.D. card and parking fees, and schoolwide fund-raisers.

Goodwill—used to record expenditures related to refreshments for guests and volunteers and recognition of nonstaff members and organizations who contribute to the welfare of the school. These expenditures should not exceed \$50 per individual. Campuses may transfer a maximum of \$20 per adult staff member from the General Student account to fund the Goodwill account. The total receipts of this fund may not exceed \$2,500 per school year; any balance remaining at the end of the year must be transferred to the General Student account.

Library—used to account for receipts collected for library services, fines, and payments for lost or damaged books and purchases made to benefit the school library.

PTA Donations—PTA donations should be deposited into the PTA Donations account. Purchases from this account may be for purposes designated by the PTA or to benefit the student body in general.

Textbooks—used to record collections for lost or damaged state textbooks, whether in- or out-of-adoption. This account may only be used to pay the District for lost or damaged books and to refund students who subsequently find a missing book and present the payment receipt.

Vending—used to record vending machine commissions. Vending commissions may be transferred to another account depending on the general use of the machine.

RETENTION OF
RECORDS

1.5 All records should be kept in good order in a secure location for a period of five years and available for audit any time.

ACTIVITY FUND
TRAINING

1.6 All employees involved in the administration of activity funds should be adequately trained. First-time District principals and principals assigned to a new instructional level are required to attend an activity fund workshop. Returning principals are required to attend an activity fund workshop at least every three years. Campus bookkeepers are required to attend training annually as well as when they are assigned to the position. Sponsors of activity fund accounts must attend annual training.

SECTION 2: BASIC RECORD

The following records are to be used to provide adequate supporting documentation of the activity in these accounts. Detailed instructions on the use of these forms are included in subsequent sections of this manual.

CASH RECEIPT
BOOKS

2.1 Activity Fund cash receipt books are the means of accurately recording cash received and provide support for each bank deposit. Prenumbered cash receipt books must be used.

TEACHER DEPOSIT
SLIP

2.2 The Teacher Deposit Slip is a record of a deposit given to the bookkeeper by a faculty sponsor. (See [Section 4.2](#) below.)

PURCHASE
APPROVAL REQUEST

2.3 The AISD Purchase Approval Request form documents the principal's authorization of the issuance of an activity fund check. See [Section 6.2](#) below.

PRENUMBERED
CHECKS

2.4 Prenumbered checks are used to disburse all funds from the activity fund checking account. Checks must be preprinted with the name of the District and the school name followed by "Activity Fund."

BANK DEPOSIT SLIPS

2.5 Deposit slips, once validated by the bank, serve as a record for the specific date that receipts were credited to the bank account. Deposit slips are obtained from the bank as needed and must be printed with the name of the District and the school name followed by "Activity Fund." A copy of the deposit slip remains in the book as a record of deposits.

MONTHLY BANK
STATEMENTS

2.6 The bank statement is the official bank record reflecting all transactions affecting the cash balance on deposit during the preceding month. When properly reconciled, the statement serves as

	official support for the cash balance recorded in the Activity Fund records. A bank statement should be received and reconciled monthly for all accounts including checking and savings accounts.
MONTHLY BANK RECONCILIATION	2.7 The bank reconciliation will be completed monthly to reconcile the activities ledger to the bank statement for checking and savings accounts.
SPONSOR BIMONTHLY ACCOUNTING REPORT	2.8 The bookkeeper will send the Sponsor Bimonthly Accounting Report (see Appendix 1.3) to all sponsors of activity fund accounts every other month. The account sponsor will complete the form from his or her records, entering the balance at the beginning of the reporting period, the total of receipts and total of disbursements for the period and the ending balance. The sponsor will initial and date the report and return it to the bookkeeper. The bookkeeper will compare the report to the AL Account Activity Monthly Report. (See <u>Section 2.9</u> below.) Any discrepancies between the two reports will be resolved immediately. The bookkeeper will initial and date the report indicating that both sets of records are in agreement.
ACTIVITY FUNDS LEDGER AND AL ACCOUNT ACTIVITY MONTHLY REPORT	2.9 The Activity Funds Ledger (AL) is maintained on the IFAS system. The AL Account Activity Monthly Report provides a record of all transactions of the Activity Fund during the month.
AL: ACCOUNT BALANCE REPORT	2.10 The AL: Account Balance Report is a report of the beginning of the year balance, total debits, total credits, and current balance for each account in the Activity Funds Ledger.
CHECK REGISTER	2.11 The check register is a record of each check written and each deposit made.
SALES SUMMARY REPORT	2.12 Account sponsors complete the Sales Summary Report to account for all fund-raising activities. (See <u>Section 7.3</u> below.)

SECTION 3: BANKING PRACTICES AND PROCEDURES

BANK ACCOUNTS	<p>3.1 Each school will have only one checking account, which will be titled "Austin Independent School District (Name of School) Activity Fund." This account title must be printed on all activity fund checks and deposit slips. All money received will be deposited into this account, and all disbursements will be made by a check drawn on this account.</p> <p>Principals are encouraged to invest surplus funds whenever possible to generate additional funds. Options available include savings and/or money market accounts and certificates of deposit.</p>
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CHECK SIGNATURE	3.2 Each bank account will have two authorized check signers, one of which must be the principal. Under no circumstances will the campus bookkeeper be an authorized signer of an activity fund account. Each check must be manually signed. Under no circumstances will checks be presigned. No signatures will be affixed until the check has been filled out in its entirety.
BANK RECONCILIATION	3.3 One of the most important aspects of the campus bookkeeper's job is the prompt reconciliation of the activity fund records to the bank account. The principal is responsible for ensuring that the bookkeeper has adequate opportunity to complete the bank reconciliation on time each month. The bank reconciliation must be signed and dated by the person completing it and by the principal, then submitted to the Internal Audit Department according to the monthly schedule provided by the Internal Audit Department.

SECTION 4: RECEIVING CASH

GENERAL RECEIPTING PROCEDURES	4.1 In order to maintain control over cash received, at least two persons must be involved in the functions of collecting, documenting, and depositing cash. This is accomplished by having teachers or sponsors collect from the students, support the amount collected by completing the Teacher Deposit Slip and other supporting documentation, and submit the cash to the bookkeeper for receipt and deposit.
RECEIPT OF MONEY BY THE BOOKKEEPER	4.2 The procedures below will be followed when funds are received for deposit into the school's bank account: <ol style="list-style-type: none">1. Teachers and account sponsors will remit money in the Teacher Money Envelope with a Teacher Deposit Slip. (See Appendix 1.4.) The bookkeeper will count the money to ensure agreement with the Teacher Deposit Slip. Whenever possible, this will be done in the presence of the person turning in the funds.2. If the bookkeeper is not able to count the money in the presence of the teacher or sponsor, the bookkeeper will sign the "Received by" line of the Teacher Deposit Slip and return the pink copy.3. When the bookkeeper has counted the money and resolved any discrepancies in the amount of funds, he or she will sign the "Counted by" line on the Teacher Deposit Slip indicating that the amount of money on the "Grand Total" line has been received and counted and then return the yellow copy of the form to the sponsor. The original Teacher Deposit Slip is kept on file as documentation of cash receipts.

4. The bookkeeper will prepare a receipt using the prenumbered duplicate receipts discussed in Section 2.1 and will issue the original to the sponsor who turned in the cash. The duplicate will remain in the receipt book as a permanent record. The receipt must be completed in its entirety, including the date, activity fund account and amount, the name of the individual or firm submitting the money, and the signature of the person receiving the money. The signature must be manual; signature stamps may not be used. A receipt may not be issued to more than one person.
5. Receipts must be prepared in ink and must be legible. Under no circumstances will a cash receipt be altered. If an error occurs, the original receipt and the duplicate must be voided and a new receipt issued. The original of the voided receipt must remain in the receipt book and be retained for audit purposes.
6. Receipts are not written when money is collected in sealed envelopes to be turned over to a third party unopened. Examples are PTA collections and picture money.
7. Checks received for deposit will be immediately endorsed with the statement "For Deposit Only" and the name and account number of the school.
8. Postdated checks and third-party checks cannot be accepted from any source.
9. All money collected must be deposited in the same form as collected. Personal checks may not be substituted for cash collections.

Receipt books provide written proof that cash has been received. They are prenumbered and must always be used in consecutive order. When not in use, the receipt books should be secured in a locked drawer. The bookkeeper is responsible for maintaining an adequate supply of receipt books.

RECEIPT OF MONEY
BY PERSONS OTHER
THAN THE
BOOKKEEPER

4.3 Money may be collected by an authorized individual other than the bookkeeper (teachers, librarian, clerks, and the like, as approved by the principal) for items such as books, student fees, textbook fines, fund-raising activities, and the like. In such instances, the individual collecting the funds must account for them as follows:

1. Prenumbered receipt books should be used when amounts of \$5 or more are collected. For smaller amounts, acceptable records include Tally Sheets (see Appendix 1.5) or class ros-

ters listing the date and amount of funds received from each individual.

2. Teachers and account sponsors are responsible for funds collected and are required to turn them into the bookkeeper daily for safekeeping and deposit. When activity funds are lost due to carelessness, theft, or fraud, the account sponsor will be held personally liable and will be required to reimburse the account.
3. The completed, signed, and dated Teacher Deposit Slip must be presented to the bookkeeper when money is given to the bookkeeper for deposit. The Teacher Deposit Slip will be signed by the bookkeeper and returned to the account sponsor to be kept as a record of the funds turned in for deposit.
4. All money collected must be submitted to the bookkeeper in the same form as collected. The employee's personal check may not be substituted for cash collections.

SECTION 5: BANK DEPOSITS

All money collected must be submitted to the bookkeeper in the same form as collected. The employee's personal check may not be substituted for cash collections.

GENERAL PROCEDURES

All cash collections must be deposited intact. Deposits must be made daily unless the amount to be deposited is less than \$1,000. When the amount on hand is less than \$1,000, it should be deposited within 48 hours.

Checks should be endorsed "For Deposit Only," using the name of the school and the account number at the time they are received.

Redeposits (of returned checks) must not be combined with other funds deposited.

PROCEDURES FOR PREPARATION OF BANK DEPOSITS

5.2 A bank deposit slip will be prepared in duplicate and will include the following:

1. The date and amount of the deposit.
2. The cash receipt number(s) issued that make up the deposit.
3. A listing of each check in the deposit (a calculator tape is acceptable).

The sum of the amounts of the supporting cash receipts must agree with the amount on the deposit slip.

RETURNED CHECKS

5.3 When checks are returned by the bank marked “insufficient funds,” an effort must be made to collect the amount of the check and bank charges immediately. When the amount of the check and fees are subsequently collected, the check will be returned to the maker and the funds will be deposited separately. Receipts are not written for the payment of a check that has been returned.

When the campus is notified by the bank that a check has been returned for insufficient funds, a journal entry is made to debit the returned check account and to credit the checking account for the amount of the check and bank charges. When the amount is subsequently collected, the checking account is debited and the returned check account is credited. If the amount is determined to be uncollectible, a journal entry is made to credit the returned check account for the amount of the check and fee and to debit the account of the organization that originally deposited the check.

SECTION 6: DISBURSEMENTS

GENERAL POLICIES

6.1 The following guidelines will be followed in disbursing activity funds:

1. All expenditures will be paid by check from the activity fund checking account using prenumbered checks in numerical sequence.
2. No checks will be written without prior authorization by the principal.
3. A District vendor number must be assigned to the payee before a check is written.
4. Income received from a specific group (student or faculty) should be expended for that group. The principal will ensure that expenditures from these accounts are written for the intended purpose of the group and are not diverted for other uses.
5. The principal will approve the expenditure of funds only when sufficient funds are available in the corresponding activity account.
6. Checks will be made to a specific person, company, or organization. Checks will not be made to “cash” or to the school itself.
7. If an error is made and it is necessary to void a check, the word “void” will be written clearly across the check, and the

signature line will be cut off. Voided checks will be attached to the corresponding check stub in the checkbook.

8. Student activity funds will not be used to cash personal checks.
9. The District's tax-exempt status should not be used to avoid paying sales tax on personal items.
10. Purchases made with activity funds must comply with the following:
 - a. Purchases of items or services costing less than \$1,000 may be made in the most expeditious manner, based upon a single quote.
 - b. Written quotations solicited by facsimile from at least three vendors will be secured for purchases of \$1,000 or more but less than \$10,000. Each vendor should be furnished with written specifications.
 - c. Sole source purchases, purchases of items available from only one source, must comply with the Purchasing Guidelines published by the District Purchasing Office.
 - d. Purchases of \$10,000 or more require formal bids and advertising. Purchases of this magnitude must be made through the Purchasing Office.
11. Principals desiring to spend funds for items or activities not allowed by these guidelines must obtain written approval from the Area Superintendent before the expenditure is made.

The following expenditures may not be made with activity funds:

1. Payment of professional dues for school employees unless membership is required before students may participate in competitions or activities.
2. Purchase of meals or entertainment for school employees or guests except as allowable from the Faculty Development and Goodwill accounts.
3. Travel expenses including lodging and meals associated with attendance at meetings and conferences of professional organizations.
4. Purchases of clothing for sponsors from student accounts.
5. Personal loans.

PURCHASE
APPROVAL REQUEST
AND REQUEST FOR
CHECK

6.2 Teachers and other employees who expect to be reimbursed by the activity account for purchases made on behalf of the school must be sure that the principal approves the expenditure in writing before the expenditure is made. The Purchase Approval Request and Request for Check form (see Appendix 1.6) is a two-part form documenting the authorization of an expenditure. To request a check from an activity fund, the account sponsor will complete the prenumbered Purchase Approval Request form. The Purchase Approval Request form includes the date, the name of the organization to be charged, a description of and reason for the purchase, and the estimated cost. The purpose of this form is to provide the principal with adequate information to approve or reject the expenditure. The Purchase Approval Request form will be signed manually by the principal, the account sponsor, and when appropriate, a student representative of the club or organization.

Once the amount of the expenditure has been determined and the sponsor has an invoice or receipt to document the purchase, the Request for Check form is completed and submitted with the invoice or receipt attached for payment. The principal's signature on this form authorizes the release of the check. The campus bookkeeper will fill in the check number, the date paid, and the date mailed when appropriate. When the check is given to an individual, the person receiving the check will sign the "check received by" line.

The Purchase Approval Request form and the Request for Check form will be kept on file to document the expenditure with the supporting documentation attached. Proper supporting documentation includes:

1. Vendors' original invoices. Periodic statements are not adequate supporting documentation.
2. Sales slip or cash register tapes from teachers or other employees who request reimbursement for items purchased from their own funds. Credit card statements and customer copy of charge slips are not adequate supporting documentation.
3. Other supporting documentation may include letters, order forms, announcements, and renewal notices when the vendor does not provide invoices.

The documentation described above is critical to maintain control over student activity funds. The sponsor or other designated employee who requests a check is responsible for providing all of the support required.

PETTY CASH

6.3 At the principal's discretion, a petty cash fund can be established for small, incidental expenses. Petty cash funds must be adequately safeguarded and must never be used to cash checks.

A petty cash fund is established by issuing a check in the desired amount payable to petty cash followed by the name of the bookkeeper. The bookkeeper will endorse the check and cash it at the bank. The check is posted in IFAS AL to the petty cash account.

Whenever petty cash funds are spent, the expenditure must be documented by a receipt, cash register tape, and the like, with the purpose of the expenditure noted. The amount of cash in the petty cash fund plus the total of the receipts must always equal the amount of the original check. When necessary, the petty cash fund is replenished by a check written in the amount needed to return the account to the original amount. This check is posted to the appropriate activity fund accounts as documented by the receipts. At the end of the school year, the petty cash account is dissolved by writing a receipt for the amount of cash on hand and depositing it into the activity fund bank account. The receipt is then posted to the petty cash account, returning the account balance to zero.

CHANGE FUNDS

6.4 When cash payments are routinely received and it is necessary to make change, a change fund may be established. A change fund is established by a check written to the individual in charge of the activity. The check must be supported by a Purchase Approval Request and posted to a change or petty cash account.

TRANSFERS
BETWEEN ACCOUNTS

6.5 To transfer funds from one account to another, a Request for Check form must be completed by the sponsor and signed by the principal to document the intentions of the sponsor and the principal's authorization. The transfer will be posted as a journal entry in the IFAS AL.

Balances in elementary grade-level accounts should be transferred to the next grade level at year-end. Year-end balances in the highest grade level of an elementary school should be transferred to the General Student account.

CENTRAL OFFICE
REIMBURSEMENTS

6.6 The COR account is a special clearing account used to record instructional supply and other purchases made with activity funds that will be reimbursed from District funds. Charges made to the COR account are limited to purchases properly chargeable to a campus budget that will be submitted to the Finance Department for reimbursement from the appropriate budget account, not to exceed \$100 per receipt. Capital Outlay items may not be charged to the COR account. (See Appendix 1.7.)

The campus bookkeeper must file reimbursement requests monthly following the guidelines provided by the Finance Department. When District checks are received as reimbursement for COR expenditures, they should be deposited into the activity fund and posted to the COR account. When COR expenditures are not reimbursed, the COR account must be credited for the amount not reimbursed and the appropriate activity fund account will be debited for the same amount. The bookkeeper is required to maintain the COR account reconciliation (Appendix 1.7), which is an accounting of the unreimbursed expenditures that make up the balance in the COR account. The COR reconciliation report must be sent to the Internal Audit Department monthly with the bank reconciliation report.

SECTION 7: FUND-RAISERS

This section applies to each activity that involves cash collections, regardless of whether the activity is considered a fund-raiser for the purpose of the campus fund-raiser calendar.

AUTHORIZATION FOR FUND-RAISERS

7.1 Fund-raisers are held only to raise funds for the benefit of the student body or an individual student group and are governed by policy FJ. The principal must approve all fund-raising activities in advance. The Application for Fund-raisers form (Appendix 1.9) must be completed in full before the fund-raiser is held and submitted to the principal for authorization.

RECEIVING CASH

7.2 All District employees who handle cash are required to keep adequate records to identify the source and purpose of the cash. (See Section 4.3 for detailed instructions on documenting cash receipts.) Cash received during a fund-raiser or for any other purpose must be turned in to the bookkeeper daily. When the account sponsor (1) documents cash received in a receipt book or on a dated tally sheet, (2) completes the Teacher Deposit Slip that totals to the amount recorded in the receipt book or tally sheet, (3) remits the money and Teacher Deposit Slip to the bookkeeper, and (4) receives a dated cash receipt signed by the bookkeeper in the amount recorded on the sponsor's documentation, the sponsor has thoroughly documented the cash received and has transferred responsibility for the funds to the bookkeeper.

Money received during the fund-raiser should be turned in to the bookkeeper daily. When large amounts are collected during the day, the sponsor should deposit as often as necessary to avoid accumulating large amounts. In cases where activity funds are lost due to the failure of the employee to follow these rules, the employee will be required to reimburse the amount lost from personal funds.

All cash received during the fund-raiser must be deposited. When additional inventory is purchased during the fund-raiser, the sponsor must request a check.

SALES SUMMARY
REPORTS

7.3 Sponsors involved in fund-raising activities and sales have an obligation to account for all of the funds collected or that should have been collected. Merchandise purchased or otherwise acquired for resale—whether it is candy, snacks, tickets, and the like—must be controlled and properly accounted for. The Sales Summary Report (Attachment 1.10) provides a record of purchases, cash receipts, and deposits. It must be completed in full, signed by the sponsor, and given to the bookkeeper for the principal's signature within two weeks of the completion of the fund-raiser. [The duration of the fund-raiser is no more than two weeks or ten consecutive school days as stated in FJ(REGULATION)] The Concession Sales Worksheet (Attachment 1.11) should be used as a supplement to the Sales Summary form to account for fund-raisers involving sales of multiple items, such as concession sales. The bookkeeper must review the Sales Summary Report and report any concerns to the principal.

Unsold merchandise and any additional expenses are accounted for on the Sales Summary Report. The principal must approve discounts in advance. When the sponsor is not able to collect the full amount owed by students, the total amount owed is recorded on the report and an obligation list of students and the amount owed by each is attached. A copy of the invoice documenting the cost of the merchandise sold is also attached to the report.

SECTION 8: SALES TAX

PAYING SALES TAX

8.1 Public schools are exempt from paying the state sales and use tax when purchasing items used in providing education. The school should provide a vendor with a Texas Sales Tax Exemption Certificate if it is requested.

Purchases made by individuals for their own use are not tax exempt even though they are related to the school or a school function. For example, cheerleader uniforms, athletic jackets, and school shirts that become personal property of students or staff members are not exempt from sales tax.

COLLECTING SALES
TAX

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

1. School-purchased supplies sold directly to students, including athletic equipment and physical education uniforms.

2. Pencils and items sold in the school store.
3. Fees for materials when the end product becomes a possession of the student.
4. Student publications, such as yearbook and football programs.
5. School rings.
6. Books sold to students at book fairs.

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

1. Admission tickets if the event is entirely for educational purposes.
2. Student club memberships.
3. Sales of food and soft drinks that are:
 - a. Sold or served during the regular school day.
 - b. Sold or served by a parent-teacher association during a fund-raising sale when the proceeds do not benefit an individual.
 - c. Sold by a person under 18 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.
4. Newspapers with a sales price per copy that does not exceed \$.75 and that are printed and distributed periodically at intervals of four weeks or less for the dissemination of news of a general character and of a general interest.

ONE-DAY TAX-FREE
SALES

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

Book fairs do not generally qualify as tax-free events because the school is selling books on consignment for a vendor, not a tax-exempt organization. The tax-free status of a one-day tax-free fund-raiser must be designated on the Application for Fund-raiser form and approved in advance by the principal.

REPORTING SALES
TAX

8.4 Each organization, class, or club will indicate on the Teacher Deposit Slip whether the proceeds of a sale are taxable or nontaxable.

The bookkeeper will generate a quarterly sales tax report of taxable and nontaxable sales and complete the Combination Sales Tax Report. The report and sales tax due will be sent to the District Finance Department. The check written for the total sales tax due will be posted to the campus accounts that collected sales tax.

The State Comptroller's Office maintains a toll-free tax information number for quick response to any state tax questions an individual may have. The Comptroller's Office can be reached from anywhere in Texas by dialing: **1-800-252-5555**.

SECTION 9: FIXED ASSETS

When activity funds are used to purchase fixed assets, the asset becomes the property of the District. If the asset has a value of \$300 or more, it must be added to the campus inventory using the AISD Inventory Add/Delete form.

SECTION 10: SUPPLEMENTAL PAYMENTS TO EMPLOYEES

A campus may need to compensate 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, and the like). 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 should be made through the District payroll office at a rate approved by the Human Resource Department plus overtime when necessary.

SECTION 11: PAYMENTS TO NONEMPLOYEES FOR SERVICES

Payments to nonemployees for services of any kind must comply with the District *Guidelines for the Use of Independent Contractors*, which is available from the Finance Department.

SECTION 12: CAREER AND TECHNOLOGY

Career and Technology classes that collect money for sales of goods or services must follow the guidelines included in this manual. All funds received must be deposited daily in an activity account and all purchases must be made by check. Documentation of work done and funds received must be sufficient to account for all sales. Credit will not be extended for work done by Career and Technology classes; all charges must be paid in full before the work is released.

Donated vehicles and equipment will become the property of the District and, when the value is \$300 or more, must be added to the campus inventory using the AISD Inventory Add/Delete form.