

SECTION 1: BOARD POLICY

The Board of Trustees of the Pine Tree Independent School District (District) will approve and review policies and procedures for the supervision and administration of activity funds through the Central Business Office. These policies and procedures are set forth in the Pine Tree Independent School District Activity Fund Manual (Manual). The Manual is designed to provide a set of standardized accounting guidelines and procedures for the administration of Pine Tree Independent School District Activity Funds. This Manual supersedes all prior publications regulating the administration of Activity Funds. The District Internal Auditor, under the supervision of the Superintendent, will see to the interpretation of the policies and procedures as established in the Manual. Further, the Internal Auditor will ascertain that sound business practices are followed and will conduct periodic audits as outlined in the Manual. In the absence of a District Internal Auditor, the Director of Finance will perform periodic review and testing of activity fund accounts.

## SECTION 2: GENERAL INFORMATION

### 2.1 Definition and Purpose

Activity funds are monies primarily consisting of various fees and proceeds of school-approved money-raising activities collected from students and school personnel. Each school may maintain student activity funds. These funds are used to promote the general welfare of each school and the educational development and morale of all students.

As a general guideline, funds derived from the student body, as a whole, should be expended as far as possible to benefit the student body as a whole. Funds collected or earned by specific groups of students should be expended to benefit those students from which the funds are derived. Funds accumulated by the faculty may be used to benefit either faculty or students, at the discretion of the faculty. Monies donated to the school by students, faculty or outside groups are to be assigned their own special activity account number or accounted for in the General Operating Fund as a gift or bequest, depending on the size and/or nature of the donation. These monies will be used solely for the purposes prescribed by the donor.

### 2.2 Responsibility

Principals are charged with the responsibility for efficient and effective management of their school's activity funds as set forth in the Manual and interpreted by the Internal Auditor. The Principal will appoint and supervise reliable and capable personnel for the physical handling of receipts, deposits, disbursements, and other duties associated with activity fund operations as specified in the Manual.

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

The Principals are not responsible, however, for funds collected, disbursed and controlled by parents, patrons or alumni organizations, and these funds should not be accounted for in a school district's activity funds.

### 2.3 Auditing of Activity Fund Records

Periodic audits of activity funds will be conducted by the Internal Auditor. The purpose of these audits is to determine if the policies and procedures established for activity funds are being followed correctly and in a businesslike manner, and also to determine that the transactions and balances as reported on the annual reports are an accurate summary of activity fund receipts and disbursements. The scope of these audits will be determined by the Internal Auditor, based upon

the quality of internal controls present at the time of the audit. Activity fund records will be kept current so that procedural reviews or audits may be conducted at any time.

At the conclusion of the audit, the Internal Auditor will discuss the results with the school Principal and a report will be submitted to the Superintendent and the Director of Finance.

A Principal may request in writing a special audit if a situation or event warrants it.

## 2.4 Indemnity Bond

Student activity funds are insured against dishonest acts of Pine Tree Independent School District employees under a Public Schools Employees Blanket Bond carried by the District. This bond protects the school district for up to \$100,000 for each employee handling activity fund monies, supplies or inventory.

If a loss of activity fund assets is caused by a dishonest act of an employee, it should be immediately reported to the Director of Finance and the Internal Auditor. They will then advise the bonding company to investigate the loss.

Theft by a non-employee, mysterious disappearance, or accidental destruction of money or property is not covered by the blanket bond. It is the responsibility of the Principal to provide the maximum security available for the safeguarding of activity funds. All losses from theft must be immediately reported to the Director of Finance and the Internal Auditor.

## SECTION 3: ACTIVITY FUND ACCOUNTS

### 3.1 Centralized Activity Fund Accounting

Proceeds into campus activity accounts include sales, fees and commissions from the students as a whole. Examples of these proceeds may be profit from student pictures, vending machine sales, library fees, book fair sales, school store sales, sales by the school of items and supplies rather than by a specific club.

Proceeds from all activity fund accounts are receipted into the District checking account, related costs are paid for out of the District checking account, and profits maintained in the Activity Fund or the General Fund. These profits can be spent on a wide range of items of benefit to the school. However, they must be spent for the purpose for which they were collected. Detailed bookkeeping is performed at the campus level by designated bookkeepers. Records must be maintained for five years.

Expenditures must be made in accordance with the purchasing procedures in place for expenditures from the General Operating Fund. School personnel making any purchase in the name of the school without getting prior written authorization from the Principal may be personally responsible for the purchase. **Use of purchase orders is mandatory, and checks should only be written at the District level.**

If a school accumulates enough funds in their general activity fund for a major or unusual purchase as determined by the campus Principal, it must then be approved by the Superintendent as well as the school Principal.

Proceeds from all accounts should be receipted first into a separate subsidiary receipt book. For instance, all textbook collections should be receipted into a pre-numbered receipt book used only for textbook collections. Amounts deposited into the main bookkeeping system should be easily reconciled with the subsidiary receipt book. All receipt copies should remain intact in the receipt book, even if voided.

Club or class accounts consist of funds collected by student and faculty groups for the purpose of financing legitimate and beneficial activities and projects. These funds belong to these groups and are held by the school for safeguard and convenience.

The school as represented by the Principal is responsible for insuring that the funds are protected; and that clubs do not expend monies which they do not have. **Deficit balances are not allowed.**

All expenditures of these monies must be approved by the members and sponsors of the club or class according to the rules of the club. Expenditure of club funds may not be made for any items or services that are provided for in the District budget, without approval of the Director of Finance and/or Assistant Superintendent. Copies of this approval must be kept in the school's activity files and the audit files in the Administration Building.

Sponsors of clubs or classes are required to keep accurate financial records of fund-raising collection, dues and other expenditures. For specific policies on fund-raising by clubs, see Section 4.12.

Any donations to the club for any purpose by any person or group, such as a Booster Club, must be deposited first into the District bank account so there are adequate records of transactions. There also must be a letter from the donor stating the amount and purpose of the donation.

Each school may have a faculty club, but the scope and type of collections and expenditures vary from school to school. Each faculty club is required to keep

accurate records of receipts and disbursements.

### 3.2 Donation Accounts

Donation accounts consist of monies donated to the school by groups or individuals, firms, philanthropic social or service groups, associations, societies, etc. The use of a donation may be unconditional or conditional, depending on the terms of acceptance between the donor and the District. Expenditures from accounts of conditional donations are permitted only for those items specified by the donor. A letter from the donor, detailing the amount and intended use of the donation, should be placed in the school's activity fund files.

In some cases, money will be donated for the general benefit of the school with no intended purpose in mind. These are unconditional donations with no restrictions on its use. The donor's letter should state this clearly. In these cases, the Principal may use the donated monies at his or her discretion to benefit the largest possible number of students, or to help the most needy students at their school. Monies may never be transferred in or out of these accounts except with the approval of the Director of Finance or to clear out very small amounts (\$10 or less) to close the account.

Campus Activity Fund Donation accounts are designed for small individual donations. Amounts of \$500.00 or over should not be receipted into activity funds. These larger donations should be processed through the General Operating Fund of the school, using budget amendment procedures. However, there is no limitation on the amount of a donation to a club account.

## SECTION 4: ACTIVITY FUND PROCEDURES

### 4.1 Account Codes and Titles

When a new account is created, the Business Office should be given the account title, and a description of the purpose of the account. Each account will be assigned a permanent account number at the Business Office, a copy of which will be sent to the Internal Auditor.

Should the school have any questions as to what category type a new account falls under, the Internal Auditor should be contacted for clarification.

### 4.2 Responsibility of Club Sponsors

The Sponsor of each school club is required to maintain adequate financial records of all cash received by the club for fees, dues, fund-raising activities, etc. These records are subject to review by the Internal Auditor.

All cash collections received by the club must be recorded on duplicate pre-numbered cash receipts and a bank deposit slip. All collections must be deposited in the school activity fund. The sponsors are required to reconcile their records to amounts deposited with the school activity fund. Any discrepancies between Sponsor records and Principal's records should be reported to the Internal Auditor.

All checks must show the driver's license number of the person writing the check. If the number is pre-printed on the check, collector should check, verify and circle the number of the check writer. If the number is not pre-printed on the check, the collector should write the number on the upper left corner. Employee receiving the check should write their name in the upper right corner. If an employee receives a check where the signature is not legible and the name is not pre-printed at the top of the check, ask the check writer to print his/her name in the "memo" section of the check.

Checks returned for insufficient funds and considered uncollectible will be presented to the District Attorney's office for collection with properly completed and attached affidavit. Checks will not be accepted without the affidavit.

#### 4.3 Banking Procedures

Schools will not have separate bank accounts for activity funds. All monies received by the school activity funds must be deposited into the Activity Fund at the District's depository bank and all disbursements will be made by a check drawn on this account.

If a Booster Club or PTA has a bank account, it must be controlled by someone other than a PTISD employee.

- a. The account must be independent of the General Operating Fund Bank Account
- b. The name on the account must state "Booster Club" or "PTA"
- c. Physical control over the account and checks must be maintained by a Non-PTISD employee. A parent's address or post office box must be used for the current address.
- d. No PTISD employee can be listed on the account's signature card as approved check signers.
- e. Any exceptions must be approved and documented by the Superintendent.

#### 4.4 Receipt of Monies by Activity Fund Bookkeeper

All cash and checks shall be receipted by the Activity Fund bookkeeper, or a clerk designated by the bookkeeper or Principal. The original cash receipt should be issued to the person remitting the money. All monies remitted by a

teacher or sponsor should be accompanied by a copy of the pre-numbered receipt forms. In the case of small amounts collected from students, a list form, "Tabulation of Monies" may be used in lieu of individual receipts. The total of these forms must agree with the monies turned in.

If at all possible, an actual cash count should be made by the person signing the receipt in the presence of the person turning in the money. If this cannot be done immediately the monies should be counted as soon as possible. If there is a discrepancy between the actual cash count and the total on the pre-numbered receipt forms, the bookkeeper shall recount the money. If the cash count still does not match the total on the receipt forms, the bookkeeper will inform the teacher or sponsor. Since a receipt can only be prepared for the actual monies received, it is the responsibility of the teacher or sponsor to locate the error. Cash receipts must be issued in numerical sequence and must show the date, amount received (in longhand and numeric), intended purpose of the funds (dues, candy sales, etc.), the activity account number, the person submitting the money and the signature of the party completing the receipt. Receipts can only be issued in one name for one account. Receipts should be written using permanent ink.

At the time of issuing the receipt, the activity account number should be written on the upper left corner of all checks included in that receipt. Postdated checks should not be accepted by the school.

If a mistake is made in completing a receipt, the original must be attached to all carbons and clearly marked "void". Voided cash receipts should be kept intact in numeral sequence in the receipt book.

#### 4.5 Deposit of Funds

Bank deposits should be made daily as necessary to prevent large sums from accumulating, and to prevent money remaining on campus overnight. Procedures for making bank deposits follow:

- a. All checks should be endorsed "For Deposit Only" with a deposit stamp bearing the account number.
- b. For each deposit, a bank deposit slip should be completed, which includes the following: date of deposit, list of checks by maker and amount, a recap of the deposit by total of checks, coin and currency, a notation of the cash receipt numbers issued in support of the bank deposit, the activity fund account number, and a brief explanation of the deposit.
- c. Do not substitute personal checks for cash collections. Submit source of revenue and all money to the financial clerk in same form as collected.
- d. **Do not cash personal checks out of cash collections!**

All cash receipts should be deposited in numerical sequence on same day the receipt is written.

Bank deposit slips shall be prepared in triplicate for each deposit. The original deposit slip will be retained by the bank, two copies validated by the bank at the time of deposit and returned to the school. One copy will be sent to the Business Office to be posted, the other copy retained by the Principal's office or Sponsor with copies of receipts or other supporting reconciling documentation for audit purposes.

School deposits will be placed in a locked deposit bag if left in an overnight deposit box at the bank. The bags are obtained from the bank and numbered. The Bookkeeper should place the deposit in a bag, lock it and remove the key.

The Principal or Principal's secretary should take deposits to the bank, never the sponsor or teacher who originally collects the funds.

If the bank issues a memo showing your deposit was over or short of what is listed on the deposit slip, every effort should be made to determine which receipt was over or short. If the overage or shortage is not identifiable, the account with the largest receipt included in that deposit should be adjusted.

#### 4.6 Expenditures from School Checking Account

All expenditures from activity funds will be made by check, with the exception of small petty cash expenditures. In other words, **NO expenditures should be made using undeposited cash.** Before a check can be written, a purchase order or payment authorization must be completed.

All payment requests must be authorized by the person requesting payment, such as a sponsor or teacher, and approved by the Principal. The Principal, in his/her position as a guardian of the activity funds, should inquire of the bookkeeper the balance of any account a request is prepared for before approving the request. In the case where the Principal is the payee, authorization for the payment should be by the third person authorized to sign requests. Students are not permitted to authorize expenditures except in the case of clubs and student associations, in which case the president of the club and the sponsor are to countersign the request. All requests must have proper documentation attached. Proper documentation includes:

- a. The vendor's original invoice. Periodic statements ordinarily do not constitute acceptable support.
- b. Other documentation (letters, application forms, renewal notices, etc.) when invoices are not issued by the vendor.
- c. A statement by an individual requesting payment. This statement,



which may be a form designed by the school, must provide a description of services rendered or materials delivered, the amount of money requested, and the signature of the person requesting payment. If the item provided is personal services, such as a speaker or author, the social security number of the person being paid should also be included on the statement.

Once the request has been approved by the Principal, the bookkeeper will forward to the Business Office for payment as soon as possible. The check number should be recorded on the request. Under no circumstances should a blank check be issued. Under no circumstances shall checks be presigned by any authorized check signer. That is, no signature shall be affixed to a check until all blanks (date, payee and amount) have been filled in. If a purchase is to be made and the dollar amount is unknown, the School should either estimate the cost and issue a check or have an employee make the purchase and reimburse him once the dollar amount is determined. If estimating and the check issued is for more than the purchase price, the resulting change is to be redeposited into the activity fund account, with a notation on the deposit slip.

#### 4.7 Voided Checks

If it becomes necessary to void a check, the check should be clearly marked "void" across the check in large letters. Voided checks should be stapled to the check register for the month the check was written.

#### 4.8 Supplemental Pay

Any time an amount is to be paid to an individual who is already an employee of the Pine Tree ISD for services rendered, payment MUST be routed through the Payroll Department. A time sheet must be completed with a full explanation of the service performed and the activity fund from which payment is to be made in the "remarks" column. This time sheet must be approved and sent to the payroll department in the PTISD Business Office.

All payments to individuals who are not District employees must be made by the Business Office due to IRS for 1099 considerations. Examples of individuals who perform services to the District and should be paid by accounting are authors or other speakers at assemblies, security officers, game officials, ticket takers, contest judges, consultants, etc.

Request for payment should not be made until the service is completed. This reduces the need to void checks if the person does not complete the task or works hours different from those scheduled. Checks may, from time to time, be completed, but not disbursed, prior to the service. Examples of this would be for such expense as disc jockeys, program presenters, etc.

#### 4.9 Trips

Monies raised by clubs/student groups to finance trips related to student activities for faculty sponsors and students may be expended with the approval of the Principal. Trips may also be financed from the General Fund account but must have the approval of both the Principal and the Superintendent. The Superintendent must recommend approval to the Board of Trustees for any overnight trips.

#### 4.10 Returned Checks

Occasionally a check which was previously deposited is returned by the bank unpaid. All schools must use the following recording method when handling returned checks:

When a check is returned, the bank automatically charges the school's checking account and mails the debit memo along with the returned check back to the school. If the account is not closed the bookkeeper should immediately redeposit the check only once, on a separate deposit slip marked "redeposit". Necessary adjustments need to be made to the accounts if the bank charges a fee and if the check is unable to be redeposited or is returned a second time. In order to reconcile with the bank, adjustments need to be in the same month as the debit memos are dated. The entries required are a negative receipt in the amount of the bank fee. Later, when the check and \$15.00 service charge are collected they should be receipted and deposited in the bank on a separate deposit slip. If a returned check clears the bank when redeposited, and the bank charged a fee the first time it failed to clear, and the fee is collected from the parent - that money should also be receipted and deposited on a separate deposit slip.

Procedures for collection of returned checks follows:

1. The bookkeeper shall determine the sponsor or teacher who originally took receipt of the returned check. This can be done by using both the account number written on the check and the deposit recap listing of checks.
2. The bookkeeper will notify the sponsor or teacher of the returned check and immediately redeposit it once only if the account is not closed. It is the responsibility of the sponsor or teacher to notify the payor and request payment of the bank fee if one was charged by the bank.
3. If the check is returned a second time or it was determined that the check could not be redeposited the payor should be immediately contacted by phone. A note can be sent home with the student if applicable, requesting the parent to contact the school office, if the parent cannot be reached by phone. The check should only be redeemed for cash, money order or cashier's check and the amount collected should

include a \$15.00 service charge.

4. If the payor cannot be notified through phone calls or the student, or if contacted and the check is not redeemed within a reasonable length of time, a letter should be written to the payor requesting payment with cash, money order or cashier's check for the check plus the \$15.00 service charge.

5. If the letter is returned undeliverable, the teacher, sponsor or bookkeeper who originally took receipt of the check should determine if any additional information is available, such as a work phone number, and make efforts to contact the payor.

6. If the payor fails to respond within ten days of the letter, a certified letter should be mailed notifying the payor that failure to redeem the returned check will result in prosecution.

7. If the payor again does not respond to the letter, the returned check may be turned over to the appropriate Justice of the Peace or the County Attorney. Contact the Internal Auditor for further procedures.

8. The bookkeeper should maintain a record of all returned checks and the disposition of each.

#### 4.11 Fixed Assets/Inventory

Fixed assets are items that are tangible in nature and have a life longer than two years. By local policy, they have a \$5,000.00 or more dollar value at the time of purchase and may be reasonably identified through a physical inventory system and will be depreciated as required by GASB 34. They include machinery, furniture and other equipment which are intended to be held or used over a long period of time. However, all capital outlay items costing \$500.00 or more will be inventoried but not depreciated. Some items costing less than \$500.00 may be inventoried as well.

Any purchases involving capital outlay must be processed and approved by the Purchasing Department using standard purchasing procedures.

Purchases from Activity Funds will follow the same competitive bidding requirements as other funds of the District as outlined in the Pine Tree ISD Purchasing Procedures Handbook. These must comply with the provisions of the Texas Education Code, Section 21.901, and will be referred to the District Purchasing Department for development of specifications, bids, advertising and processing.

When capital equipment is bought with Activity Fund monies, the Business Office must be notified in order for these items to be tagged and added to the District Fixed Asset Account Group.

Donations of fixed asset items are discouraged - monies should be donated first via the General Operating Fund through a budget amendment, then the purchase

processed and approved by the Purchasing Department using standard purchasing procedures. If a fixed asset donation is acceptable and does occur, the Business Office must be notified so that the District's fixed asset master files may be updated. If questions concerning donations arise, Principals should consult with the Internal Auditor prior to taking any action with regard to the donated items or monies. In order to process a donation, a check for the amount to be donated should be made out to PTISD; a letter from the person or group donating the money stating the purpose of the donation must be attached; a purchase order and a budget amendment must be completed and forwarded to the Internal Auditor. Upon receipt of the aforementioned, the budget amendment will be passed to the Director of Finance for School Trustee approval. Once approved, the Purchasing Department will process the purchase order.

#### 4.12 Fund-raising

##### Fund-raising in General

In order to provide administrative control over the extensive fund-raising activities promoted by the various school organizations, certain procedures are required before schools can start fund-raising projects. Fund-raisers are limited to two (2) sales campaigns; the remainder of fund raisers must be service-oriented. Fund-raising projects are subject to state law. Non-profit status may be obtained from the IRS.

Community-wide sales campaigns should be coordinated through the school administration to minimize simultaneous sales campaigns. No solicitation of funds from businesses or residents will be permitted without prior approval of the Superintendent. This means that before goods are ordered, agreements are made, or contracts signed for a fund-raising project, the Superintendent must approve the project.

Sales campaigns should be planned carefully to ensure that the projects provide dollar value for items sold, and that most of the money raised stays at home; otherwise, donations are often more rewarding than letting the major part of the money go to outside promoters.

Fund raising activities should support the educational goals of the school, and should not exploit students. Activities and projects should be investigated carefully before committing the school's support.

Funds should be used for school activities, not for non-school activities. To do so would violate the public trust through which funds are earned.

The club sponsor or activity chairman is responsible for keeping accurate records of all fund raising activities. Such records should include at a minimum:

distribution lists, daily collection reports, tabulation of sales tax collections, original cash receipts received for money turned in to the financial clerk. In addition, each activity fund sponsor or chairman must submit a monthly financial report stating agreement with the District financial records. This report may be generated in the Business Office and approved by the organization and Principal.

Upon completion of fund raising activities a report indicating gross collections, expenses incurred relative to the activity merchandise, and disposition of the net proceeds (profits) should be prepared and submitted to the financial clerk and retained for audit purposes.

Pine Tree ISD  
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## **NO RAFFLES**

### GIFTS AND SOLICITATIONS

#### CHARITABLE RAFFLES

The District is not a “qualified nonprofit organization” for purposes of the Charitable Raffle Enabling Act and shall not sponsor or conduct raffles, i.e., award one or more prizes by chance at a single occasion among a pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize. *Occupations Code 2002.001 et seq.; Atty. Gen. Op. JM-1176 (1990)* [See also GE]

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#### Fund Raising Activities of Booster Clubs, PTA Groups, and Organizations

The following guidelines for PTISD Booster Clubs, PTA Groups and Organizations will be followed in addition to the recommended UIL guidelines:

The only official booster clubs that exist in PTISD are: the Athletic Booster Club, the Drill Team Booster Club, the Band Booster Club, the Theatre Arts Booster Club, the Cheerleader Booster Club and the Choir Booster Club.

Prior approval of the Superintendent is required for the formation of any new fund-raising support group or organization.

No telephone solicitations will be permitted by any outside organization or by any contracted company for the purpose of selling advertisements for calendars, seat cushions, plastic footballs or basketballs or any other products without prior approval of the Superintendent.

No organization is permitted to have more than one fund-raising group. Example: Drill Team may not have a Drill Team Booster Club and a Drill Team Officer Booster Club and Athletics may not have an Athletic Booster Club and a Girls' Athletic Booster Club. All Booster Clubs will adhere to the UIL Booster Club Guidelines.

Organizations will plan major trips so that a student may participate only once while attending grades 9-12. When a major trip is planned, the organization must submit an estimated 'cost per student' document that lists all out-of-pocket expenses. This cost must be approved by the Superintendent prior to assessment or collection.

The Superintendent will determine the merit of all proposed trips on the basis of the following criteria:

- \* Adherence to fund-raising rules
- \* Destination and loss of school time
- \* Cost of trip per student
- \* Performance/competition involved

State competition will not be categorized as a "trip". However, only those students who qualify as participants in the state competition may attend.

Each PTISD Booster Club, and organization (K-12) must submit a detailed proposed budget for the coming school year, no later than August 1, which specifies the purpose of the proposed expenditures.

The revenue portion of the annual budget must specify the fund-raiser(s) by type (ie. M&M sales, rummage sale, track concessions), projected revenue for each activity, and the date and timeline of the activity. Fund-raisers are limited to two (2) sales campaigns; the remainder of fund-raisers must be service-oriented.

All Booster Clubs, PTA Groups, and organizations must keep updated constitutions, by-laws, and guidelines on file in the Superintendent's office. Any organization that does not have governance documents will be considered non-existent until such documentation is accepted and filed in the Superintendent's office.

Booster Club funds can be used only when the organization or student is representing PTISD.

All revenues generated by Booster Clubs, PTA Groups, and organizations must be used specifically for the benefit of students involved in that organization or for

PTISD schools. Specifically, funds raised by an organization or Booster Club must benefit all of the students involved, as a group.

Student participation in approved fund-raising activities is limited to members of the specific organization involved (ie. nonmembers nor future members may not participate in an organization's fund-raising activity).

#### 4:13 Sales Tax

Generally, all items purchased by a school for its own use in providing education are exempt from the Texas sales tax. For its "own use" means the school making the purchase intends to make exclusive use of the item and will not offer it for resale.

A purchase order issued by a school is sufficient proof the school is exempt from payment of sales tax. If the school does not issue a purchase order, an exemption certificate should be used. No identification number is required on exemption certificates.

A school or school organization purchasing taxable items for resale must issue a resale certificate to the seller in lieu of paying sales tax. When the items are resold, the school or school organization must collect and remit the sales tax to the state. A resale certificate must include the Pine Tree Independent School District's taxpayer number, 1-75-6002241. The PTISD state identification number may not be utilized by parent, patron or alumni organizations to secure exemption from sales taxes.

Taxable items include:

1. School-purchased supplies sold directly to students, including athletic equipment and physical education uniforms.
2. Fees for materials when the end product becomes a possession of the student.
3. Student publications such as yearbooks and football programs. See Tax-free Item #8 below, however.
4. Uniforms, T-shirts, and any type of school spirit materials such as pennants, ribbons, pom-poms, etc.
5. School pictures.
6. Any material used in the classroom if the end product becomes a possession of the student, such as dress material or art supplies.
7. All sales of items such as handicrafts, candles, and books.
8. Stationery, note pads, etc., produced in classroom or vocational class.
9. Supplies for musical instruments or music.
10. A school newspaper is exempt if it meets the following requirements: is printed on newsprint, is printed more than once a month, and costs less than 75 cents per copy.

Tax-free items include:

1. Fees and admission tickets, including football and play tickets.
2. Club memberships.
3. Deposits or down-payments on tax-free items.
4. Vending machine sales of food and soft drinks.
5. Food and drinks sold at PTA carnivals.
6. School sponsored trips - meals purchased by the school for athletic teams, bands, etc., on authorized school trips are exempt from the sales tax if the school contracts for meals. The school must pay for the meals and provide the eating establishment with an exemption certificate. Individual members of the athletic team, band, etc., may not claim exemption from the sales tax on the meals they purchase while on a school-authorized trip. (An exemption may also be claimed by the school from the State Hotel Occupancy Tax if the school contracts and pays for the accommodations.)
7. Food - sales tax is not collected on meals and food products, including candy and soft drinks, served in an elementary or secondary school during regular school day or by a school, student organization, or PTA pursuant to agreement with school authorities. This exemption from the sales tax applies to guests, employees, or teachers served in a school cafeteria or a teacher's lounge during the regular school day. Sale of food, including candy and soft drinks, is exempt from the sales tax when sold by an organization associated with a public or non-profit private school (Band Booster, Future Homemakers, etc.) if:
  - a) the sale is part of a fund-raising drive sponsored by the organization, and
  - b) all net proceeds from the sale go to the organization for its exclusive use.
8. The State allows each organization to have two one-day fund-raisers that are exempt from sales tax. A sale, such as yearbooks, can qualify as a one-day sale as long as all the items sold are delivered to the purchasers on one day. (If any yearbooks should be left over they may still be sold later on, but sales tax would have to be paid). Care should be taken to properly identify on the records the deposit(s) that are being claimed as the organization's one-day exemption sales. When using a one-day sale a new exemption certificate must be issued each year. During a tax-free sale lasting only one day, the organization is not required to collect sales tax on the sales price of taxable items sold for \$5,000 or less.
9. Magazine subscriptions - if subscription is for 6+ months and utilizes 2nd class mail.

The school shall collect sales tax on all taxable sales. If bookkeepers do not



know what tax rate applies to their school, they should contact the Business Office.

All sales tax collected by the school shall be deposited into the same account as the proceeds of the sale. The amount due is computed by completing a Quarterly Sales and Use Tax Return form by the Business Office.

The quarterly sales tax report is due by the 15th of the following month. Transfers from each account owing sales tax should be made from the activity fund in which the proceeds were deposited to the State Comptroller. This transfer of sales tax monies is made from the PTISD Business Office.

#### 4:14 Transfers

Transfers may not be made out of a Donation account except to clear very small residual balances, or with the approval of the Director of Finance. Club account transfers should be documented and approved by the sponsor/teacher of the account that is transferring money out. A budget change request form must be completed for all activity fund transfers, a copy of which is retained by the sponsor.

#### 4:15 Activity Fund Files at Campus Level

Cash receipts and disbursements journals should be kept in their own files and in date order. The ledgers should be filed together. All of the records should be kept current and are subject to audit at any time.

There should be a separate file for each individual account. These files will include all receipts, voucher requests with supporting documentation, memos, letters and information concerning unusual transactions. Examples of file set-up might be a notebook system, folder system, or file system. These files must be kept in an orderly fashion and up to date.

There should be separate files for monthly reports, deposit records, payment authorizations, etc.

All prior year bookkeeping files should be boxed up by year and stored safely at the school. The files of the immediate preceding year should be convenient to both the bookkeeper and the Internal Auditor. All bookkeeping files should be retained for five years.

#### 4:16 Reports to the Business Office

In general, all monthly reports will be completed by the Business Office and sent to the sponsor within fifteen working days after the end of the month. The report must then be approved and signed by the sponsor and campus Principal. If the

transactions and balance does not correspond with the sponsor's files, contact the Business Office about the discrepancy. At least one copy of all reports should be kept in your activity fund files for your reference.

You must submit all reports each month, regardless of whether any transactions occurred during that month.

#### 4:17 Internal Audit Reports

Internal audit reports will be provided to the Director of Finance upon completion of the audit.

The Director of Finance will provide a copy of the audit report to the Superintendent and the appropriate Principal.

The Superintendent and Director of Finance will review the report with the appropriate Principal.

The Principal will prepare a written explanation of the audit exceptions noted and his/her corrective action plan for resolving the exception. The plan will be submitted to the Director of Finance with copies forwarded to the Superintendent and Internal Auditor.

The Director of Finance will confirm, with the Principal and the Superintendent, acceptance of the corrective action plan or recommend modification to insure compliance with activity fund accounting procedures.

The Internal Auditor will continue to monitor to determine compliance with procedures approved.

TABLE OF CONTENTS

Section 1: Board Policy	Page 1
Section 2: General Information	
2.1 Definition and Purpose	2
2.2 Responsibility	2
2.3 Auditing of Activity Fund Records	2
2.4 Indemnity Bond	3
Section 3: Activity Fund Accounts	
3.1 Centralized Activity Fund Accounting	3
3.2 Donation Accounts	5
Section 4: Activity Fund Procedures	
4.1 Account Codes and Titles	5
4.2 Responsibility of Club Sponsors	5
4.3 Banking Procedures	6
4.4 Receipt of Monies by Activity Fund Bookkeeper	6
4.5 Deposit of Funds	7
4.6 Expenditures from School Checking Account	8
4.7 Voided Checks	9
4.8 Supplemental Pay	9
4.9 Trips	10
4.10 Returned Checks	10
4.11 Fixed Assets	11
4.12 Fund-raising	12
4.13 Sales Tax	14
4.14 Transfers	16
4.15 Activity Fund Files at Campus Level	17
4.16 Reports to the Superintendent	17
4.17 Internal Audit Reports	17
Section 5: Example Forms	
5.1 Forms and Uses	

PTISD ACTIVITY FUND MANUAL

Pine Tree Independent School District

Activity Fund Monthly Report to Superintendent
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Activity Fund: \_\_\_\_\_

Month Ending: \_\_\_\_\_

Fund Raiser: \_\_\_\_\_

Purpose: \_\_\_\_\_

Balance Beginning of Month	\$
Receipts	\$
Disbursements	\$
Balance End of Month	\$

\_\_\_\_\_  
Sponsor Signature                      Date

\_\_\_\_\_  
Principal Signature                      Date

\_\_\_\_\_  
Superintendent Signature      Date

Approved report to be filed with Internal Auditor