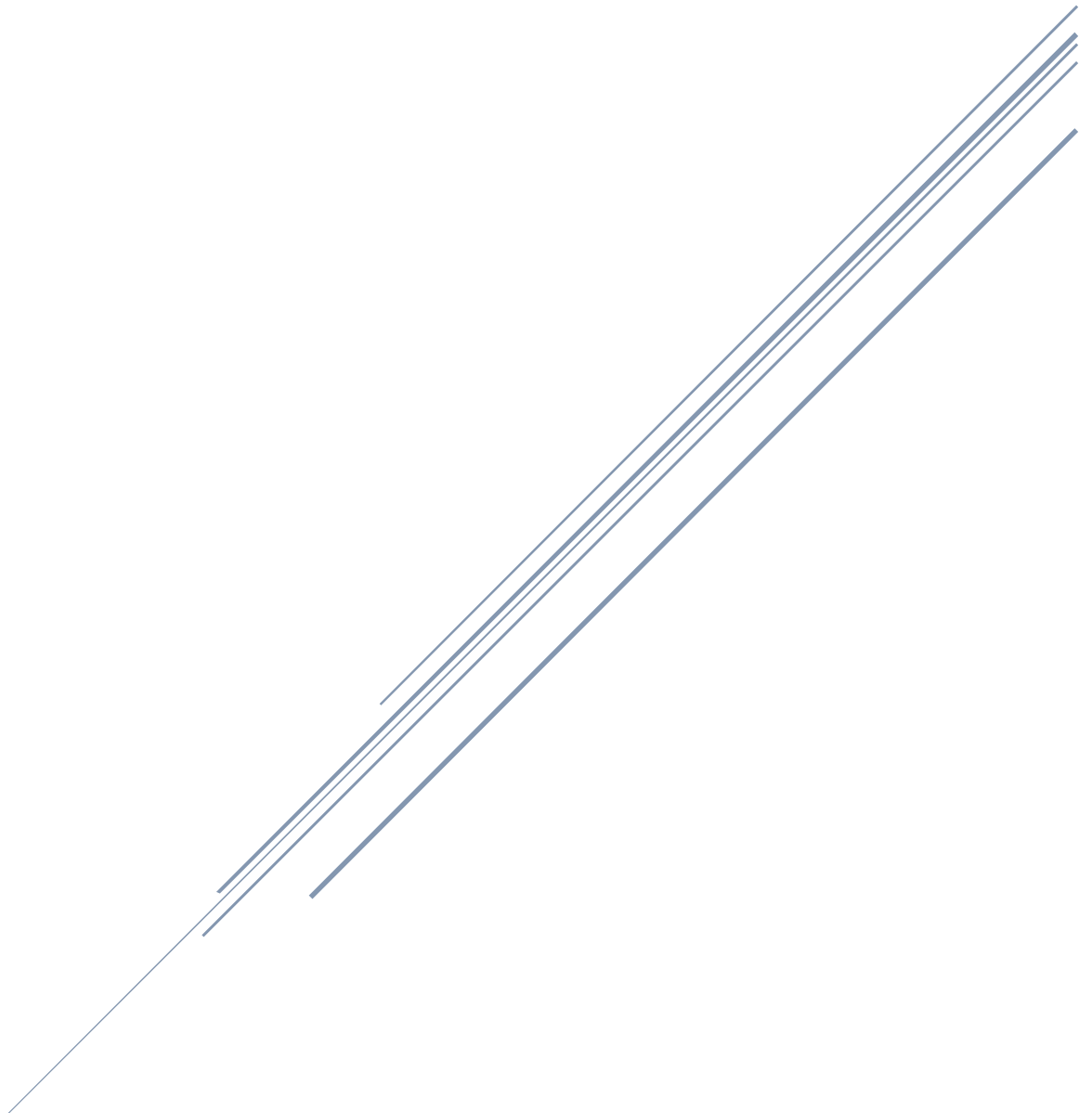


DESOTO ISD

Activity Funds Handbook



Activity Funds Handbook

The Activity Funds Handbook is compiled to set forth policies, procedures and establish internal controls regarding the administration and accounting of activity funds. As a sponsor, principal, bookkeeper/secretary, and other personnel you are responsible for the accounting and safekeeping of these funds as outlined in this handbook, failure to adhere to the policies and procedures established herein may result in disciplinary action and or termination.

Changes to the Handbook may be made at any time and will be effective immediately.

A copy of the handbook can be found on the Business and Financial Services Department's webpage. To stay current, you are strongly encouraged to visit this site frequently, abide by the most updated policies and use the most recent version of forms included in this handbook. For easy reference, it is recommended that you bookmark/favorite this page.

I acknowledge receipt of this handbook, understand its contents and agree to comply with all policies and procedures established.

Name

Signature

Date

Campus/Department

Sponsor of... (list all groups that you are a sponsor of)

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BUSINESS & FINANCIAL SERVICES

http://www.desotoisd.org/departments/business_finance_and_purchasing/finance_department

FORMS LOCATED IN GENERAL FINANCE DOCUMENTS

Fundraising Approval Request
Daily Deposit Summary
Tabulation of Monies Collected
Texas Sales and Use Certificate

SECTION I. GENERAL INFORMATION

1.1 Board Policies

All Board policies must be adhered to in the administration, handling, and maintenance of activity funds. DH (Local) states that, "All District employees shall perform their duties in accordance with state and federal law, District policy, and ethical standards."

The following board policies (Legal, Local, Exhibit, and/or Regulation) are especially relevant to Activity Funds:

- CAA Fiscal Management Goals and Objectives (Financial Ethics)
- CDC Other Revenues - Grants from Private Sources
- CFD Accounting - Activity Funds Management
- CPC Office Management - Records Management
- DH Employee Standards of Conduct
- FJ Student Fundraising
- GE Relations with Parents or Parents' Organizations
- FP Student Fees, Fines and Charges

Here's the link to an index of all DeSoto ISD Board policies:

<https://pol.tasb.org/Home/Index/362>

1.2 Fiscal Responsibilities

Per CAA (Local) Fiscal Management Goals and Objectives (Financial Ethics), All Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the District.
2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.

6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy. [See DBD-EMPLOYMENT REQUIREMENTS AND RESTRICTIONS-CONFLICT OF INTEREST]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.

CAA (Local) also goes on to state that:

“Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.”

Per Board Policy DH (Legal) “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on the acceptance of illegal gifts, honoraria and expenses, and abuse of office. *Penal Code 1.07(a)(41), Title VIII* [See DBD and BBFA]

Research: The designation of public servant increases an offense of theft, for purpose of punishment, to the next higher category of offense if it is shown on the trial of the offense that the actor was a public servant at the time of the offense and the property appropriated came into the actor's custody, possession or control by virtue of his status as a public servant (Section 31.03 (f)(1) Texas Penal Code.)

1.3 Educators' Code of Ethics

The following is an excerpt from DH (Exhibit) Code of Ethics and Standard Practices for Texas Educators:

The Texas educator, in maintaining the dignity of the profession, shall respect and obey the law, demonstrate personal integrity, and exemplify honesty.

Standards of Professional Ethical Conduct, Practices, and Performance

Standard 1.1 The educator shall not intentionally, knowingly, or recklessly engage in deceptive practices regarding official policies of the District, educational institution, educator preparation program, the Texas Education Agency, or the State Board for Educator Certification (SBEC) and its certification process.

Standard 1.2 The educator shall not knowingly misappropriate, divert, or use monies, personnel, property, or equipment committed to his or her charge for personal gain or advantage.

Standard 1.3 The educator shall not submit fraudulent requests for reimbursement, expenses, or pay.

Standard 1.4 The educator shall not use institutional or professional privileges for personal or partisan advantage.

Standard 1.5 The educator shall neither accept nor offer gratuities, gifts, or favors that impair professional judgment or to obtain special advantage. This standard shall not restrict the acceptance of gifts or tokens offered and accepted openly from students, parents of students, or other persons or organizations in recognition or appreciation of service.

Standard 1.6 The educator shall not falsify records, or direct or coerce others to do so.

Standard 1.7 The educator shall comply with state regulations, written local Board policies, and other state and federal laws.

Per the Texas Penal Code Title 8 Sec. 37.10, tampering with governmental records is an offense.

In accordance with the Penal code, the following are considered “tampering with” governmental records:

1. knowingly makes a false entry in, or false alteration of, a governmental record;
2. makes, presents, or uses any record, document, or thing with knowledge of its falsity and with intent that it be taken as a genuine governmental record;
3. intentionally destroys, conceals, removes, or otherwise impairs the verity, legibility, or availability of a governmental record;
4. (4) possesses, sells, or offers to sell a governmental record or a blank governmental record form with intent that it be used unlawfully;
5. makes, presents, or uses a governmental record with knowledge of its falsity; or
6. possesses, sells, or offers to sell a governmental record or a blank governmental record form with knowledge that it was obtained unlawfully.

Section 37 of the Texas Penal Code can be found at the following link:
<http://www.statutes.legis.state.tx.us/Docs/PE/htm/PE.37.htm>

According to Section 37.10 (c)(2)(A), tampering with governmental records is considered a felony of the third degree if it is shown on the trial of the offense that the governmental record was a public school record, report or assessment instrument required under Chapter 39, Education Code.

Tampering with governmental records is considered a Class C misdemeanor if it is shown on the trial of the offense that the governmental record is a required for enrollment of a student in a school district and was used by the actor to establish the residency of the student.

In addition, CPC(Legal) states that, “Anyone who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States or any bankruptcy case, or in relation to or contemplation of any such matter or case, shall be fined, imprisoned not more than 20 years, or both. 18 U.S. C. 1519”

1.4 Activity Funds

Activity funds are created to further various school activities and to provide financial resources for various special services. All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts. There are two types of activity funds that are common in Texas Public Schools – campus activity funds and student activity funds.

Per Board 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.

1.4.1 - Campus Activity Funds (461 Funds)

Campus activity funds consist of money raised locally at the school or donated to the school. These funds are considered special revenue funds and include collections for school pictures, yearbooks, club dues, lost textbooks, uniforms, etc. **These funds are disbursed at the discretion of the principal but must be used to promote the general welfare of each school and the educational development and morale of ALL students. These funds are subject to purchasing and bid laws.** This also means that funds cannot be spent for the benefit of one student. The school principal is responsible for the proper collection, disbursement and control of all activity fund monies.

Campus activity funds are considered district funds and are prohibited from being used to purchase gifts by Article III, Section 51 and Section 52a of the Texas constitution.

1.4.2 - Student Activity Funds (865 Funds)

Student activity funds are the property of the student groups, i.e. Student Council, Senior Class, Drama Club, etc. The school district is required to provide stewardship by properly accounting for these funds. Student activity funds are funds held by the school district in a trustee capacity and are defined by TEA as agency funds. However, **decisions on the use of the club funds rest solely on the specific student groups to whom the funds belong, as long as the decisions regarding the use of the funds do not conflict with Board policy and/or legal regulations or restrictions.** Per Board policy CFD (Local), “Funds collected by student groups shall be used only for purposes authorized by the organization or upon approval of the sponsor...All funds raised by student organizations must be expended for the benefit of the students.”

Class, club or student groups must be **bona fide chapters** to qualify for tax-free days. These student groups must meet as a club and not just as a class.

Per the Texas Education Agency Resource Guide 5.5.5.4:

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

To qualify as a **bona fide chapter** of a school, a group of students must be organized for an activity other than instruction or to have a tax-free sale. Bona fide chapters include student groups recognized by the school and organized by electing officers, holding meetings and conducting business. There is no limit on the number of bona fide chapters a school can have. Bona fide chapters can include whole grade levels (for example, senior class or freshmen) but cannot be limited to specific classes such as Senior English or Biology II. Groups meeting for classroom instruction or team sports (such as the soccer team) are not considered bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The Basketball Club qualifies, but the basketball team does not.
- The Senior Class qualifies, but not one particular class that has seniors in it.

**Note about bona fide Student Organizations:*

- Before establishing a student group/organization, prior approval from the principal must be obtained.
- A student organization is operated by the students with the oversight of a sponsor.
- Sponsors must keep detailed records of the organization's activities and collection and disbursement of the organization's funds.
- A student organization must adopt by-laws and hold regular posted meetings. Members must sign in at the meetings.
- A student organization must elect officers to conduct the business of the club. Any business or activity of the club must be approved by majority vote of the club members.
- Officers must conduct the meetings in accordance with the by-laws and under the guidance of the sponsor.
- Minutes of the organization's meetings must be written and retained. The minutes must be read and approved at the subsequent meeting.
- The club treasurer should prepare and present a treasurer's report at monthly meetings.
- **As mentioned above, the funds raised by a student organization are to be expended at the discretion of the students and documented in the minutes.**
- An organization to be disbanded may determine the use of the remaining balance in its activity fund in accordance to its organizing documents.
- Funds remaining from an organization which made no such documented determination may be transferred by the principal to the campus activity fund and used at the principal's discretion.

1.5 Budgeted Funds (District Funds)

Facility rental collections, returns of pre-pays, advance travel funds or purchase orders in excess of actual expenses (as an example for field trips) are not to be deposited into the Activity Fund bank account. These collections are considered district funds (budgeted/general fund) and must be sent to the Financial Services Department for deposit into the appropriate DeSoto ISD bank account. The bookkeeper/secretary should complete a daily deposit summary prior to taking the funds to the Financial Services Department, who issues a receipt. Daily deposits are required unless the campus has less than \$250 in the campus safe; at which time all funds must be deposited no later than the last day of the week. Prepared deposits will be sent to the bank via the district courier service.

Exception to above paragraph: Excess funds from fine arts personnel (for example, Orchestra or band teachers) go to the Fine Arts Department who then turns into the Financial Services Department.

Before/Afterschool fees are handled directly by staff who are providing the service. If before/afterschool services are provided by a campus, the same procedures should be followed as those for facility rentals except if there is a designated “Before/After School Lead”, then this person is responsible for collecting program fees, completing the Daily Deposit Summary and bringing collections to the front office on a daily basis for the campus secretary to deposit. Note: Grant funded programs **can not** collect fees.

Gate receipts for Athletic events are considered district funds (budgeted/general fund).

Per Board policy CFD (Legal), local funds from vending machines, rentals, gate receipts or other local sources of revenue over which the District has direct control must be used for expenditures, “related to the District’s educational purpose and provide a commensurate benefit to the District or its students; and meet the standards of Section 52, Article III, Texas Constitution, regarding expenditure of public funds.”

1.6 Employee Courtesy Funds (865 Funds)

Faculty, employee courtesy, flower or sunshine accounts consist of monies contributed or generated solely by members of the school’s faculty. These funds should be utilized or expended at the faculty’s discretion. Per TEA, these funds are also accounted for as an agency fund (865 fund). Vending machine revenue including revenue from machines in the teacher’s lounges go into the campus activity fund not the employee courtesy fund.

Campus activity funds and budgeted funds are not to be utilized for gifts to any person or organization. This includes retirement gifts, flowers, holiday gifts, etc. The employee courtesy funds are established for that purpose.

1.7 Transfers Between Funds

Transfers between fund types are never allowed. Transfers are only allowed between accounts within campus activity account group (461 fund).

If you have any questions about transfers, please contact the Finance Office at (972) 274-8212 x8211 or x8224.

1.8 Carryover Funds

In accordance to Board policy CFD (Local), carryover funds of activity funds “shall be left in the appropriate account and each sponsoring group shall retain the carryover funds

for the next fiscal year. If an organization ceases to function or exits, the unexpended funds of the organization shall be credited to the appropriate administrative activity account.”

1.9 Internal Audit

In Board Policy CAA (Local), the Board specifies that the Superintendent or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District. In addition, Financial Services Department staff will conduct random audits of the various activity fund accounts. This process will be done in order to examine and evaluate the district activities for the purpose of advising and assisting the Board, Superintendent, and District Administration.

Principals, bookkeepers, sponsors, etc. are to make all activity funds records available for audit upon request by the internal audit staff member.

1.10 Record Keeping

CPC (Legal) defines a local government record to be “any document, paper, letter, book, map, photograph, sound or video recording, microfilm, magnetic tape, electronic medium, or other information-recording medium, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the state, created or received by the District or any of its officers or employees, pursuant to law or in the transaction of public business.”

Campus Activity Fund records must be kept for five (5) years after the fiscal year end of any payment. Agency Funds (865 Funds) must be kept for fiscal year end plus three (3) years or longer if stipulated by CPC (Legal) and/or CPC (Local).

(<https://www.tsl.state.tx.us/slr/recordspubs/gr.html#s2.2>)

Please do not take Activity Funds records home for any reason. All records, including receipt books, are to be turned in to the campus secretary/bookkeeper prior to leaving for the summer. They can be returned to the sponsor upon return for the new school year. This information is required for auditing purposes.

Per Board Policy DH (Legal) “All District employees are “public servants” and therefore subject to Title VIII of the Penal Code, regarding offenses against public administration, including restrictions on the acceptance of illegal gifts, honoraria and expenses, and abuse of office. Penal Code 1.07(a)(41), Title VIII [See DBD and BBFA].

SECTION II. CASH RECEIPTS

2.1 Collecting Funds

Prior to collecting cash from fundraising activities, the sponsor shall have an approved **Fundraising Request Approval Form** (signed and approved) on file with the principal's office.

All funds collected for fees, dues or other fundraising activities must be recorded in detail using pre-numbered receipts and Daily Deposit Summary forms.

For better internal control, two different people need to be assigned to activity fund responsibilities such as collecting/receipting and depositing/posting. The Secretary/Bookkeeper performs the depositing/posting functions and they should not be collecting funds. Teacher/Sponsors and other staff should be performing the cash collection function.

- A. The campus office shall keep a log of receipt books showing the receipt # range, date issued, and to whom the receipt book was issued and for what purpose, i.e. French Club, Science Club, etc.
- B. Before issuing a new receipt book, require that the prior book be returned and check to make sure that it has been completely used and all copies are intact.
- C. A receipt must be issued for each transaction with the exception of field trips and events such as carnivals, public performances where tickets are sold at the door, etc. A class roster shall be used to track funds received from field trips if individual receipts are not written to students.
- D. Receipts must be issued immediately and in numerical and chronological order.
- E. Receipts cannot be partially pre-filled out.
- F. Receipts must be completed with all required information such as the date, payee, amount, type of collection (cash/check), legible signatures, reason for collection (for example, fee for lost textbook), name of the student(s) for whom the payment is being made, if other than the payee, etc.
- G. Copies of receipts must be left intact in the receipt book.
- H. Receipts should not be skipped or left blank.
- I. Funds collected must be deposited daily and should not be taken home by the sponsor. The funds should be stored in a locked, secured place, i.e. campus safe before deposit.

- J. For activities involving after hours collections or special circumstances in which the bookkeeper is not able to perform a cash count at the time funds are received, funds collected must be secured in a locking or tamper resistant bank bag and locked in the school's safe until the next business day. As soon as possible, on the next business day, the bookkeeper must count the money in the presence of the individual who remitted the funds and issue a receipt.
- K. Cash should not be removed from activity fund collections and replaced with the sponsor's or anyone's personal checks.
- L. Cash collections may not be used to make purchases, cash checks, or other purposes.**
- M. Checks written to the school should be for the amount of purchase only.
- N. Postdated checks are not to be accepted. Checks are not to be held.
- O. If it is necessary to void a receipt, please write "VOID" on the receipt along with the receipt number of the new receipt. Please do not alter information on a cash receipt. If an error occurs in the preparation of a cash receipt, please write "VOID" on the original and duplicates and issue a new cash receipt along with the receipt number of the new receipt.
- P. The voided receipt (if previously tore out of the book) needs to be stapled on top of the carbon copy of the receipt.
- Q. If a receipt is voided without a replacement receipt, please write "VOID" and an explanation of why the receipt was voided.

Please note: **The District and its employees does not account for and is not responsible for funds of external organizations such as PTOs and Booster Clubs.** Please refer to Booster/Parent Organization Guidelines for further details.

2.2 Submitting Funds for Deposit

When submitting funds for deposit, the sponsor must complete a Daily Deposit Summary to the campus secretary or bookkeeper. The Tabulation of Monies Form can be used to aid in the calculation of the total deposit. If the tabulation form is used, please attach it to the Daily Deposit Summary that is submitted to the secretary/bookkeeper. The Sponsor must also retain a copy of the tabulation form and file it with the Sponsor's copy of the Daily Deposit Summary. **Funds must be deposited in a timely manner and not held for any reason.**

When a sponsor submits funds collected to the campus secretary or bookkeeper for deposit, these funds should be counted or verified by the bookkeeper in the sponsor's presence. (This is simply a prudent cash handling procedure that protects both the bookkeeper and the sponsor.) A fraud detection pen should be used on all \$50 and \$100 bills to ensure they are not counterfeit.

All monies collected must be submitted to the bookkeeper in the same form (i.e. cash, personal checks, business checks, etc.) as collected. For example, if cash is collected, cash must be deposited.

The sponsor bears responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the bookkeeper.

Only authorized receipt books ordered through the District Finance Department may be used.

After counting the funds, the secretary/bookkeeper must immediately provide the sponsor with a pre-numbered receipt and a copy of the Daily Deposit Summary documenting the amount of the deposit.

The sponsor must keep the original receipts received from the secretary/bookkeeper.

Field Trips – This is one of the only exceptions to not having to issue a receipt to a student. A class roster (or the Tabulation of Monies Collected form) must be used to check off each student as they pay for field trips, in lieu of providing receipts to students. This class roster (or Tabulation of Monies Collected form) needs to be attached to a Daily Deposit Summary when the funds are turned in to the campus secretary/bookkeeper.

2.3 Depositing Funds

All checks must be stamped upon receipt for endorsement purposes and a deposit prepared to be sent to the bank via district courier. If the deposit includes sales tax collected, a Sales Tax Deposit Form must be included with the deposit slip sent to Financial Services.

All monies collected must be submitted to the bank in the same form (i.e. cash, personal checks, business checks, etc.) as collected. For example, if cash is collected, cash must be deposited.

The funds should be stored in a locked, secured place, i.e. safe, file cabinet, drawer before transfer is made to the contracted courier. A bolted safe is recommended. Only authorized personnel should have access to the locked area.

The responsibility of the campus for cafeteria proceeds includes providing a secure receptacle for Child Nutrition Service deposits until picked up by courier. Deposits are to be made on a daily basis by contracted courier services.

Receipt copies and deposit slips copies are to be kept intact in the receipt/deposit book.

Any discrepancies found at any step in the process should be reported immediately to the principal for investigation and resolution.

Being out of authorized receipt books, deposit tickets or deposit bags is not an acceptable reason for noncompliance with collection and deposit procedures.

If it is necessary for a deposit to be made outside of the contracted courier service (such as during the summer months), allow only a designee authorized by the principal/administrator to transport the deposit to the Finance Specialist in the Financial Services Department. **Make arrangements with the finance office ahead of time before leaving with the cash.** The funds should not be taken directly to the bank.

2.4 Entering Deposits in the Finance System

Deposits are posted to the TEAMS Financial System not less than weekly.

Notices of checks which were not deposited due to “insufficient funds” shall be received by and processed by the Financial Services Department. NSF checks will be sent to the District’s third party collection agency for collection. A Cash Receipt Reversal shall be prepared to record the returned deposit and posted to the general ledger account where the original deposit was made.

DAILY DEPOSIT SUMMARY:

1. The purpose of this form is to be a mechanism to report all revenue collected.
2. If a Sponsor was in charge of collecting the funds, such as for dues or ticket sales, then the Sponsor needs to complete this form in its entirety, except for the spaces noted otherwise. If the collections were due to a non-sponsor event, such as cell phone fines, etc., then the campus secretary/bookkeeper may complete this form.
3. Every receipt that the Sponsor issued for this collection needs to be accounted for and listed on this form. A range of consecutively issued receipt #s may be listed, such as 017103-017165, if those funds were presented to the campus secretary/bookkeeper at one time. The corresponding receipt # received from the campus secretary/bookkeeper must also be listed.
4. The budget codes where the funds are to be deposited must be indicated. If Fund 461 funds are used, please indicate the expenditure code that you would like increased for this collection i.e.: 461-xx-xxxx-xx-xxx-xx-xxx.
5. The form needs to be signed by the person making the deposit.
6. The form then needs to be submitted to the Financial Services Department for processing.
7. Once the form has been audited and processed by the Financial Services Department, the form will be authorized by the Director of Accounting. They will adjust your budget accounts accordingly.

SECTION III – CASH DISBURSEMENTS

3.1 General Requirements

In making purchases, all District policies, procedures, and Administrative Guidelines, must be complied with.

- A. All expenditures must be paid by check. All expenditures for Activity Funds need to be made by initiating a purchase requisition or check request.
- B. **Cash collections may not be used to make purchases, cash checks, or other purposes.**
- C. Sales tax is not to be paid on any purchase. Use a Sales Tax Exemption Form (posted on the DeSotoISD website) for use with a purchase from a new vendor, existing vendors should have our tax information on file already, but always double check. **Remind them that we are tax exempt.**

3.2 Purchase Requisitions

No disbursement will be made for an amount greater than the balance in an organization's funds. The balance in the activity fund should be monitored regularly in order to ensure that sufficient funds are available before any requisitions are prepared. Proper documentation should be provided to the principal before requisitions are approved. Purchase requisitions must comply with District approved procedures.

PROHIBITED PURCHASES

- 1. Purchases with unapproved vendors
- 2. Purchases without a Purchase Order
- 3. Purchase of Gift Cards - The District will not allow the purchase of gift cards. This includes gift cards as awards and incentives for both employees and students. The IRS considers all gift cards provided to an employee to be taxable income regardless of the amount. These amounts would have to be tracked and reported on an employee's W-2 at the end of the year. Due to this requirement, DeSoto ISD will not allow the purchase of gift cards.
- 4. Purchases with cash. All cash must be deposited.

3.4 Hiring Employees or Consultants

Any payment to a DeSoto ISD employee for any reason other than the reimbursement for an allowable expenditure must be processed through Payroll, and accompanied by an extra duty authorization form as prescribed by the Human Resources Department. All time worked must be recorded in the time clock system.

Any payment to a consultant can be made only with a completed and current W-9 on file and completion of a consultant agreement form and processed via a purchase requisition if using Activity Funds.

3.5 Expending Student Activity Funds

Income received from a specific group (e.g. Student Council, Senior Class) must be expended for that group. The principal must ensure that expenditures from the Student Activity Funds accounts comply with the intended purpose of the group and funds are not diverted for other uses. Students are supposed to make the decisions on how those funds are spent. **In order to ensure that their wishes are followed, minutes from the meeting authorizing the purchase must be attached to each requisition/check request for any purchase made with 865 funds.**

Student Activity Funds shall be used for the benefit of the students currently in school who participate in activities conducted in generating the club or organization's funds.

It is recommended that these funds be expended on an annual basis so those students who participate in fundraising activities sponsored by the club/organization can have the benefit of their use.

Travel expenses for sponsors/teachers who must accompany their students on a club/organization trip may be paid from the club's/organization's account. The use of the student funds to pay for the employee's travel expenses shall be subject to the guidelines set forth in Board Policy DEE (Local). The dollar limitation for lodging, meals, etc. shall be set forth by the student group when student activity funds are used, provided district policies are not violated. Sponsors meals are set at the same rate as student meals on these trips.

3.6 Expending Campus Activity Funds

The principal shall use reasonable discretion in spending campus activity funds and are not diverted to other uses.

Gifts of public funds are prohibited under Sections 51 and 52(a) of Article III of the Texas Constitution. Campus Activity Funds are considered public funds.

TEA requires campuses to exercise discretion in using campus activity funds for teacher incentives.

The following chart is not all inclusive but is provided as a guide as to what disbursements are appropriate or prohibited when expended from Campus activity funds:

APPROPRIATE	PROHIBITED
<p>School assemblies, student body social functions, and field trips</p> <p>Organization or institutional memberships (However, if an individual membership is only available or is necessary for students to participate in certain activities, then the expenditure is acceptable if a notation is made to document the necessity.)</p> <p>Reasonable expenditures for awards such as plaques, caps, certificates, trophies, in recognition of students, staff, or volunteers for perfect attendance, academic achievement, services to the school or DeSoto ISD</p>	<p>Reimbursement for luncheons or dinners while attending civic organization's meetings</p> <p>Purchase of any GIFT for any person or organization (This includes gift certificates, gift cards, retirement gifts, flowers, holiday gifts, and food gifts. Gifts of public funds are prohibited under Article III, Section 52 of the Texas constitution.)</p> <p>Extravagant or high-priced individual awards such as watches or other jewelry.</p>

Incentives for student involvement	Payment of an individual's personal bills
Training for staff	Donations to individuals, organizations, or scholarship funds (This includes any expense which appears to benefit private individuals or entities in ways so out of proportion to the overall public benefit that they amount to a virtual donation.)
Scholastic magazines and books for use in the classrooms or libraries	Loans to employees, parents, or students for any reason
Supplemental classroom instructional needs and general office supplies	Replacement of an individual's property that was lost, stolen, or damaged on the school or district's premises or while being used at a school or district function (Use of funds in this manner is prohibited by the Texas Tort Claims Act.)
Beautification and Improvement of campus and site facilities such as plants, bulletin boards, signs and flags	Alcoholic beverages, tobacco products, controlled substances, firearms and other weapons
Expenses and purchases related to sales of items or fundraising activities	Payment of expenses of spouses or other non-employees
Supplementing activities of student organizations	Payment of an individual's professional organization liability insurance
After-hour security	Appreciation and fundraising dinner tickets
Tickets for school-related functions when attendance is required by the Principal	Extra compensation or bonuses to employees, whether it be in the form of cash or gifts
Approved travel costs for employees and /or students, subject to travel limitations, proper approvals, UIL, state and federal regulations.	Abuse of number of appreciation meals furnished to staff

Reasonable expenditures for refreshments and snacks for teacher in-service and staff meetings (Appropriate items might include pastries, fruit, cookies, & drinks.)	Parties for staff, including food, decorations, and favors; simple receptions are fine
Business meeting meals; Reasonable on-site business meals for staff. Also, appropriate documentation indicating who attended the meeting and what was discussed are required by the IRS.	Employee appreciation meals which exceed the amounts allowed
Reasonable retirement reception costs such as refreshments, plates, napkins, & utensils for a retiring member of the school's staff	Meals for day travel (The IRS considers this income that must be reported on the employee's Form W-2.)
Refreshments and snacks for meetings where the school serves as host for related activities for students, staff, and patrons	Transfers of funds to the hospitality/faculty/sunshine accounts (unless the transfer is to correct a prior error in which a sunshine account transaction was inappropriately recorded in another account)
Required school apparel for staff	Any expenditure prohibited by DISD, federal/state/UIL/TEA law, policy, procedure or administrative guideline.

SECTION IV. SALES TAX

4.1 Sale vs. Not a Sale

A sale is a transfer of title or possession of tangible personal property for consideration (usually money). A sale also includes the performance of a taxable service for consideration. All sales (whether taxable or not) are to be reported on Line 1 (Total Sales) of the Texas Sales and Use Tax Return.

SALE	NOT A SALE
Admission-athletic, dances, dance performances, drama performances	Collection of money from student to pay a company for admission or service (For example, Movies, Sea World, PSAT, etc.)
Admission-summer camps, clinics, workshops, project graduation	Commissions received or fundraisers when the school group merely receives a commission (for example, catalog sales, library book fairs, recycling, some author sales, Scholastic book fairs, etc.)
Donated items that are sold	Some author sales, Scholastic book fairs, etc.) Donations of money to the school or school group or donations for a commemorative brick
Fundraisers where the school is the seller, not the middleman	Dues received for clubs

Parking Permits	Fees-musical instrument maintenance, lab, uniform cleaning, transcripts
Rentals of items	Fieldtrip collections
Rental of facilities	Fines received-textbooks, library books, parking, locker, uniforms, calculators, obligations
Sales of food	Tuition and fees for summer school, Saturday School, Community Education
Sales of merchandise (including items made by students)	Fees for lost items – books, handbooks, calculators, locks, ID cards
Sales of services	Marathon fundraisers – these are considered donations (for example, jog-a-thon, jump rope for heart, basketball hoops)
School publication sales	NSF check redeposit

4.2 Taxable vs. Nontaxable Sales

Texas sales tax statutes impose tax on the sale, lease or rental of tangible personal property and certain services. Tangible personal property includes personal property that can be seen, weighed, measured, felt, touched, or that is perceptible to the senses in any other manner. When an individual purchases a tangible item and it becomes the personal property of someone, it is taxable. It is irrelevant if the school logo is on the item or that the item will be utilized by a student in a school group or for a school function.

School districts, schools, and school groups making sales of taxable items that do not have a specific exemption must collect and remit the tax. The items and or activities on the following lists have been identified as being taxable or nontaxable by the Comptroller of Public Accounts when sold or sponsored by a school, an organization within a school, PTAs, Booster Clubs, and employee associations. Whether taxable or not, all sales must be reported as sales on Line 1 of the Texas Limited Sales and Use Tax return.

Please note that the following list is not all-inclusive.

Nontaxable sales

- Advertising space in yearbooks, athletic programs, newspapers, posters;
- Admission: athletic events, dances, dance performances, drama and musical performances;
- summer camps, clinics, workshops, project graduation;
- banquet fees;
- bids, prom, homecoming;
- tournament fees, academic competition fees;
- Agricultural products (plants and seeds), the products of which ordinarily constitute food for human consumption
- Automobile repair (charge for just the labor or a lump-sum charge for parts and labor)
- Bake sales
- Car washes
- Cosmetology services such as haircuts, shampooing hair, manicures and pedicures (Note: products sold to customers are taxable);
- Discount/Entertainment cards and books; Facility rentals for school groups;
- Farm animals such as pigs, cows, chickens or other livestock
- Food items sold during fundraisers – time or day does not matter; (Note: all net proceeds must go to the organization for its exclusive use).
- Food sold during regular school hours by school district;
- Labor – automotive, upholstery classes (note: parts are taxable); Magazine subscriptions for six months or longer
- Parking permits for public school students, faculty and staff
- Rental of real property such as a gymnasium, auditorium, library or cafeteria

Taxable Sales

Agenda books	Identification cards - when sold to entire student body (not just the fine for a lost ID card)
Agricultural sales	Locks - sales and rentals
Art - supplies and works of art;	Lumber
Artistic - CDs, tapes videos	Merchandise, tangible personal property
Athletic event concession sales - unless part of a fundraiser	Magazines - when sold individually or subscriptions of less than 6 months
Athletic - equipment and uniforms	Musical supplies - recorders, reeds
Auction items sold;	Parking permits for the general public
Band - equipment, supplies, patches, badges, uniform sales or rentals;	Parts - career & technology classes (not to include products used in cosmetology), upholstery, separately stated automobile repair parts
Book covers and Books - workbooks, vocabulary, library, author (when we are the seller)	PE - uniforms, supplies
Brochure items	Pennants
Calculators	Pictures - school, group (if school is seller)

Calendars;	Plants - holiday greenery and poinsettias
Candles	Rentals of any tangible personal property such as locks, musical instruments, calculators, computers, equipment of any kind
Car - painting, pin striping, car carpet shampooing	Rentals - uniforms of any kind, towels
Catered food sales by the school district's food service - unless sold to the district	Repairs to tangible person property
Clothing - school, club, class, spirit	Rings and other school jewelry
Computer - supplies, mouse pads	Rummage, yard, and garage sales
Cosmetology products sold to customers - shampoo, conditioner, nail products, etc.	Safety supplies
Cups - glass, plastic, paper	School publications - athletic programs, posters, brochures, magazines (unless more than 6 month subscription), newsletters, newspapers, reading books, yearbooks, sheet music, hymnals
Decals	School store - all items except food
Directories - student, faculty	Science - science kits, boards, supplies
Drafting - supplies	Spirit items
Family and Consumer Science -supplies and sewing kits	Stadium seats
Fees - copies, printing, laminating	Stationery
Flowers - roses, carnations, arrangements	Supplies - any sold to students
Greeting Cards	Uniforms - any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts
Handicrafts	Vending - pencils and other non-edible supplies when the school services the machine
Horticultural products such as flower arrangements, roses, carnations, holiday greenery and poinsettias	Woodworking crafts - entire sale to include parts and labor
Hygiene supplies	Yard signs

4.3 Tax-Free Days

Each school district, each school, and each bona fide chapter of a school is allowed to have two, one-day tax-free sales each **calendar year**. Each day is defined as twenty-four consecutive hours and a calendar year is the 12-month period from January through December. If a designated tax-free sale or auction exceeds a consecutive 24-hour period, the organization may not hold another tax-free sale or auction that calendar year.

During these tax-free sale days, the organization may sell taxable items such as t-shirts, hats, uniforms, school supplies tax-free. These days should be designated in advance so that purchasers are aware that the sales are not subject to tax. The organization may not collect tax on the transactions and keep the tax under the “tax-free” sale provision. The exemption does not apply to any item sold for more than \$5,000 unless it is manufactured by the organization or donated to the organization and not sold back to the donor.

Either the date on which items are delivered by the vendor to the school organization or the day on which the school organization delivers the items to its customers may be designated as the one-day tax-free sale day. Persons buying from surplus inventory on the designated date do not owe tax. Those buying on subsequent dates owe tax unless the purchase occurs on the organization’s other tax-free sale day.

For example, a school group selling yearbooks may accept pre-orders without collecting tax if the day the yearbooks will be delivered to customers is designated as one of the group’s tax-free days. Surplus yearbooks sold during the same day also qualify for the exemption. Surplus yearbooks sold on other days are taxable unless sold at the group’s other tax-free fundraiser.

To qualify as a **bona fide chapter** of a school, a group of students must be organized for an activity other than instruction or to have a tax-free sale. Bona fide chapters include student groups recognized by the school and organized by electing officers (not just participatory captains), holding meetings and conducting business. There is no limit on the number of bona fide chapters a school can have. Bona fide chapters can include whole grade levels (for example, senior class, or freshmen) but cannot be limited to specific classes such as Senior English or Biology II. Groups meeting for classroom instruction or team sports (such as the soccer team) are not considered bona fide chapters and do not qualify for the tax-free day sales.

For example:

- The school district qualifies for a tax-free day
- The school-wide fundraiser qualifies for a tax-free day
- The Basketball Club qualifies but not the basketball team
- The French Club qualifies, but not the French classes
- The Senior Class qualifies, but not one particular class that has seniors in it
- The Cheerleading Club qualifies, but not the Cheerleading team

If two or more groups hold a one-day tax-free sale together, the event counts as one tax-free sale for each participating organization. Each of those organizations then is limited to one additional tax-free sale during the remainder of the calendar year.

A qualified organization **must designate in its records prior to the sale** which two one-day sales will be exempt that calendar year. This would require careful planning and coordination. Schools and school groups should verify the number of tax-free fundraisers conducted by the organization during the prior school year that occurred during the current calendar year.

If a qualified exempt organization collects sales tax on a sale, the tax must either be remitted to the state or refunded to the purchaser. The organization cannot collect the tax and keep it under the tax-free sale provision.

4.4 Acting as Agent

When a school or a school group raises funds by taking orders for the vendor and then receiving a commission or a percentage of the sales revenue, the school or school group is serving as an “agent.” Examples would be book fairs or catalog sales. In “agent” relationships, the vendor is responsible for reporting and payment of sales tax. The vendor may advertise in the catalog that tax is included or require that tax be calculated and collected based on the selling price of the taxable items.

When the school or school group acts as an “agent”, the two tax-free sale day provisions do not apply because this is the vendor’s sale and not the school’s. The school or school group should collect tax for the vendor and the vendor remits the tax to the Comptroller.

4.5 Food and Beverage Sales

Schools, whether public or private, and school groups do not have to collect tax on sales of meals and food products (including candy and soft drinks) if the sales are made during the regular school day and by agreement with the proper school authorities. This exemption includes food, soft drinks and candy sold through vending machines.

Contact the Child Nutrition Department for rules and regulation on any sales of food.

4.6 Additional Sales Tax Information

- **Texas Comptroller's Office –
Sales & Use Taxes 1-800-252-5555
Exempt Orgs Dept 1-800-531-5441 x34142**
- **Texas Comptroller's Office – www.window.state.tx.us**
- **Sales Tax Information – www.window.state.tx.us/taxinfo/sales**
- **Exempt Orgs – <https://comptroller.texas.gov/taxes/exempt/>**

For frequently asked questions concerning exemptions for Nonprofit Organizations, please go to:

<https://comptroller.texas.gov/taxes/exempt/faq.php>

For frequently asked questions concerning Sales and Use Taxes, please go to:

<https://www.window.state.tx.us/taxinfo/sales/questions.html>