



Waco ISD
Activity Funds Handbook
2021-2022

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 or a bookkeeper/secretary, 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

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

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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 WISD Board policies:

<http://pol.tasb.org/Home/Index/867>

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 : 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 (Section31.03 (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 and good moral character.

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 school 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 intentionally, knowingly, or recklessly 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 that are used 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 school board policies, and other state and federal laws.

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]

Per the Texas Penal Code Title 8 Sec. 37.10, tampering with governmental records is an offense. Sec. 37.10. TAMPERING WITH GOVERNMENTAL RECORD. (a) A person commits an offense if he:

- (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) 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>

In addition, CPC(Legal) states that: Whoever 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.

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.

At Waco ISD, the district's portion of vending machines receipts are sent to the district from the vendors and the Business Services Department credits the campus' portion to their campus activity fund.

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.

Per Board policy CFD (Legal), campus activity funds 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."

1.4.2 - Student Activity Funds (865 Funds)

Student activity funds are the property of the student groups, i.e. Student Council, Senior Class, 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. The principal or designee shall approve all disbursements. 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 Cheerleader Club qualifies, but the cheerleader 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 bylaws and hold regular posted meetings. Members must sign in at the meetings. A club meeting sign-in sheet has been provided for your convenience.
- 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)

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 Business Services Department for deposit into the appropriate Waco ISD bank account. The bookkeeper/secretary should complete a Daily Deposit Summary prior to taking the funds to Revenue Specialist in the Business Services Department, who issues a receipt. A copy of the Daily Deposit Summary and the receipt should be retained in campus records.

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

Afterschool fees are currently being handled directly by the vendors who are providing the service. If afterschool services are provided by a campus, the same procedures should be followed as those for facility rentals except if there is a designated 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.

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 Budget Office at (254) 755-9484 or 755-9411 or e-mail david.cartwright@wacoisd.org.

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

Principals, bookkeepers, sponsors, etc. are to make all activity funds records available for audit upon request by the internal audit which is part of the function of the Internal Auditor.

Prior to leaving for the summer, Sponsors must turn in their receipt book and all of their files regarding the activity fund to the campus secretary/bookkeeper. The information will be returned to the sponsor upon their return the following school year. This is required so that the Internal Auditor can perform a successful audit during the summer months.

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 a 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 (GR1025-26a). Agency Funds (865 Funds) must be kept for fiscal year end plus three (3) years (SD3550-01) or longer if stipulated by CPC(Legal) and/or CPC(Local).

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.

SECTION II. CASH RECEIPTS

2.1 Collecting Funds

All funds collected by an organization or club for fees, dues or other fund raising 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 date 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. safe, file cabinet, drawer before submission to the campus secretary or bookkeeper for deposit.
- J. For activities involving afterhours 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. Collections must be deposited intact, in the same manner in which they were received.
- N. Checks written to the school should be for the amount of purchase only.
- O. Postdated checks are not to be accepted. Checks are not to be held.
- P. Immediately upon receipt, checks should be restrictively endorsed with the Activity Fund stamp. If you need a stamp, please contact the Revenue Specialist in Business Services and she will order one for your campus. Checks should be electronically scanned with the check scanner assigned to your campus.
- Q. If the tasks of collecting funds are assigned to two staff members, the money should be counted/verified by both at the time the collections are given to the second staff member for deposit. In the presence of the first staff member, the 2nd staff member should total all the receipts being included in the deposit and ensure that the total agrees with the amount of money being deposited. The second staff member should immediately submit the funds for deposit.

- R. 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.
- S. The voided receipt (if previously tore out of the book) needs to be stapled on top of the carbon copy of the receipt.
- T. 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 does not account for and is not responsible for funds of external organizations such as PTAs and Booster Clubs.** Please refer to Fundraising by Non-school Organizations 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 must 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 Warehouse 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.

If it is necessary for the Secretary/Bookkeeper 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.

The voided receipt (if previously tore out of the book) needs to be stapled on top of the carbon copy of the receipt.

If a receipt is voided without a replacement receipt, please write "VOID" and an explanation of why the receipt is voided.

Applicable if sponsor has a receipt book: Upon receiving a receipt from the secretary/bookkeeper, the sponsor should complete the "For Business Use Only" portion of the last receipt deposited as follows:

- Total deposit – Write total amount of deposit. This amount must agree with receipt from the secretary/bookkeeper.
- Deposit Date – Write date checks/cash are submitted
- Bag number – Change it to Receipt number – Write the number of the receipt issued by secretary/bookkeeper
- Receipt No.'s Included – Write the range of receipt numbers submitted to secretary
- Preparer's Signature: Person submitting the deposit signs here

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 scanned in the electronic check scanner and the original post-scanned checks should be attached to the Sales Receipt along with the Deposit Batch and Summary Report, the Remote Deposit Notification (for checks), and the Daily Deposit Summary. Depending upon the type of deposit there may also be a Tabulation of Monies Collected Form or a class roster that is also attached to this packet. This complete packet shall be forwarded to the Revenue Specialist daily.

The check scanner has the capability of creating a print report of the scanned checks, so you do not need to make copies on your copier. Copies of the scanned checks should be maintained with the campus records.

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.

The WISD courier receipt book must be used to record all deposits picked up from the campus. Each bag should have a separate line item entry in the courier receipt book. Courier receipt book entries should be reviewed to ensure that bag numbers listed are accurate. In the event that the receipt book does not have accurate information on each deposit bag being picked up, the District will have no recourse if the deposit bag does not reach the bank. The WISD receipt book needs to be signed by both the courier company and the district staff giving the bags to the courier. In addition to the Waco ISD receipt book, the courier has their own receipt book. The information written in both receipt books should match. Campus receipt books should be kept in a secure location.

Receipt numbers and the bag number should be written on the left hand side of the deposit slip.

Upon submission of deposit to the courier, the Secretary should complete **every blank** on the "For Business Use Only" portion of the last receipt.

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 to transport the deposit to the Revenue Specialist in the Administration Building. The funds should not be taken directly to the bank.

2.4 Entering Deposits in the Finance System

Enter cash receipts in TEAMS within 24 hours of receiving money collections (see Exhibit 1 for instructions). Immediately after posting, send the complete TEAMS Sales Receipt packet to the Revenue Specialist in the Business Services Department through the inner office mail. Please use the date of the actual deposit on your cash receipt entry in TEAMS.

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 T017103-T017165, 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. The local option component of the budget code (last three numbers) must be the same for the revenue and expenditure code listed i.e.: 461-xx-xxxx-xx-xxx-xx-**XXX**.
5. The form needs to be signed by the Sponsor (only if applicable), the campus secretary/bookkeeper, and the campus principal (unless it is for a fundraiser collection, then the Principal can just sign the Recap form, instead of each individual deposit).
6. The form then needs to be submitted to the Business Services Department for processing.
7. Once the form has been audited and processed by the Business Services Department, the form will be submitted to the Budget Department. 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, check request, or employee advance/reimbursement 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 WISD 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.

3.3 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, Waco ISD will no longer 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 Waco ISD employee for any reason other than the reimbursement for an allowable expenditure must be processed through Payroll, unless the employee is also a vendor approved by the Business Services Department. Prior to the event, a function code should be obtained from the Payroll Department, which should be provided to the employee to use when clocking in for the activity. 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.

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
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School assemblies, student body social functions, and field trips	Reimbursement for luncheons or dinners while attending civic organization's meetings
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.)	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.)
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 WISD	Extravagant or high-priced individual awards such as watches or other jewelry.
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
As per Admin Guidelines, 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 per Admin Guidelines
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 federal/state/UII/TEA/WISD law, policy, procedure or administrative guideline.

SECTION IV. FUNDRAISING

Section 4 Fundraising

This section discusses procedures related to fundraising activities organized by campuses, not by parent organizations.

4.1 Approval of Fundraising Activities

All fundraising projects shall be subject to the approval of the principal.

At least two weeks* prior to a fundraising activity, sponsors should submit a Fundraising Permission Request to the Business Services Department. The form must be completed in its entirety, signed by the sponsor, the principal and submitted to the Business Services Department for processing and approval. The form must also be approved and returned back to the campus **PRIOR** to the start of the fundraiser.

*Material or merchandise for a fundraising event may **not** be ordered without an approved Fundraiser Permission Request Form signed by the Business Services Department **and** a properly executed purchase order.

*Under no circumstances should an event be advertised before approval from the Business Services Department has been received.

Instructions for completing a Fundraising Permission Request Form:

1. Review the list of approved fundraising vendors (if conducting a sale) to make sure that they have been previously approved by administration. Prior to approving vendors, we check references and ensure a minimum of 30% profit to the District. Fundraisers where the organization gets a percentage of a restaurant's sales for a particular day do not need to be an approved fundraiser as we are not selling anything and it is really more of a donation to the District. For those types of situations, a Daily Deposit Summary can be used to report the collection. Do not use a Fundraising Permission Request Form.
2. This form must be completed and submitted at least two weeks before the fundraising activity. This is to provide sufficient time for processing and approving the fundraiser request.

3. The Sponsor needs to be the person to fill out this fundraising form, not merely a signer of the form. The form needs to be completed in its entirety.
4. Ensure the “Date Range” of the fundraiser is accurate. This will determine when your fundraising recap will be due. If this date needs to be modified at a later date, the previously approved Fundraising Permission Request Form will need to be modified to reflect the change. The campus sponsor, campus secretary/bookkeeper, and campus principal must initial next to the change and then the revised form will need to be sent to the Business Services Department. The form will need to be clearly indicated as “Revised”.
5. Ensure the “Time of Day” and “Location(s)” fields are complete. We use this information to determine whether or not a food or candy sale can be approved or not. All fundraisers involving food and/or candy sales are required to be approved by the District’s Child Nutrition Director.
6. The “Estimated Revenue” and “Estimated Expenses” need to be based on your realistic expectations for this fundraiser. Do not overstate your “Estimated Revenue”.
7. The budget codes entered must be correct. These are the codes where your revenue will be posted once your recap has been reconciled. If you utilize campus activity funds (461 Funds) you need to indicate both your revenue and expenditure code. If you utilize student activity funds (865 Funds) you only need to indicate your one account number.
8. Do you require an advance in order to buy the items for resale? If you have money in your account sufficient enough to cover the purchase, then DO NOT request an advance. You can use your existing funds. If you do not have a sufficient balance in order to order the items for resale, you may request an advance. Be realistic in the amount of the advance you are requesting. It cannot exceed the estimated expenses for the fundraiser. Be mindful that the advance will be deducted from your revenue when the fundraiser is reconciled at the end. If you do not raise enough funds to cover your advance, you may be faced with a negative account balance situation.
9. You must indicate on this form whether or not the items that you are selling are taxable. Please read the student activity fund handbook for detailed information on sales tax and what type of sales are subject to sales tax. Even if you sell t-shirts to students at cost, those sales are subject to sales tax. If you do not collect sufficient funds to cover the sales tax for those t-shirts, your account will be faced with an expenditure that you did not anticipate, which could cause your account to have a shortage. Indicate if this will be one of your tax free days and if the vendor will be collecting and remitting sales tax on behalf of the District.
10. The Sponsor must carefully read and sign the Sponsor’s certification section.
11. If this is an athletic fundraiser, the form needs to be routed to the Director of Athletics for his approval. Once his approval is obtained, it can be submitted for campus approval.
12. The Form must be signed by the campus secretary/bookkeeper. This will put that person on notice that there may be a requirement for a requisition to be entered and that they can anticipate daily deposits from the sponsor.

13. The Form must be signed by the campus Principal. This is required to approve the fundraising activity for the campus and to approve any advance requested for the fundraiser.
14. At this point the form must be routed to the Business Services Department for review and processing. If the Child Nutrition Director's approval is needed, the Business Services Department will route the form for the proper approval.
15. The Business Services Department will log in the Fundraiser and assign an ID# to the fundraiser. This fundraiser ID# will need to be referenced on the fundraising recap and Daily Deposit Summary forms. It is also good practice for this number to be placed on receipts provided to the Sponsor by the campus secretary/bookkeeper.
16. Once approved/denied, the Fundraising Permission Request will be returned via email to the campus secretary/bookkeeper, campus principal, and fundraising sponsor.
17. The Sponsor must not order merchandise for this fundraiser without the completed and approved Fundraising Permission Request Form. A purchase order MUST be obtained in advance of placing the order for merchandise. If additional product must be reordered at a later date, an ADDITIONAL purchase order must be obtained before additional product is ordered.
18. Issue receipts to students when they turn in funds.
19. Collections must be remitted on a timely basis by the Sponsor to the campus secretary/bookkeeper. Do not wait until the fundraiser is complete before turning in funds. The Daily Deposit Summary form must be submitted with the collections to the campus secretary/bookkeeper on a daily basis. Funds must be counted in the presence of both the sponsor and the campus secretary/bookkeeper. The campus secretary/bookkeeper will then issue a receipt to the Sponsor. The sponsor must keep this receipt.
20. The Sponsor is then responsible for submitting a completed Fundraising Recap form to the Business Services Department within seven business days of the end of the fundraiser.

Advances: An advance of funds for the procurement of items for resale may be obtained if approved. This request is designated on the Fundraising Permission Request Form. If you do require a fundraising advance, be realistic in the amount that you are requesting. It cannot exceed your total estimated expenses. If approved, your accounts will be increased for the amount of the requested advance. If you overstate your anticipated expenses and do not raise enough revenue to cover the advanced expenditure, you may face a deficit budget situation. The advanced funds will be deducted from your budgets when the Fundraising Recap is reconciled.

Start-Up Money (change fund): In order to have start up change for a fundraiser, such as for a school carnival, you may request a start-up change fund. Please send the Director of Business Services an email from the Principal with the following items: 1) a description of the event that the change fund is needed for 2) the date(s) of the event 3)

who the check needs to be made out to (the person cashing the check) and 4) the amount requested. Only request enough funds required for the event. Requests should not exceed \$200 in amount. These funds must be kept separate from the revenue collections of the event. They need to be hand carried to the Revenue Specialist with a completed Daily Deposit Summary Form. These funds must be returned the following business day after the event has been concluded.

Sponsors who do not properly manage their activities and have large monetary amounts outstanding will not be allowed to conduct subsequent fundraising activities.

Copies of signed Fundraising Permission Requests and Fundraising Recaps must be filed by the campus and kept for at least five years. As with other Activity Fund records, such approvals must be made available to the Internal Auditor upon request.

Texas law prohibits schools from conducting raffles, bingo and any other games of chance.

Prohibited Fundraisers

1. Texas law prohibits schools from conducting raffles, bingo and any other games of chance.
2. See list of prohibited purchases on pages 15-17.
3. Fundraisers from vendors that have not been preapproved by the district
4. Fundraisers conducted with an approved Fundraiser Permission Request form on file

4.2 Accounting for Fundraisers

Funds should be receipted, deposited, and disbursed in accordance with cash receipts and cash disbursements procedures outlined in this manual and in accordance with District policy. Funds must never be withheld for the purpose of making cash payments to individuals or vendors for goods, services or materials received. All payments to individuals or vendors for services or materials received must be paid with a check.

Purchases for bona fide student organization are not subject to bidding and purchasing laws, but are still subject to district policies and procedures. Please see the discussion on Student Activity Funds for more details on bona fide student organizations.

Purchases made with campus activity funds are subject to Waco ISD's competitive bidding requirements and conflict of interest guidelines.

The sponsor is responsible for maintaining complete and accurate records of all sales activities and of all goods and services involved, assigned, returned and sold.

Campus Activity Fund records must be kept for five (5) years after the fiscal year end of any payment (GR1025-26a). Agency Funds (865 Funds) must be kept for fiscal year end plus three (3) years (SD3550-01).

Within one week after the conclusion of the fundraising event, the Sponsor must submit a completed Fundraising Recap to the campus bookkeeper/secretary for review. **This form must be completed in its entirety by the Sponsor, not filled out by the campus secretary/bookkeeper and merely signed by the Sponsor.** The sponsor must itemize each receipt received from the campus secretary/bookkeeper. The Purchase Order and invoice for the goods ordered must also be attached and referenced on this recap.

After reviewing the recap, the campus secretary/bookkeeper must discuss and resolve any discrepancies found with the Sponsor. After resolution of the discrepancies, the Sponsor and secretary would both sign the recap. The secretary/bookkeeper must then submit the original recap to the Business Services Department for final processing.

The Sponsor should attach the completed and signed Fundraising Recap to their copy of their Fundraising Permission Request Form signed by the Business Services Department retain in his/her records for at least five years.

If a Student Activity Club is involved, the Sponsor must also submit a copy of the Fundraising Recap (after verification by the campus bookkeeper/secretary) to the Club Treasurer so it can be presented during the next club monthly meeting.

Instructions for completing a Fundraising Recap Form:

1. Within seven business days of the completion of the fundraiser, the Fundraising Recap Form must be completed by the fundraising Sponsor. The Sponsor needs to be the person to fill out this fundraising recap form, not merely a signer of the form. The form needs to be completed in its entirety.
2. The fundraising ID# that was provided on the Fundraising Permission Request Form needs to be the same # indicated at the top of this form.
3. Every receipt that the Sponsor received from the campus secretary/bookkeeper needs to be listed individually. There are fifteen lines provided. If additional lines are needed, you may attach an additional sheet as necessary.
4. The grand total of deposits must match the sum of all itemized deposits.
5. If an advance was previously received for this fundraiser, this amount must be indicated on the Recap form along with the actual amount of all expenditures for this fundraiser. The PO #s used for this fundraiser needs to be indicated on the form and copies of all invoices/receipts needs to be attached to this fundraiser for auditing purposes.
6. Indicate any sales tax collected. Do not list sales tax unless you collected sales tax. If you did not collect any sales tax, enter \$0.

7. The Sponsor then needs to submit the form to the campus secretary/bookkeeper who will verify the accuracy of the data and complete the cash receipt portion of the form. Any discrepancies between what the Sponsor indicated and the campus secretary/bookkeeper that cannot be resolved, needs to be addressed and annotated on the form.
8. The Sponsor, campus secretary/bookkeeper, and principal need to sign the Recap Form prior to submission to the Business Services Department for processing.
9. Once the form has been audited and processed by the Business Services Department, the form will be submitted to the Budget Department. They will adjust your budget accounts accordingly.

4.3 Administration of Fundraisers

Funds shall only be used for the purposes for which they were raised. Funds raised during a fundraiser conducted in the name of the school become school funds and belong to the school-sponsored group responsible for raising the funds.

Student organization fundraisers must be conducted for the benefit of student participants of the club or organization.

Schools must use printed, two-part pre-numbered tickets during fundraising activities that require a fee (at the door) or the purchase of a ticket for admission to the activity. Ticket stubs for all tickets that are issued for admission or sold must be remitted to the activity funds bookkeeper as support for funds collected during the sale. The amount of funds collected must agree with the total of the ticket stubs. Ticket stubs must be maintained with the activity funds records.

4.4 IRS Regulations

The IRS prohibits tax-exempt organizations from **requiring** people to participate in fundraisers. Likewise, schools may not **require** an amount be “donated” in lieu of participating in a fundraiser. People **may choose** whether or not to participate in a fundraiser and may choose whether or not to donate. Furthermore, if a person decides not to participate, that person cannot be excluded from having the opportunity to benefit from the fundraiser and cannot be penalized in any way for choosing not to participate in the fundraiser.

Furthermore, benefits given by a tax-exempt organization **cannot** be based on participation in a fundraiser or based on revenues raised individually. Therefore, whether a person participates in a fundraiser and regardless of the amount of revenue raised, that person cannot be denied the opportunity to receive an equal benefit.

Example:

The Cheerleading Club is having a car wash fund-raiser to help reduce the cost of a trip to Florida for a competition. The cost of the trip is \$20,000 for 20 people. Therefore, each person's cost for the trip before the fund-raiser is \$1,000.

Of the 20 people participating in the trip, only 10 people participate in the fund-raiser and raise a total of \$600.

The \$600 must be split equally among the 20 people going on the trip, even though only 10 people participated in the fund-raiser. Therefore, each person receives a benefit of \$30 ($\$600 / 20$). Now, each person's cost for the trip is \$970 ($\$1,000 - \30).

Consequently, the IRS prohibits the use of individual accounts for fundraisers. As stated above, fundraising revenues must benefit the group as a whole, not its individual members.

“Individual accounts” are those accounts used to credit an individual with revenues raised. These accounts are used to benefit the individual by offsetting that individual's expenses with the amount credited to the individual from the revenues raised.

4.5 Fundraising for Individuals or Families (Memorial Funds)

Many heartbreaking events happen in the lives of our students, District staff, and their families. These events may range from death or injuries in tragic accidents, to major illnesses or fires. Most of us want to help these individuals or families. Raising funds for these situations must be done by the family setting up a special account at a bank or credit union. Collections for memorial funds are not accounted for by the District and are not to be deposited into a District account. A separate bank account should be opened by the family of the deceased. The account must not use the District's EIN and must not have the district or campus as the trustee. Only the parents or appropriate family member should be a trustee and authorized signer on the account. Donations can be made by individuals or businesses by sending checks directly to the bank or credit union for the particular individual or family. These contributions are not tax deductible for income tax purposes.

Even though we want to assist individuals and families in times of need, schools and the District cannot hold fundraisers for these individuals and families. If an employee desires to accept collections, he/she does so individually and is solely responsible for the handling of funds, retaining a log of donors and amounts, and making daily deposits. The District discourages such practice and holds no liability for such collections.

4.6 Financial Aid Guidelines

Tax-exempt organizations must benefit a group as a whole instead of benefiting individual members of a group.

In some instances, individuals may not be able to afford to pay the amount owed to participate in a particular event. The IRS has indicated that a group or club may establish criteria that could be used to determine if a person is in financial need. If the criteria are met, the group or club could provide the necessary funds to allow the individual to participate. The criteria should be established **in writing prior to a particular situation arising**. In addition, the criteria should be used **consistently for all people**, and the criteria should not change every year.

4.7 What about Sales Tax?

Purchases:

Sales tax is not to be paid on an original invoice or on a reimbursement. Please refer to the Sales Tax section of the Activity Fund Handbook for more details.

Sales:

Texas sales tax statutes impose tax on the sale, lease or rental of tangible personal property and certain services. Please refer to the Sales Tax section of the Activity Fund Handbook.

Each school district, each school, and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each **calendar year**. Please read Tax-Free Days for more details.

4.9 Student Organization Fundraisers

Student organization fundraisers must be conducted for the benefit of student participants of the club or organization. Purchases for bona fide student organization fundraisers are not subject to bidding and purchasing laws, but are still subject to district policies and procedures. Please see Activity Funds for more details on bona fide student organizations.

4.10 Teacher/District Employee Involvement

- A. Teachers and district employees involved in fundraisers must comply with all board policies including but not limited to, the Educators' Code of Ethics as specified by DH(Exhibit) and board policies regarding Fiscal responsibilities.
- B. In accordance to FJ(Local), "The collection of monies that takes the time of the students or teachers during school hours is strictly forbidden, unless the monies collected represent payment for school lunches, monies that will benefit the school or its students, or other authorized fees."

- C. Any payment to a Waco 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 Payroll Department. Please contact the Payroll Department with any questions.
- D. Employees' Role in a Parent Organization
- District employees may serve parent organizations as a general member or in an advisory capacity and should not have control or signature authority over the parent organization's funds, including petty cash or miscellaneous discretionary funds. District employees SHALL NOT serve as the Treasurer, fundraising chairperson, nor serve in a capacity over the organization's financial affairs, including an authorized signer on the Parent Organization's bank account(s).
 - A District substitute or temporary worker may be a Treasurer or authorized signer on the bank account of a parent organization with written approval from the superintendent. Please see Request for Authorization for a WISD Employee to be a Treasurer or Signer on Parent Organization Bank Account(s). This form can be found on the WISD website under the Internal Auditor Department webpage, and then under Parent Organization Guidelines. This approval must be requested and received each school year. A copy of the written approval must also be sent to the Internal Audit Department.
 - Also, no principal, secretary, coach, director of a UIL activity, or designated faculty sponsor who serves as a liaison between the parent group and the district shall be approved as a Treasurer and signer on the bank account of the PTA. These employees are also not allowed to handle parent organization funds.
 - These approvals are only good through August 31st of the school year or when the employee is no longer the treasurer or authorized signer whichever is earlier. Consequently, a new authorization form would need to be completed every school year. See Request for Authorization for WISD Employee to be a Signer on Booster Club/Parent Organization Accounts.

Please send a copy of the approval to the Internal Auditor.

4.11 Fundraising by Non-school Organizations

- A. Fundraisers sponsored by non-school organizations (i.e. booster clubs, PTAs, etc.) would need to comply with policies and procedures as outlined in the Parent Organization Guidelines. For more details about district requirements concerning fundraisers by Parent Organizations, please refer to the Fundraisers section and Checklist of the Parent Organization Guidelines. These guidelines can be found on the WISD website under the Internal Auditor Department webpage, and then under Parent Organization Guidelines.

- B. Please refer to Employees' Role in Parent Organizations for details on restrictions on the role of a WISD employee in a parent organization (booster club, PTA, PTO, etc.)
- C. Fundraisers sponsored by non-school organizations that require the use of school property shall be in compliance with Board Policies GKD (Local) and GKD(Legal). For more information on district requirements and to find out who to contact to use or rent campus facilities, please refer to the Facilities Use/Rental section of the Parent Organization Guidelines.
- D. Facility rental collections are not to be deposited into the Activity Fund bank account, but are to be sent to the Business Services Department for deposit into the appropriate Waco ISD bank account.
- E. The District shall strive to safeguard the students and their parents from money-raising plans of outside organizations, commercial enterprises, and individuals.
- F. Parent organizations should set up their own Bank Account using the parent organization's Employer Identification Number (EIN.) They must not use the District's EIN.
- G. Waco ISD's EIN should not be used by a Parent Organization for any business transactions.
- H. Parent Organization funds should never be commingled with Activity Fund money.
- I. Parent Organization funds must not be handled by school personnel unless prior written authorization has been obtained from the superintendent. Please see Employee' Role in a Parent Organization for more details.
- J. If a mailbox within the campus' internal mailboxes is provided for the PTA, mail for the PTA should be placed in the mailbox unopened to be picked up only by PTA officers. The campus/district's only responsibility for such mail is to place it in the PTA mailbox.

Collections from fundraisers held for the purpose of donations to not for profit organizations such as Pasta for Pennies, Pennies for Patients, or Jump Rope for Heart can only be performed by Student Activity fund groups (865 funds ONLY-but not Teacher Courtesy accounts). Contact the Revenue Specialist to set up specific fundraisers if required. Campus Activity Fund groups cannot participate in donations of this type. Campus Activity Funds belong to the District and as such, any donation would be considered a gift of public funds.

Texas Department of Agriculture (TDA) defines competitive foods and FMNV's as such according to the Texas Public School Nutrition Policy:

Competitive Foods: Foods and beverages sold or made available to students that compete with the school's operation of the National School Lunch Program or School Breakfast Program. This definition includes, but is not limited to food and beverages sold or provided in vending machines, in school stores, in the classroom or as part of school fundraisers. School fundraisers include food sold by school administrators or staff (principals, coaches, teachers, etc.), student or student groups, parents or parent groups, or any other person, company, or organization.

FMNV: Foods of Minimal Nutritional Value which refers to the four categories of foods and beverages (soda water, water ices, chewing gum, and certain candies) that are restricted by the US Department of Agriculture under the child nutrition programs.

To ensure compliance with these requirements, all Fundraiser Permission Requests forms related to the sale of food items must be signed off as approved by the Child Nutrition Director in advance of the fundraiser.

4.12 Raffles, Bingos, and Games of Chance

Under Texas law, schools and school districts are NOT allowed to conduct raffles, bingo, and other games of chance.

Waco ISD 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.

Some parent organizations may be allowed to hold raffles but only in accordance to the provisions of the Charitable Raffle Enabling Act, effective January 1, 1990. For more details please refer to the Raffles section of the WISD Parent Organization Guidelines. There is also more information on Bingo that can be found on the Parent Organization Guidelines.

SECTION V. SALES TAX

5.1 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, Magic Theatre, 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.) catalog sales, library book fairs, recycling, some author sales, Scholastic book fairs, etc.)

Donated items that are sold	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, lift-a-thon, jog-a-thon, jump rope for heart, basketball hoops)
School publication sales	NSF check redeposit

5.2 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

5.3 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.

5.4 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.

5.5 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.

Candy sales are always exempt as per code 3.293 section g4 of the Texas Administration Code, Chapter 3, Tax Administration: “Sales of food, prepared food, soft drinks, snack items, or candy by a group associated with a private or public elementary or secondary school are exempt if the sale is part of a fund-raising drive sponsored by the organization for its exclusive use.”

Nontaxable food Items

Please note that some items are not subject to sales tax no matter who sells them and when. For example, sales tax is not due on nontaxable food items such as cookie dough, pizza kits, cheese spreads, meat sticks, jars of jelly, jars of salsa, fresh fruit and mixes packaged for preparation at home.

Bakery products (including but not limited to pies, cakes, cookies, bagels and muffins) are exempt unless sold with plates or eating utensils.

5.6 Additional Sales Tax Information

Texas Comptroller's Office

Sales & Use Taxes 1-800-252-5555 (toll-free)
Exempt Organizations Department 1-800-531-5441 ext. 34142

Website addresses

Texas Comptroller's Office www.window.state.tx.us
Sales Tax Information www.window.state.tx.us/taxinfo/sales
Exempt Organizations <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:
<http://www.window.state.tx.us/taxinfo/sales/questions.html>

SECTION VI. RECEIVING CONTRIBUTIONS

6.1 Receiving Contributions

According to Board policy CDC(Local):

The Board delegates to the Superintendent the authority to accept unsolicited gifts on behalf of the District. However, any gift with a cost or market value of \$50,000 or more, any gift that the potential donor has expressly made conditional upon the District's use for a specified purpose, or any gift of real property shall require Board approval.

All contributions received from individuals or organizations (including parent organizations) in the form of cash, noncash items, or service need to be reported on the **Contribution Form** and submitted to the Principal, who, upon approval, would submit the form to the Communication Department in the Administration Building.