



**Goose Creek Consolidated Independent School District**

# **ACTIVITY FUNDS MANUAL**

**- Revised February 2017 -**

**ENGAGE INSPIRE EMPOWER**

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## Section 1 – General Information

### 1. *Policy & Procedure Manual Disclaimer*

This manual serves to provide a set of standardized accounting and procedural guidelines for administering the Goose Creek Consolidated Independent School District (GCCISD) activity funds.

Campus principals, campus bookkeepers and campus secretaries (hereinafter referred as “bookkeepers”), Sponsors, and all other personnel involved in the handling of activity funds are responsible for adhering to the district’s policies, administrative guidelines and the procedures provided in this manual.

### 2. *Definition, Purpose and Establishment of Activity Funds*

As the name implies, activity funds direct and account for money that is used to support co-curricular and extracurricular student activities. Generally, co-curricular activities are school-sponsored activities that directly add value to classroom instruction and curriculum. Extracurricular activities include a variety of other district directed activities, like athletic and other nonacademic competitions.

Activity funds consist of resources received and held by the district, as trustee, to be expended or invested in accordance with the conditions of the trust. Specifically, they are funds accumulated from the collection of fees, donations, commissions, or district-approved fundraising activities. Activity funds are used to promote the general welfare of the school and the educational development and morale of all students.

A campus or student activity fund may be created after the sponsor completes the [Activity Fund Request Form](#) and obtains the approval of the campus principal. The business services department will establish the account upon receipt of the approved form from the campus bookkeeper.

### 3. *Activity Fund Types*

Activity funds are unique to school districts and classified as follows:

- a) **Campus Activity Funds** - Campus activity funds support co-curricular and extracurricular activities and are controlled by the school principal. Examples include money collected from book fairs or for field trips. District or campus activity funds are comprised of monies raised and collected by the district or campus through fundraising efforts or donations. District or campus activity funds are accounted for in fund 461 and are considered district funds.
- b) **Student Activity Funds** - Student activity funds support the activities of student-led organizations or clubs in which students not only participate, but also manage and direct the organization’s activities (for example, the student council or senior class). Student activity funds are comprised of monies raised and collected by students typically through school-approved fundraising activities, club dues, or donations. Student activity funds, therefore, fall into the agency (fiduciary) fund category. That is, student activity funds are assets held by the district as an agent for the student organization that cannot be used by the district to support its own programs. Approval to spend money from a student activity fund rests solely with the student organization, rather than school administrators. Student activity funds are accounted for in fund 865.
- c) **Faculty Activity Funds** – Faculty activity funds are established with voluntary donations from campus employees (such as hospitality or benevolence). A faculty committee should be formed with a chairperson appointed and guidelines established. Faculty activity funds are accounted for in fund 865 in a separate account.

### 4. *Activity Funds Management and Responsibilities*

In accordance with policy CFD(LOCAL), the superintendent, principal, and sponsor, as applicable, shall be responsible for the proper administration of district and campus activity funds and student activity funds in accordance with state law and local policy, district-approved accounting practices and procedures, and the TEA Financial Accountability System Resource Guide (FASRG).

- a) The school principal is personally responsible for the proper collection, administration, disbursement and control of all school activity fund monies. Responsibilities include, but are not limited to:
- Providing for the safekeeping of activity fund monies
  - Proper accounting and adherence to the district policies and/or procedures expressed herein
  - Adequate training and supervision of all personnel designated to administer activity funds

The principal may designate bookkeepers, teachers and/or sponsors to aid with the various functions and activities of the fund. All activity fund forms and reports must be signed by the principal. The principal's designee may perform all of the procedures that require the principal's signature unless otherwise specifically stated in the manual.

- b) Bookkeeper responsibilities include, but are not limited to: (1) implementation of the district procedures described in this manual, (2) maintaining all documents necessary for the operation and accounting of all activity funds, (3) receipting and depositing cash collections, and (4) submitting purchase requisitions and check requests.
- c) Sponsors are responsible for supervising all activities of their respective activity funds. This responsibility includes, but is not limited to, developing fundraising plans, monitoring the financial position of the club, reviewing the account reconciliations, and safekeeping money until they are receipted by the bookkeeper. Club sponsors must be district full-time employees.

#### 5. *Parent-Teacher Organizations (PTO) and Booster Clubs*

PTO and booster clubs are separate legal entities from the school district. These organizations must maintain separate federal tax identification numbers and bank accounts. The UIL publishes [Booster Club Guidelines](#).

District personnel, including principals, bookkeepers, sponsors and administrators are not responsible for assets held by parent, booster, and/or teacher organizations. Funds derived from these organizations are external funds which cannot be commingled with the activity funds.

District employees shall not serve in a financial capacity of a PTO or booster club (i.e. treasurer, fundraising chairperson, authorized check signer, etc.). Additional information and guidance may be found in the district's [Booster Club/PTO Guidelines](#).

## Section 2 - Reviews of Activity Fund Records

The activity fund financial records and procedures of all schools will be subject to review at any time throughout the year with little or no advance notice to the campus. These reviews may be performed by GCCISD finance staff or by the district's independent auditors.

### 1. *Compliance Auditing*

Compliance auditing is a comprehensive review established to examine and evaluate the activity fund. Audit procedures for activity funds are designed to verify the accuracy of all financial records.

- a) The purpose of compliance auditing is:
  - To evaluate the handling and accounting of activity funds ensuring that the operations performed are in compliance with GCCISD policies and procedures, as well as state/federal regulations compliance to ensure accurate and reliable record keeping.
  - To substantiate the cash and other activity account balances as of the audit date.
  - To determine the propriety of financial transactions within the accounts.
  - To identify and report possible significant internal control weaknesses noted during the audit.
  - To identify and report possible instances of abuse, waste and fraud, and to assist law enforcement officials in prosecuting fraud and other abuses.
  - To recommend measures to eliminate or mitigate weaknesses, potential fraud or abuses identified in the audit.
  - To report the audit results internally.

### 2. *Special Audits*

A special audit may be necessary at times; examples include, but are not limited to:

- a) Change of principal or administrator.
- b) Change of bookkeeper; as soon as the administrator becomes aware of the pending change, a written request for an audit should be requested.
- c) Special request by the following:
  - Board of Trustees
  - Superintendent
  - Assistant Superintendent for Human Resources
  - Chief Financial Officer
  - Principal or Administrator
  - Director of Student Services
- d) With the exception of a request from the Superintendent or Board of Trustees, the scheduling of these special request audits is at the discretion of the business services department.

### 3. *Reports Required for an Audit*

The business services department will generate all the reports necessary for the audit.

### 4. *Review of Activity Fund Reports*

All schools are required to submit all annual activity fund reports to the business services department within 45 days of the fiscal year end. The original signed reports are to be retained at the campus with the activity fund files. These reports include but are not limited to:

- General Ledger Report (generated from the district's financial software system)
- Reconciliation Report (spreadsheet maintained by the bookkeeper)

The business services department will send a reminder to bookkeepers and principals if reports are not received timely. If reconciliations are not completed timely, that activity account shall be made inactive until the reconciliation is complete and may trigger a special audit.

## 5. *Required Documentation*

The bookkeeper shall maintain the following activity fund accounting records in order:

- Receipts with support in chronological order by month.
- Disbursements with support in chronological order by month.
- Adjusting journal entries with support in chronological order by month.
- Fundraising documentation for the year ([Fundraising Activity Application](#))
- Donation documentation for the year, including completed [Donation Approval Form](#)(s) and any supporting documentation.

## 6. *Retention of Records*

All financial records are to be kept current and in good order for review at any time. Activity fund records are to be retained for a period of five years in addition to the current year.

## Section 3 – Receipt of Money

### 1. *General Guidelines*

- a. All monies collected from various school activities are to be receipted, recorded and deposited in the appropriate activity fund account.
- b. In order to maintain effective cash control, at least two people must be involved in the functions of collecting cash, receipting cash, and depositing cash.
- c. The bookkeeper shall never be the person collecting monies.
- d. The person collecting the money should never receipt the funds to themselves.
- e. Money collections occur in one of two ways:
  - i. By authorized individuals (i.e., sponsor, teacher, clerk, etc.) for fundraisers or fees
  - ii. By the bookkeeper for monies paid directly to the school through vendor commissions checks, school donations and other payments
- f. Individuals collecting money are responsible for student activity funds entrusted to them. These individuals may be required to reimburse the activity fund for any money or property purchased with student activity money which is lost due to personal negligence, theft, or fraud.
- g. All financial business should be conducted with integrity.

### 2. *Receipt Books*

At the beginning of each school year, or as needed, the bookkeeper shall provide a pre-numbered, triplicate receipt book to campus personnel.

- a. Receipt books are ordered by the campus through an approved office supply vendor.
- b. The bookkeeper is responsible for recording, by receipt number, all the receipt books ordered and issued to campus personnel.
- c. When a receipt book is completed or the sponsor no longer needs the book, it shall be returned to the campus bookkeeper.
- d. The sponsor must return all receipt books to the campus bookkeeper at the end of the school year. The campus bookkeeper shall account for all receipt books by the end of the year.

### 3. *Receipting (Money Collections)*

All monies received shall be acknowledged by immediately preparing a receipt. The only exceptions include concession sales, cash register sales, pre-numbered ticket sales and fees less than \$20 collected and logged on the student roster.

- a. Pre-numbered receipts are the means for recording cash, acknowledging receipt, and substantiating bank deposits. An approved GCCISD receipt is to be issued to each person making a payment of \$20 or more.

Receipts must include the following:

- i. Date and amount
- ii. Department/club name
- iii. Name of individual making payment
- iv. Purpose for which the money is being collected
- v. The signature of the individual receiving the money

#### Receipt Distribution

- Original receipt – given to the individual making payment
  - Copy – shall be submitted with the [Deposit Worksheet](#) to be given to the bookkeeper and kept in the activity fund file.
  - Copy – permanent copy to be retained in the receipt book by the authorized individual issuing the receipt until the receipt book is completed or the fiscal year has ended. At that time, the receipt book shall be returned to the campus bookkeeper.
- b. For performing and visual arts fees, a Charms report may be submitted in lieu of issuing individual receipts (for any amount). Such report must include:
- The date of the collection
  - Name of individual making payment
  - The amount collected
  - Purpose for which the money is being collected
- c. For payments up to \$19.99, it is recommended that a student roster or spreadsheet be used identifying the amount collected, the date, and signature of the student or individual making payment.
- d. Postdated checks shall not be accepted by the school from any source. Temporary, out-of-state and out-of-country checks should not be accepted. All checks should include a name, address, phone number and when possible a driver's license number.
- e. Under no circumstances shall a pre-numbered receipt be altered. Follow these steps in the event that an error occurs (for example, writing the wrong amount):
- i. Void the original receipt and all duplicates
  - ii. Reissue a corrected receipt
  - iii. Explain on the voided receipt the date of the void, the reason it was voided, and the corrected receipt number
  - iv. Retain all three copies of the voided receipts in the receipt book

#### 4. *Receipting Vendor Checks*

Checks received in person from an outside source for a commission, refund, or donation, etc., shall be receipted to the vendor, not the individual submitting the funds for deposit.

#### 5. *Check Acceptance Policy*

GCCISD's check acceptance policy is as follows:

*In the unlikely event that a check is returned unpaid by your bank, a returned check fee will be collected based on the current state returned check fee in addition to the face value of the check. The use of a check for payment is acknowledgement and acceptance of these terms.*

- a. These procedures shall be followed when accepting checks:
- i. Checks will be accepted only for the amount of the purchase
  - ii. Post-dated checks shall not be accepted by the school for any reason
  - iii. An acceptable check should include:
    - Name of the maker.
    - Current physical address and phone number.
    - Driver license number of the maker.
    - Name of the student and the student's ID number.
- b. Checks must be endorsed by the bookkeeper immediately after the funds are submitted for deposit using the specialized endorsement stamp issued by the business services department.
- c. Checks accepted by GCCISD for fundraisers, club functions, lost textbooks, fines, fees, etc., must have the required acceptable check information on the check. Checks missing this information may cause delays in processing.

## Section 4 – Donations

Donations are made by outside entities or individuals for the benefit of students or faculty. Donations are made without any return consideration to the donor, and may be in the form of goods, services, or money.

### 1. *Cash or check donations from private sources*

The following procedures shall be followed when a donation is received:

The bookkeeper shall complete a [Donation Approval Form](#) indicating the donor's name, address, phone number, the amount of the donation, the specific purpose (if any) and the account number the funds will be deposited to. These forms are to be maintained at the campus.

- a. The Donation Approval Form shall be executed as follows:
  - Donations under \$499.99 to be approved by principal or department head
  - Donations between \$500.00 and \$4,999.99 to be approved by the superintendent
  - Donations above \$5,000.00 to be approved by the board of trustees
- b. The district shall acknowledge the donor for the gift and upon request provide them a copy of the executed Donation Approval Form.

### 2. *Online Donation Websites (e.g. DonorsChoose.com)*

- a. Donations received through websites for the campus (e.g. supplies, computers, etc.) shall be authorized by the principal to ensure they are properly allocated based on campus needs.
- b. Donor websites shall not be established for the personal benefit of staff or students.
- c. Student activity clubs and organizations may utilize external donor websites to seek donations for their club or organization with the prior written authorization from the campus principal and the business services department (a [Fundraising Activity Application](#) is required).
- d. Donations, if any, received through the donor website shall be deposited in the appropriate activity fund account.
- e. All expenditures with the donated funds shall follow the established purchasing and payment procedures if applicable.

## Section 5 – Deposits

Monies remitted for deposit may be in the form of cash and/or checks and calculated on the [Deposit Worksheet](#). On a daily basis, authorized individuals will submit all money collected, one copy of the receipt, and a completed Deposit Worksheet to the bookkeeper. A receipt issued by the bookkeeper in the district's financial software system shall provide the basic support for the bank deposit.

### 1. *General Procedures*

- All money collected must be submitted to the bookkeeper in the same form as it was collected.
- Monies collected, the Deposit Worksheet, individual receipts, and any other appropriate documentation are to be submitted to the bookkeeper on a daily basis.
- Staff members' personal checks may not be substituted for cash collections. It is the responsibility of the authorized individual collecting the money to count and organize the funds prior to submitting them to the bookkeeper.
- The bookkeeper will verify the funds with the sponsor or authorized individual and issue a receipt.
- In the event the bookkeeper is unavailable to verify funds at time of deposit, the sponsor will put the money collected and the Deposit Worksheet in the designated secured location. The bookkeeper and the sponsor shall determine a time that is convenient for both to verify the deposit.

### 2. *Deposit Documentation*

The bookkeeper shall retain a copy of the Deposit Worksheet, receipt book copies, a copy of the receipt generated by the district's financial software system, and any other appropriate documentation in the activity fund files to substantiate each deposit.

### 3. *Deposit Worksheet*

A Deposit Worksheet shall be used for calculating cash and/or checks received for each deposit. The person submitting the deposit to the bookkeeper shall complete the following information:

- The campus and organization
- The purpose of the collection
- The activity account name and number that the funds will be deposited into
- The date of collection
- The name(s) of the individuals who submitted the money along with the amount
- The total amount of money collected broken down by coins, currency and checks
- The printed name and signature of the person who collected the money
- Funds will be verified by the bookkeeper and the sponsor or authorized individual at the time the funds are submitted. In the event the funds cannot be verified by the bookkeeper at the time of submission, the bookkeeper shall place all money and documentation in the designated secure location until verification can be done together.
- The bookkeeper shall issue a receipt generated using the district's financial software system
- Each party will sign and date the completed Deposit Worksheet to acknowledge the accuracy and date the funds were verified by the sponsor or authorized individual and the bookkeeper
- The original Deposit Worksheet form shall be filed with the activity fund records.

### 4. *Financial Software System Receipt*

The bookkeeper shall enter the deposit in the district's system and issue a receipt to the sponsor or authorized individual submitting the funds.

- The receipt shall include, at a minimum:
- The date the money was submitted
- The full name of the individual submitting the deposit
- A brief, but accurate description of the purpose for which the money was collected

- The activity fund account number(s)
- The total amount submitted for deposit
- Under no circumstances should a receipt be altered. If an error occurs, void the original receipt, retain the voided receipts in the activity fund records and re-issue the corrected receipt (if applicable).
- All receipts are to be accounted for in the activity fund records. Care should be taken that receipt numbers are not duplicated.
- Receipts are to be filed for future reference and audit.

## 5. *Depositing Funds to the Bank*

### General Procedures:

- Bookkeepers should use good judgment to ensure that deposits to the bank are made when receipted in the district's financial software system in an accurate and prompt manner.
- Money collected but not deposited must be stored in the campus safe or designated secure location.
- A bank deposit log should be kept in a secure area (not inside the safe). Entries should be recorded for any item stored or removed from the safe.
- All monies collected, including cash or checks, must be deposited on a daily basis.
- All monies collected by the school are to remain on the school premises and should not be kept in off-campus locations. A staff member should not be placed in the position of accepting responsibility for safeguarding activity fund money held off-campus.
- All checks received for deposit are to be endorsed when accepted by the bookkeeper using the district-issued endorsement stamp.
- At the end of the school year, all money collected must be deposited prior to closing the books on June 30th.

## 6. *Preparation of Bank Deposits*

- a. Bank deposit slips are prepared in quadruplicate for each deposit and must include the following:
  - The date of the deposit.
  - The amount of the deposit, broken down by cash, coins, and checks.
  - List single checks by last name of maker.
  - Multiple checks can be stacked in groups (run an adding machine tape to obtain a total and securely attach that tape to the deposit worksheet; record the total from the tape on the bank deposit slip)
  - The original and first copy of the deposit slip will accompany the deposit and will be retained by the bank.
  - The triplicate copy of the deposit slip is attached to the deposit worksheet to support the deposit.
  - The quadruplicate copy of the bank deposit slip is retained in the bank deposit book.
  - The plastic strip on the deposit bag showing the bag number should also be attached to the triplicate copy of the bank deposit slip.
- b. The following documents must be filed as part of the activity fund records:
  - The triplicate copy of the bank deposit slip
  - The deposit bag security strips with the identifying bag number
  - The cash receipt batch report
  - All district's financial software system receipts
  - Sponsor documentation (deposit worksheet, copies of checks/money orders and duplicate copy of pre-numbered receipts)
- c. Safeguarding bank deposit bags
  - All bank deposit bags shall be secured in the campus safe or vault.
  - The bank deposit log shall be completed and stored separate from the actual bank deposit bags until pickup by a GCCISD officer.
  - A GCCISD security officer will transport all school deposits to the administration building. The officer will initial the bank deposit log acknowledging that the deposit was picked up on a given date.

## Section 6 – Returned Checks

Checks may be returned for non-sufficient funds, account closed, improper signature, etc. Follow these procedures in the event a check deposited to the bank is returned.

### 1. *General procedures for check returns*

- a. The district contracts with a third party for processing collection of returned checks
- b. A returned check list will be distributed to all campuses/departments on a monthly basis; no check shall be accepted from a party who appears on this list

### 2. *Uncollected checks*

Individual schools are responsible for the collection of returned checks that do not have the proper endorsement. The following procedures are for checks deposited in the school's activity fund account and returned by the third party.

- a. Post a journal adjustment in district's financial software system for the amount of the returned check
- b. Contact the payee to notify them of the returned check and attempt to collect the funds.
- c. Send a letter via certified mail (returned receipt requested) to the maker of the check at the last known mailing address including the following information:
  - The state-allowed fee will be assessed on all returned checks
  - Check number, check date and amount of the check
  - State that the bank returned the check and unless payment is made by cash and received within ten (10) business days from the date of the letter, the check will be turned over to the GCCISD business services department for collection and possible prosecution.

## Section 7 – Disbursement of Funds

### 1. General Procedures

- a. A class or club/agency account is a trust account that is to be used for the intended purpose that was stated when the account was created. The principal must ensure that expenditures from these accounts are for their intended purpose. Funds are not to be diverted for other uses.
- b. All purchases of goods and/or services require a district approved purchase order. A requisition shall be processed through the district's financial software system to request such goods/services. Student/faculty funds are not subject to purchasing and bid laws because they are not considered district funds; they belong to the student/faculty groups.
- c. Money raised by clubs, classes, or other student organizations for the expressed purpose of financing activities for faculty, sponsor, and/or students to attend clinics, conferences, programs, etc. may be spent with the approval of the campus principal.
- d. Tickets to activities where the school district benefits educationally may be purchased from activity funds as long as the sponsors of the club or event use the tickets purchased for students and/or staff.
- e. Salary advances and gifts to employees are not permitted from activity funds. Gifts for special occasions (i.e., baby showers, retirements, birthdays, etc.) cannot be made with activity funds; however, these may be purchased with faculty funds.
- f. Gift cards may be purchased for or given to students.
- g. Gift cards for faculty or staff members may be purchased only with student/faculty funds; the purchase of gift cards to staff from any other account is not permitted since the IRS considers gift cards income.
- h. The purchase of alcoholic beverages or tobacco with school funds is strictly prohibited.
- i. All items ordered with activity fund money must be shipped and/or delivered to a district location, not a personal address.
- j. Purchases made from the faculty fund account are not tax exempt.
- k. It is the responsibility of the principal to determine the appropriateness of expenditures from the designated activity accounts.
- l. Principals shall not approve purchases for activities without sufficient funds without the prior approval of the business services department.
- m. Bookkeepers shall monitor activity fund account transactions to prevent overdrawn balances and ensure an accurate, positive cash balance is maintained at all times.

### 2. Check Requests

Check requests are processed via the district's financial software system and require approval by the principal or designee and proper supporting documentation; for example, an invoice or receipt.

- a. Supporting documentation shall include at least one of the following:
  - i. The vendor's original invoice (periodic statements do not constitute adequate support; if a confirmation is provided rather than an invoice, it must be supported by a packing slip itemizing the items ordered/received).
  - ii. Original sales slips or cash register tapes from teachers or other persons requesting reimbursement for items purchased with personal funds for the benefit of the school; credit card charge slips are not acceptable expenditure support unless they are itemized.
  - iii. Letters, acknowledgements, renewal notices, etc., may be used when an invoice is not issued.

- b. Review invoices for accuracy prior to requesting a check:
  - i. Review all invoices to determine if discounts can be deducted from the amount due.
  - ii. Review all invoices to determine if sales tax was charged on merchandise purchased. Most items purchased for the benefit of the school are tax-exempt and therefore sales tax should not be paid to a vendor or reimbursed to a staff member.

### 3. *Reimbursements*

- a. Checks may be issued to students or employees to reimburse them for personal funds spent for school purposes by providing proper supporting documentation to the bookkeeper and approved by the principal
- b. Reimbursements from activity funds should not be frequent in order to safeguard against unauthorized purchases

### 4. *Refunds*

- a. Refunds are issued for items such as, but not limited to:
  - fees collected for cancelled events
  - charges for lost books or lost library books returned
  - overpayment of club dues
  - fundraisers paid for in advance and the product was unavailable or defective.
- b. All refunds must be issued with a district check; cash refunds from monies collected are not allowed.
- c. In addition to the normal check requirements, the refund check documentation shall include:
  - The reason for the refund
  - The activity account name(s) and account number(s)
  - Proof of original payment (GCCISD receipt, cancelled check, etc.)

### 5. *Advance Payments*

#### a. Student Travel

Clubs or other student groups out-of-town travel expenses may be funded from their activity account for student expenses

- i. The following forms shall be approved and submitted via the district's financial software system to request a travel advance for per diem meal allowance:
  - [Travel Request/Expense Form](#)
  - [Field Trip Request Form](#)
  - [Student Meal Disbursement](#)
- ii. Accounts payable will generate a check in the sponsor's name
- iii. Upon completion of the trip or activity, the sponsor shall provide the bookkeeper all the supporting documentation for the expenses (student confirmation of received funds) and return any undistributed portion of the advance
- iv. The undistributed portion of the advance shall be deposited and a receipt shall be issued via the district's financial software system with cross reference to the district's advance check number
- v. The settlement of all activity fund advances is to be completed no later than five business days after the completion of the trip or the cancellation of the activity or event. It is the responsibility of the principal, bookkeeper and sponsor to ensure proper accounting and documentation for all advances.

#### b. Registration and lodging

Registration and lodging fees to be paid directly to the conference or hotel may be paid from activity funds. Registration and/or lodging fees paid from activity funds shall be processed in accordance with the district's [Travel Guidelines](#).

## 6. *Payments for Contracted Services*

Outside vendors are businesses and/or individuals that are not GCCISD employees who perform a service for your campus; examples include: judges, speakers, authors, caterers, consultants, music accompanists, translators, custom printers and license fees.

- a. Any vendor engagement involving services shall follow the district's purchasing procedures as referenced in Section 11 of this manual.
- b. The use of contracted services in any amount requires a district-approved purchase order.

## 7. *Purchase of T-Shirts for Faculty*

In an effort to generate school spirit, principals may purchase t-shirts once a year for their staff provided they adhere to the \$25 maximum per employee.

## 8. *Awards and Incentives*

At certain times during the school year it may be necessary to reward a student or group of students for achievements (i.e., honor roll, perfect attendance, etc.). The unit cost of any award shall not exceed \$25; however, if meals/snacks are provided as an award during the school day, the cost may not exceed \$10 per participant and must comply with state nutrition guidelines. The school principal should exercise caution when rewarding students for activities that are associated with UIL to ensure compliance with UIL rules and regulations.

## 9. *Faculty Funds*

These funds are generated or contributed solely by school personnel and/or donations to be utilized and spent at the discretion of the faculty and staff within the established guidelines. All expenditures for hospitality, condolence or any other purpose for the sole benefit of school personnel is to be paid out of the faculty account. The sales tax exemption cannot be claimed for purchases from the faculty fund for gifts, condolences or other such items of a personal nature.

Faculty funds may be expended at the staff's own discretion with administrator approval. It is best practice for the campus or department to form a committee that makes decisions and approvals concerning the use of faculty funds.

Faculty funds are not subject to purchasing and bid laws because they are not considered district funds; they belong to the faculty.

## Section 8 – Adjustments

Each school can maintain an activity fund, which encompasses the care and administration of those activities and functions relating to student and faculty programs. The administrative plan of the fund is that income received for a specific function is disbursed only for that function.

### 1. *Internal Adjustments*

- a. Clubs and student organizations can compensate another student group for goods purchased or services performed; for example, when a club purchases advertising in the yearbook, newspaper, etc., a transfer of funds is made between the two accounts.
- b. These type of adjustments shall be executed only after obtaining approvals from both the sponsor and the principal.

### 2. *Journal Adjustments*

Journal adjustments are initiated by completing a [Journal Entry Form](#) approved by the principal for reclassification of revenue or expenditures coded to the incorrect account number.

### 3. *Inactive Student Organizations or Clubs*

Student organization or clubs that do not elect officers and/or hold regular activities for two consecutive school years shall be considered inactive. With the principal's approval, remaining balances may be transferred to an account with the same general activity as the original fund.

## Section 9 – General Ledger Activity Accounts

These funds are controlled by the principal and/or account sponsor and include:

Type of Account	Campus (461)	Student/Faculty (865)
Revenue	5753	2199
Expenditures-Technology	6396	
Expenditures-Non Technology	6499	

## Section 10 – Vending

### 1. *General Procedures*

- a. Commissions earned shall be deposited to the appropriate activity vending account.
- b. The vendor is responsible for providing the maximum available security for the inventory in the machines.

### 2. *Snack Vending Machines*

The Child Nutrition Department maintains and manages the machines located in the cafeteria in accordance with the nutritional guidelines set by the Texas Department of Agriculture.

### 3. *Beverage Vending Machines*

All beverage vending machines are under contract with an outside vendor which prohibits the district from dispensing other beverage brands. Commissions from these machines are credited to the appropriate campus activity account according to the commission report provided by the vendor.

### 4. *Vending Machines in Student Areas vs. Teacher Lounges*

- a. Vending machines located in common student areas at all schools contain non-carbonated beverages.
- b. Teacher lounges have both carbonated and non-carbonated beverages available.

## Section 11 – District Purchasing Procedures

The school principal is fully responsible for all purchases and commitments requiring the present or future disbursement of activity fund money. Staff must have prior approval from the school principal before making a purchase with school funds.

Purchases are not to be made unless sufficient funds are available in the proper activity fund account or will be available at the time the payment is due.

Purchases should be made through the district's approved vendors; however, student/faculty activity funds are not subject to Texas procurement laws that govern school district purchasing. A list of the contracts competitively bid by the district's purchasing department and awarded by the Board of Trustees is available on the [district's purchasing website](#).

When a district contract does not exist, purchases should be made in accordance with the Texas procurement laws that govern school district purchasing, in particular the Texas Education Code Chapter 44.031 (for goods and non-professional services) and Government Code 2254 (for professional services).

When making purchases in accordance with the Texas procurement laws and based on the various dollar thresholds that determine the appropriate procurement method to be used. Refer to the district's administrative guidelines for additional information related to purchasing procedures.

## Section 12 – State and Local Sales Tax and Federal Excise Taxes

### 1. Taxable Status of Purchases

A school district is a political subdivision of the state of Texas and is; therefore, exempt from paying state sales tax and no tax number is assigned. Purchases by the school for educational and instructional use or for administrative purchases necessary for the educational functioning of the school are exempt from sales tax.

Provisions under Article 21.023 of the federal statutes provide tax exemption to the school district.

- a. Tax Free Purchases - All items purchased by a public school, school district or non-profit 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 authorized agent should provide the seller with a valid Tax Exemption Certificate. To be valid, the certificate must state the merchandise being purchased is for the organization's own use in providing education and is being made in the name of the organization, and that payment will be made from the organization's own funds.
  - i. Purchases for personal use by individuals, even though connected with a school or school organization, are not exempt from the tax. (Examples: cheerleaders purchasing uniforms, band members purchasing instruments and athletic teams purchasing tickets.)
  - ii. The tax exemption certificate cannot be used by staff members for purchases made from the faculty funds. Sales tax should be paid on items purchased with activity funds. Employees seeking reimbursement for purchases with faculty funds shall be reimbursed the total amount of the purchase, including the taxes paid.
  - iii. The district exemption status may not be utilized by parents, patrons, or alumni organizations to secure exemption from sales taxes. Parent/teacher organizations, booster clubs, etc. must apply for their own exemption.
- b. School Sponsored Trips
  - i. Meals purchased by the school for athletic teams, bands, clubs, etc. on authorized school trips are exempt from sales tax. An exemption certificate shall be provided along with payment for the meal.
  - ii. Individual members of the athletic team, band, etc. may not request exemption from sales tax on the meals they purchase while on a school authorized trip.
  - iii. Teachers, coaches, sponsors, etc. may not request exemption from sales tax on individual meal purchases while on school business even though the school reimburses the expense. Sales tax paid in connection with the purchase of a meal by teachers, coaches, etc. will be reimbursed by the district as part of the amount paid per meal or per diem according to district guidelines.
  - iv. A school employee may claim an exemption from the Texas Hotel Occupancy Tax if the district pays for the accommodations and provides the hotel with a [Hotel Tax Exemption Certificate](#).
- c. Taxable Items (Refer to the [Taxable and Non-Taxable Chart](#))
  - i. Sales of tangible items by teachers and students – Teachers and students must collect sales tax on merchandise and non-exempt food products they sell. If the school assumes responsibility for the activity and/or sales, the school is responsible for ensuring that the sales tax is paid. The school may purchase items tax-free but must collect the sales tax when the items are sold.
  - ii. PTOs and booster organizations are required to pay sales tax when purchasing taxable items and to collect sales tax when selling taxable items. Booster organizations are not allowed to use the GCCISD tax exemption certificate.
  - iii. Each bona-fide student chapter (i.e. student organization) may have two 24-hour tax-free sales each calendar year. To qualify as a bona-fide student organization, the group must elect officers and be organized for some business or activity other than instruction or as a participatory group. For example, Spanish class and debate class do not qualify for an exempt sale, but the Spanish Club and Debate Club qualify for a tax-exempt sale. Likewise, the cheerleading team, football team and soccer team do not qualify for an exempt sale, but the Cheerleading Club, Football Club and Soccer Club do.)

For the purposes of the exemption, one day is counted as a 24 consecutive hours and a calendar year is the 12-month period from January through December. See subsection (h) of Rule 3.322, "Exempt Organizations."

The State Comptroller's Office maintains a toll-free tax information number for quick response to any state tax questions. You can reach the Comptroller's Office by calling 1(800) 252-2555 or on the web at: <https://comptroller.texas.gov/>.

2. *Remittance of Sales Tax*

- a. The campus bookkeeper is responsible for identifying taxable status of cash receipts through the district's financial software system.
- b. The business services department will assume full responsibility for transmitting all sales tax collections received to the State Comptroller's Office all sales tax collections received.

3. *Hotel Occupancy Tax Exemption*

Educational organizations and their staff members traveling on official business for the organization are exempt from the Texas state hotel occupancy tax (check with the hotel when traveling out of State as State laws differ on the acceptance of the tax exemption certificate). Educational organizations and their staff members are required to pay local taxes.

Individuals or groups claiming an exemption must either be staff members of the organization or must pay for the hotel with the organization's funds. A Texas Hotel Occupancy Tax Exemption Certificate should be given to the hotel in order to obtain the exemption.

For information on hotel tax, please call: 1 (800) 252-1385 or on the web at: <https://comptroller.texas.gov/taxes/hotel/>

4. *Sales Tax Calculation*

Except as described above, sales tax is to be collected on all taxable sales by staff and students. There are two different sales tax rates depending on the location within the District's boundaries. All schools in the district are to collect 8.25% in sales taxes; with the exception of Crockett ES, Harlem ES and Gentry JS, which are subject to a 6.25% sales tax. The following is intended as a guide to help determine the amount of sales tax to be collected:

- a. Calculation to add sales tax to the price of the item:

Net cost of taxable items (including set-up fees, design fees, shipping, and profit)	\$10.00
Multiply times GCCISD Tax Rate (8.25%)	x 0.0825
Amount of Sales Tax	0.83
Sale Price of Item	\$10.83

- b. Calculation to absorb sales tax in the selling price of the item:

Sale Price of Item	\$11.00
Divide by 1.0825 to back out sales tax	÷ 1.0825
Net Sales Price	\$10.16
Sales Tax	0.84
Total Sale Price of Item	\$11.00

## Section 13 – Fundraising Activities

A fundraising activity is any activity involving participation of a student body or a school recognized student group undertaken for the purpose of raising funds for a school or a school sponsored group. GCCISD considers all money collection events to be governed by the district’s fundraising policies.

The GCCISD recognizes the importance and value of a positive fundraiser program. As your campus or organization prepares to conduct a fundraiser, use these guidelines to assist in planning.

### 1. *General Guidelines*

- a. Prior to beginning any fundraising activity or event, sponsors are required to complete the district’s annual sponsor/cash handling training provided by the business services department.
- b. Only fundraising activities approved by the sponsor, principal and the business services department may be conducted.
- c. Fundraising activities are not confined to regular school hours but are considered an extension of the school program. When fundraising activities are in the name of the school, all funds raised become school funds and belong to the school-sponsored group responsible for raising the money.
- d. Students or teachers may not solicit donations or sell items randomly door-to-door in community neighborhoods. Students or teachers may not represent the school or any school organization in soliciting donations from the general public in a public venue of any kind (i.e. outside a store, at a street intersection, at a church parking lot, etc.). There shall be no solicitations of local businesses in the name of the school unless approved by the superintendent or designee.
- e. Funds raised by campus students, clubs, or organizations should be combined and used toward the particular event or expenditures for which the funds were intended. These funds should be used to benefit all students of the campus, club, or organization: for example, you may not reduce a student’s trip expense or provide free or reduced priced tickets to those that raised funds or raised a certain amount of funds. (See the Internal Revenue Service Fundraising Restrictions and Example of the Use of Funds Raised at the end of this section)
- f. Students may not be required to participate in a fundraiser program nor required to sell a certain amount or make a donation in lieu of fundraising. In addition, a student cannot be punished in any way for not participating in a fundraiser program.
- g. Fundraisers held by a school, club, or organization cannot be held to benefit the faculty or staff.
- h. Monies raised or collected during a school year shall be spent on the students responsible for contributing to the account. High activity account balances should not be carried from year to year unless there is a specific goal the club or organization is trying to attain; for example, purchasing a marquee or playground equipment. Sponsors shall spend the majority of funds earned during a school year on appropriate student expenses.

### 2. *Tax-Exempt Fundraisers*

- a. Each campus can hold two campus-wide tax-exempt fundraisers per calendar year.
- b. Each bona-fide chapter, as defined in this manual, can hold two tax-exempt fundraisers per calendar year.

### 3. *Documentation for Fundraisers*

- a. [Fundraising Activity Application](#) – Part 1: Fundraiser Request
  - i. The Fundraising Activity Application is to be completed by the teacher or sponsor in charge of the event and submitted to the campus bookkeeper.
  - ii. The request must be approved by the principal at least two weeks prior to the beginning of the event.
  - iii. Upon approval by principal, the form shall be submitted to the business services department for approval. Once approved, the form will be returned to the bookkeeper.
- b. Fundraising Activity Application – Part 2: Recap of Fundraising Activity

Part 2 of the application recaps the fundraising activity. All gross collections and expenses such as advertising, sales tax, prizes and remaining inventory should be listed on the summary report.

Part 2 of the application shall be completed and submitted to the bookkeeper and the business services department within 30 days of the conclusion of the event.

- c. Maintain proper documentation - Sponsors shall retain the original application and all related documents with the activity fund records.

#### 4. *Fundraiser Programs*

- a. Ticketed events (includes events that collect entry fees, such as carnivals, plays, dances, athletic events, and catered dinners where numbered tickets are used)
  - i. Pre-numbered dual tickets should be ordered from a district-approved vendor.
  - ii. A ticket is to be issued to the purchaser when the entry fee is paid; the remaining half of the ticket is retained by the sponsor of the event to document the beginning and ending ticket numbers issued.
  - iii. The number of tickets issued multiplied by the ticket price should agree to the amount of money collected. If entry fees vary in price, use a different colored ticket for each different price.
- b. Product sales
  - i. All sales of product such as, but not limited to, school supplies, t-shirts and music recorders require an approved GCCISD receipt to be issued to the purchaser.
  - ii. Sales tax is to be included in the price of the items sold where appropriate.
  - iii. An inventory of items should be taken and documented at the beginning of the sale and at the end of the sale. Documentation should include beginning stock amount, price per item, number of items sold, number of items given away and number of items remaining in inventory at the end of the sale and included on the recap.
- c. Commission-only fundraisers
  - i. Events held such as Chick-fil-A Night, school pictures, etc., where a campus receives a commission or a percent of sales must be pre-approved and follow all the procedures described in this manual.
  - ii. Checks received will be deposited to the appropriate activity fund account.
- d. Book fairs
  - i. Librarians should use a District approved vendor for their book fair.
  - ii. A change fund may be requested for start-up cash to handle an activity efficiently (e.g. book fairs); this request must follow the established petty cash guidelines.
- e. Carnival and field days (includes food vendors and events with rental equipment such as moon walks, dunking booths, rock walls, etc.)
  - i. Any vendor coming onto school property to run or set up equipment must provide proof of liability insurance. Contact the risk management department for additional information.
  - ii. A school staff member should collect any fees related to the event.
  - iii. Garage sale, car washes, etc.
  - iv. Volunteers, students and/or staff members must conduct all sales.
  - v. Garage sale items must be donated and documented as described in this manual.
  - vi. Written permission must be received from the property/land owners for a GCCISD campus/organization to conduct a car wash. The sponsor must retain this document with their records.
  - vii. Permits must be obtained by the City of Baytown for garage sales.
- f. Candy/food sales
  - i. Candy orders may be taken during the school-day; however, items may not be sold during the lunch period.
  - ii. Check with the child nutrition department for the Texas Public School Nutrition Policy.
  - iii. Sponsors should have a signed contract with the vendor prior to conducting a catalog fundraiser.
  - iv. If you plan to hold a catalog fundraiser, tax must be collected for those items in the fundraiser that are taxable. For instance, gift wrap is taxable, but cookie dough is exempt from sales tax by law. The vendor should remit the applicable sales tax to the Texas Comptroller's Office.
  - v. Permits must be obtained by the City of Baytown for sales of prepared foods.

## 5. *Non-Approved Fundraiser Activities*

- a. Gambling games, such as bingo, raffles and any games of chance are not allowed.
- b. Any service, product, activity, or program deemed inappropriate by the GCCISD administration.

## 6. *Miscellaneous Guidelines*

- a. Law prohibits possession and/or consumption of alcoholic beverages by any individual(s) on school district property.
- b. Alcohol may not be consumed off school property while students are present at any booster club activity or school sponsored activity.
- c. Law prohibits smoking, possession, and/or use of any tobacco product by an individual(s) on school district property.

## 7. *Fundraising for Individuals or Families*

- a. While we may wish to assist during a time of need or tragedy, collections to support an individual, employee, student, and/or their family are not to be deposited to a district account, including activity fund accounts.
- b. If a staff member desires to accept collections/donations, he/she does so individually and is solely responsible for the handling of funds. The district discourages such practice and holds no liability for such collections.

## 8. *Fundraising for Organizations in which Donations go to Foreign Countries*

- a. While we may wish to assist with world-wide crisis and tragedies, we cannot be an intermediary of such funds.
- b. Funds collected as donations wishing to be made to assist with foreign events (UNICEF, tsunamis, World Water Day, Feed the Children, etc.) are not allowed to be deposited to district bank accounts, including activity fund accounts.

## 9. *Internal Revenue Service Fundraising Restrictions*

- a. GCCISD is considered a charitable organization. The following are Internal Revenue Service (IRS) restrictions placed on tax-exempt organizations that must be followed:
  - i. *As a tax-exempt organization, the District must benefit a campus/organization as a whole instead of benefiting individual members of a campus/organization.* All members of the campus/organization are to be treated equally and receive the same opportunity to benefit from a fundraiser. Therefore, one student cannot receive a greater benefit than another unless the criteria for financial need discussed below is met. In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a campus/organization may establish criteria that could be used to determine if an individual is in financial need. If the criteria are met, the campus/organization could provide the necessary funds to allow the individual to participate. One criterion could be whether the student is on the free/reduced lunch program. The criteria should be established in writing prior to a particular situation arising. In addition, the criteria should be used consistently for all individuals, and the criteria should not change every year.
  - ii. *As a tax-exempt organization, the district campus/organization cannot use individual accounts.* "Individual accounts" are used by a campus/organization to record a credit to an individual (participant) based on revenues raised. The campus /organization would offset that individual's expense with the amount credited to that individual from the revenues raised.

- iii. *As a tax-exempt organization, the district campus/organization cannot require a person to participate in fundraising activities.* A campus/organization cannot require its members or the students to participate in a fund-raiser. Furthermore, students who do not participate in fundraising activities would receive the same opportunity to benefit as those students who participated.
- iv. *As a tax-exempt organization, the district campus/organization cannot require that a certain amount be raised or sold per person.* For example, a campus/organization cannot require that each member or student sell \$20 worth of candy or sell 10 candy bars in a fundraiser.

b. The following is an example of the above concepts:

The Science Club is having a fundraiser to help reduce the cost of a special field trip. The cost of the trip is \$5,000 for 100 people. Therefore, each student's cost for the trip before the fundraiser is \$50.

Of the 100 people participating in the trip, only 50 people participated in the fundraiser and raised a total of \$1,500.

The \$1,500 must be split equally among the 100 people going on the trip even though only 50 people participated in the fundraiser. Therefore, each person receives a benefit of \$15 ( $\$1,500/100$ ) and each person's cost for the trip is now \$35 ( $\$50 - \$15$ ).

## Section 16 – Capital Assets

### 1. *General Procedures*

In order to meet state accounting guidelines and to have adequate documentation for insurance purposes, it is necessary for each campus to accurately account for all capital assets purchased with activity fund monies.

### 2. *Definition of Capital Assets*

- a. Capital Assets are items purchased that are:
  - i. Tangible in nature
  - ii. Having a useful life of one or more years
  - iii. Purchased at a unit cost of \$5,000 or more
  - iv. May be reasonably identified and controlled through a physical inventory system
- b. Capital assets include but are not limited to:
  - i. Machinery and equipment
  - ii. Furniture
  - iii. Playground equipment
  - iv. Facility improvements

### 3. *Recording Capital Assets*

- a. Equipment procured by a school through the expenditure of activity funds or purchased for the school by related private organizations such as parent groups, etc. must be separately identified both in school inventories and in the district's capital assets records.
  - i. Items valued at \$5,000 or more shall be listed in the district's accounting system.
  - ii. Technology items valued under \$5,000 shall be listed in the district's site based inventory system.
- b. To properly record the purchase of capital assets from activity funds, it is necessary to promptly advise the business services department of acquisitions by the school.
- c. Refer to Board Policy CDC(Regulation) to report gifts of capital assets from private sources.

### 4. *Disposal of Capital Assets*

- a. Assets purchased with district funds or with activity funds may not be sold or "gifted" by the campus or department.
- b. A work order shall be entered to request the transfer of any capital asset. The grounds department will arrange to move the asset to another location or to the fixed assets warehouse for auction.