

# Killeen Independent School District Activity Funds



## Procedures Manual For Sponsors

*Developed By:  
Business Services*

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**Forms are available online at:**

<https://www.killeenisd.org/departments/accounting/activityfundsforms>

## FOREWORD

A program of activities established by the Board of Trustees should ensure that young people, faculty and staff have an opportunity to take part in co-curricular and extra-curricular experiences; should provide efficient procedures for their creation, operation and demise; and should outline a system for the safeguarding, accounting and internal control of activity funds.

This manual has been prepared to provide guidance on the proper handling of activity funds by teachers or other school personnel in all elementary and secondary schools of the Killeen Independent School District. The information provided in this manual is derived from the Activity Fund Procedures Manual. School personnel should refer to the Activity Fund Procedures Manual for information on areas which may not be covered in this manual.

Activity funds are usually the responsibility of the principal's secretary at most campuses. However, at some campuses, activity funds are handled by the financial clerk. In this manual, "Financial Clerk" also refers to those principal secretaries who are responsible for activity funds.

The procedures outlined in this manual comply with statutory requirements and constitute policy as established by the Board of Trustees of the Killeen Independent School District.

This manual is only a supplement to the Activity Fund Procedures Manual and does not supersede any portion thereof.

## 201 Activity Funds - Purpose, Responsibility, and Records Retention

All funds collected from students by District personnel are defined as Activity Funds and must be handled through the school's Activity Fund accounts. Activity Funds are accumulated from various, school approved, fundraising activities and the receipt of student dues or fees, commissions, investment interest and donations. Activity Funds may be used only to promote the general welfare of the school and the educational development and morale of all students.

Activity Funds shall **not** be used for:

- Financing the attendance of school personnel at local, state, or national meetings.
- Medical or hospital expenses of school personnel.
- Payment of an individual's professional dues.
- Loans to employees, parents, or students.
- Personal memberships in professional, private, or civic clubs and organizations.
- Adult travel, this includes student/club sponsors and chaperones traveling with a student group.
- Alcoholic beverages, controlled substances, or firearms.
- Reimbursements to booster clubs or parental organizations.
- Any political purpose.
- Other expenditures that may be deemed inappropriate by the principal.

### Retention of Records

In compliance with Board Policy, all activity fund records must be kept on file in the school for three years after fiscal year end.

## 202 Definition of Funds

Activity funds are monies raised from the collection of student fees and various school-approved fundraising activities. Activity funds are intended to be used to promote the general welfare, education and morale of all the students.

All activities (i.e., book orders, fundraisers, sales, etc.) must be transacted through the Activity Funds. Any fundraisers or sale of merchandise must have prior approval by the Principal.

Activity funds represent monies collected for campus and campus-related purposes. Monies collected for campus or campus related purposes can be divided into two primary groups:

1. Campus Activity Funds
2. Student Activity/Club funds (Agency Funds)

These funds are more fully defined below:

### Campus Activity Funds

Campus activity funds are those monies which are district-controlled, both collections and disbursements, and are identified to a particular campus to be administered by a principal within

the overall framework of the district. These funds are normally accounted for as part of the District's special revenue funds and are treated as such.

Organizations that generate funds through the normal course of classroom activity are not considered to be student/club activity, but are included in the campus activity structure. This structure is comprised of, but not limited to, the following:

1. Library - books and fines, book fair
2. Book orders
3. School - jackets, pictures, rings, vending

The campus activity is intended solely to benefit that campus. The collecting and expending of monies in the campus activity funds must have as its basic purpose the promotion of the general welfare of the school and the education, development and morale of all the school's students. These monies are to be used to supplement the school's operating budget in providing materials, supplies, equipment, furniture, and other services as deemed appropriate for the normal operation of the campus.

Campus activity funds may not be transferred, donated, pro-rated, or returned to student/club activity accounts without approval by the appropriate Executive Director.

#### **Student/Club Activity (Agency) Funds**

Student/club activity funds (also known as agency funds) consist of revenues that are basically the property of student and teacher groups or clubs, such as the student council, pep squad, class funds, clubs, etc., and are officially sanctioned by district policy. Collection and disbursement of these funds are generally controlled by the student group itself under the supervision of a member of the school's professional staff. Student activity funds are custodial in nature and are not included in the official budget. The District's main involvement is to provide stewardship by accounting for the funds.

An official student organization is one which consists of a student body, elected student officers and a faculty sponsor/advisor. Only exempt District employees may serve as a club sponsor/advisor (i.e. teachers, counselors, and campus coordinators). Its creation should be approved by the principal, under the rules and regulations established by policy (see Board Policy FMCA - School Organizations: School Sponsored Clubs).

Each student/faculty club must file a charter within six weeks of the beginning of each school year, or within six weeks of the formation of the club, if the club is formed subsequent to the beginning of the school year.

Student/club activity funds are comprised of monies raised by, and on behalf of, student organizations established within the guidelines of board policy and extended under the provisions of their club charters. These monies will be used to promote the general welfare, education and morale for all students of the organization and to finance the normal legitimate extra-curricular activities of the student body organizations.

Student accounts may not own assets of any kind whether fixed or controlled.

The faculty/staff club funds are defined as student activity funds. These funds are generated or contributed solely by the school faculty and staff to be utilized and expended with the principal's approval.

All disbursements for hospitality, condolence, lounge facilities, or any other purpose for the sole benefit of the faculty may be expended out of faculty funds. The purchase of gifts of favors from the faculty club fund which might reasonably tend to influence the employee, supervisor, or administrator in the discharge of official duties or influence the employee in the official conduct of duties is prohibited. This does not include items of condolence or small token items (i.e. recognition of birthdays). All faculty club fund transactions shall be conducted through the school structure and in accordance with established policies and procedures.

## **508    Receipting - By Someone Other Than The Financial Clerk**

Preferably, receipting should be performed only by the Financial Clerk. At the high schools, it is a District requirement that the Cash Receipts Clerk receipt all monies from students other than those for food services.

Certain instances may require teachers or other school personnel to collect money for student dues or fundraising activities. Should this occur, there are only two acceptable receipting forms for proper school Activity Fund Accounting.

a.    Form AF-104, “Tabulation of Monies Collected”

Use this form for small, multiple collections on the following:

- Book Orders.
- Library Fines.
- Bus Trips.
- Symphony, Opera.
- Revenue from fundraising activities such as candy sales and benefit performances.
- Other small sales as identified by the Principal’s office.

Form AF-104, when utilized, must be prepared in duplicate. The original Form AF-104 must be written in black or blue ink (or ball point) in its entirety. The collector shall list all names and amounts collected on the form. Only one organization may be included on each AF-104 on any one day.

Be sure to place your activity’s name on the form. The duplicate tabulation of monies form should be attached to the copy of the receipt issued by the school’s financial clerk. The financial clerk will retain the original Form AF-104 with the white copy of the receipt issued.

The AF-104 must be completed by the teacher/sponsor making the collections. This is an official record of collections which is used to support the monies turned in to the Financial Clerk (Cash Receipts Clerk at the High Schools).

b.    Official KISD Alternate Activity Fund Cash Receipt Book. Use this for collections requiring a payer record for future reference such as:

- Club or class dues and fees.
- Transportation fees.
- Collections for yearbooks and other commemorative items with the exception of class pictures.

- Any other collection requiring a payer record for future reference.

An official alternate receipt should be issued immediately by the person receiving the cash to the person turning in the money. The official alternate receipt must be completed in permanent ink (or ball point) in its entirety.

You may get materials for both methods of receipting from the Financial Clerk.

The following points are important:

- Do not use any other receipt books or receipting methods, even if supplied by a fundraising company.
- Form AF-112, Concession Sales Report, may be used instead of official alternate receipts for items sold in a concession environment.
- Form AF-117, Activity Fund Donation Approval Form, must be used to document any monetary donations of \$25.00 or more received by the campus.
- Turn in money to the Financial Clerk (Cash Receipts Clerk at high schools) daily, or weekly when the aggregate amount of **such collections exceeds \$20.00**.
- All collections turned in to the financial clerk must be accompanied by the supporting documents - AF-104's, AF-112's, AF-117's or official alternate activity fund cash receipt book(s).
- All money collected must be submitted to the financial clerk in the same form as collected.
- Employee's personal checks may not be substituted for cash collections.
- Do not hold money for any reason.
- Do not deposit money in a personal account or bank deposit box.
- Do not spend any of the collections. The Financial Clerk makes all payments through the Activity Fund checking account.
- Get a pink and/or yellow receipt from the Financial Clerk when turning over money.
- The teacher/sponsor is responsible for all money collected by her/him. Be sure all money collected is properly accounted for prior to remittance to the Financial Clerk. Failure to comply with Board Policy collection procedures could result in severe disciplinary action.

## 512 Disbursements - General Policies

### Purchases from Activity Funds

The school principal is fully responsible for all purchases and commitments requiring the present or future disbursement of activity fund monies. Teachers and club sponsors must have **prior written authorization (Form CAF-115 or SAF-115)** from the school principal before making any purchase in the name of the school.

School personnel making any purchase in the name of the school without getting prior written authorization from the Principal may be personally responsible for the purchase.

Do not make any purchase unless sufficient funds are available in the proper activity fund account, or will be available at the time payment is due.

### **Trips**

Money raised by clubs, class/student groups to finance trips *related to student activities* for students may be expended with the approval of the Principal. Trips may also be financed from the budgeted funds and must have the approval of the Principal. If such a trip would require students to be absent from school during regular school hours, or use of district transportation, the approval of the principal is required regardless of the funding source.

*The principal and appropriate Executive Director must approve any overnight trips. All trips must be conducted in accordance with Administrative Procedure V-A and Board Policy FMG - Student Travel.*

### **Awards and Prizes**

Monies raised in the school's name may not be used to pay cash awards or to buy cash prizes for individuals. Cash awards or prizes include currency, check, savings bonds, money orders or any other medium which can be readily converted to cash.

Awards such as merit certificates, gift certificates, trophies, plaques or other means of recognition with reasonable value (less than \$50.00) may be purchased from student/club activity funds in recognition of scholastic, attendance or fundraising achievement for students.

Gifts purchased from student /club activity funds given away in bulk (as in graduation events) should be properly documented or acknowledged by the recipients using form AF-108D. The documentation should be kept on file with the SAF-115.

### **Scholarships**

Student/Club activity funds may be used to award scholarships to students on the basis of educational merit. The scholarship award should be paid to the educational institution of the recipient's choice.

A school may encounter an outside organization or individual who wants to donate money for the establishment of a scholarship fund. The principal should refer such interested parties to Financial Services for proper procedures regarding the establishment of a scholarship fund with KISD.

### **Gifts**

Monies raised in the school's name by the student body or student groups may not be used to purchase gifts for school personnel. However, students may contribute personal money towards the purchase of a gift for school personnel. The financial clerk should indicate on the cash receipt when money is contributed for that purpose.

Monies raised in the school's name may not be used by the school or school groups to make cash contributions to charitable or other outside organizations, unless such use of funds is clearly stated in the organization's approved charter and is disclosed when those funds are raised.

### **Cashing of Checks**

*No personal checks shall be cashed from activity funds.*



## 515 Activity Funds Authority To Purchase/Check Request - Supporting Documents

A completed Authority to Purchase/Check Request (CAF-115 or SAF-115) constitutes the authority for issuance of an activity fund check. A CAF-115 is used for purchases from the Campus Activity Funds. An SAF-115 is used for purchases from the Student Activity Funds (student or faculty club funds). Authority to purchase must be obtained *prior* to all purchases. To prepare a check, the Financial Clerk must receive an Authority to Purchase/Check Request (CAF-115 or SAF-115) with the proper supporting documents attached. Supporting documents needed are:

- Vendor's original unadjusted invoice and
- Proof of satisfactory receipt of goods or services.

The vendor's original unadjusted invoice must include the vendor's name, address, a detailed description of items purchased or services rendered, unit value, quantity, total purchase price and date delivered. Other vendor documentation is acceptable if it contains vendor's name, date, description and quantity of goods or services purchased. The Principal must sign the face of the vendor document to show approval. Examples include letters, acknowledgments, and cash receipts for reimbursements.

An authorized signature of a person working at the school (KISD employee only) on a receiving report, invoice, delivery ticket, or other document will constitute evidence of satisfactory receipt of the goods or services.

If the vendor's original invoice is unavailable, a carbon or photocopy will be deemed acceptable only when the principal's approval is evidenced by his/her original signature on the face of the invoice copy.

Examples of unacceptable documents include:

- Periodic statements (except statements that contain the vendor's name, description, and quantity of the items purchased).
- An in-house payment authorization form signed by the Principal with no other support.
- A KISD Purchase Order form signed by the Principal with no other support.
- Delivery tickets or packing slips that show what and when but not how much has been purchased.

Care should be exercised to avoid making payments of sales tax for tax exempt purchases. The amount must be deducted from the invoice before making a payment to a vendor. Also, the sales tax amount must be deducted from the invoice before reimbursing any person. Care should be exercised to make payment of sales tax for nonexempt school purchases made on behalf of the students for their personal use and for which they themselves pay, such as club jackets, sweaters, T-shirts, etc.

## 517 Reimbursements and Refunds

### Reimbursements

Checks may be issued to students or employees to reimburse them for personal funds expended for the purchase of goods for school purposes if the purchase was previously approved in writing by the Principal (on CAF-115 or SAF-115) and proper documentation is submitted to support the expenditure.

The following are important points to remember about reimbursements:

- Keep reimbursements to a minimum as a safeguard against unauthorized purchases by individuals.
- Get proper tax exemption forms from the Financial Clerk when making a purchase for the school. Sales tax will not be reimbursed for nontaxable purchases.
- School personnel may not be reimbursed for paying another individual for services. Only the District can pay the person (or company) performing the service with an activity fund check.

### Refunds

Occasionally it may be necessary to make refunds due to cancellations of field trips, overcharges on books or bus transportation, etc.

*Make refunds only for money contributed directly by the student. No money raised in the school's name may be refunded to students.*

Proper documentation for refund requests includes:

- a. student's copy of cash receipt, or
- b. a copy of the AF-104 which shows money received from student.

Activity Fund checks can be issued directly to student, parents, or for multiple refunds.

For multiple refunds, a single check may be issued to the activity sponsor who will distribute the refunds to each student. Each person due a refund shall sign a list (AF-108D) verifying the amount of refund received and the date. The activity sponsor must return the signed refund list and any undistributed refund to the financial clerk who will issue a cash receipt for any money returned.

## 518 Advance Payments

Occasionally advance payments are requested for expected necessary expenses to be incurred by school-sponsored groups for out-of-town travel. Procedures are as follows:

- The activity sponsor shall make a written request on Form AF-116 for an advance stating the amount needed, reason needed, and dates of trip.
- The request for advance payment should be attached to the original check request when presented for the principal's approval. The request should stipulate that the proposed payment is an advance.
- At the completion of the activity, the sponsor shall transmit to the financial clerk:
  - ✓ All invoices, sales slips, etc., supporting the actual amount of expenses.
  - ✓ Any unused funds.
  - ✓ The financial clerk will issue a cash receipt for the money returned

Remember the following important points regarding advance payment requests:

- The activity sponsor is responsible for all monies advanced.
- Use advance payments only for the purpose approved by the Principal on an AF-116 form.
- Do not use advance money for personal purchases of any kind.
- Do not use advance payments to pay any person for services. Examples include payments to police or security guards, bus drivers, travel agents, game officials or competition judges.
- Get receipts for all advanced money expended.
- Return unused money and receipts to the Financial Clerk at the completion of the activity.
- The settlement of all advances must be completed no later than 10 days after termination of the activity.
- The teacher or club sponsor is responsible for any undocumented money spent in violation of these procedures.

### 519 Payment to KISD Employees for Services

The principal may occasionally agree to compensate teachers or other employees for additional services performed outside regular school hours, in accordance with the District's policies and procedures.

Examples of such supplemental services are:

- Additional clerical assistance.
- Additional custodial services.
- Security monitoring outside of regular school hours.
- Officiating in extra-curricular athletic competition where the District does not provide for and pay such officials.
- Other supplemental services approved by the principal.

**All employee compensation will be made through payroll services. Under no circumstances can a payment to an employee for supplemental services or as a cash gift be made directly to the employee from the campus or student/club activity funds.**

Do **NOT** use activity funds to pay:

- ☹ Substitute teachers, nurses, counselors, etc.
- ☹ Teachers for activities which are part of the KISD instructional day.
- ☹ Stipends to employees for attending extra-curricular activities.
- ☹ Stipends to employees for monitoring textbook activities.
- ☹ Stipends to employees for being a departmental chairperson or sponsor of a school organization.
- ☹ Hiring school personnel on a permanent basis.

The following prescribed procedures are used for paying KISD employees for performing additional services:

1. Complete a Supplement Employment Request form as delineated in the KISD Administrative Procedures Manual, VI-W, Fair Labor Standards Act Guidelines, and VI-Z, Pay Structure: Supplementary Work (page 3, for necessary forms). This form must be approved by the Executive Director for Personnel and Support Services (or authorized designee), prior to performing the additional services.
2. The employee must complete a supplemental time card. The supplemental time card must be signed by the employee and supervisor/principal.
3. The Financial Clerk will submit the supplemental time card to Payroll Services. Payroll will add the amount to the employee's payroll check.

## **520 Payments to Non-Employees for Services**

Payments for services performed by individuals not employed by the Killeen Independent School District may be made directly from the campus or student/club activity fund. The procedures required are as follows:

1. Have the individual complete a Form W-9 (Request for Taxpayer Identification Number and Certification). Then submit the W-9 and a copy of an approved CAF or SAF-115 to the Purchasing Department for the individual or company to become an approved vendor. (Do this prior to services being rendered).
2. Make a request to the financial clerk that payment be made to the individual or company performing the services.
3. The individual or company must provide an invoice which details the services provided and the current address, company name, date, and itemized amount.

## **526 Competitive Bidding Requirements**

### **General**

All purchases must adhere to the procedures set forth by Board Policy.

### **Campus Activities**

All campus activity fund purchases will be handled in the same manner as other district funds, through purchasing services. All purchases made from campus activity funds must either be from vendors on the bid list or be handled through purchasing services.

### **Student/Club Activities**

Student/club activities may purchase from any vendor having a valid W-9 on file (except for vendors being used for student travel must be on the bid list). The vendor must be actively listed in the TEAMS system.

### **Purchases of \$5,000 or More**

Purchases of \$5,000 or more total per category must be forwarded to Purchasing Services for review. If Purchasing Services determines the item does not need to be bid, the campus will be notified to complete the purchase. If it is determined it is in the best interest of the District to bid

the purchase, the Purchasing Services office will develop specifications, bids, advertising and processing to complete the purchase.

### **Exception to the Bid Laws**

Yearbooks do not have to be bid if the intent of the sale is to break even or make a profit. If the school district subsidizes the cost of the yearbook, the purchase must be bid through Purchasing Services. Refer to Purchasing Services to determine if your campus qualifies for this exception.

## **532 Fundraising Activities For The School**

School wide activities are those which involve participation by the student body (as a whole) and the principal and/or other school personnel in the initiation, planning, and sponsoring of fundraisers. Club-sponsored activities are those activities which are initiated, planned, and conducted by the student/club members and/or faculty sponsor.

All money raised becomes school funds when fundraising activities:

- a. are in the name of the school or
- b. involve a student body or school-sponsored group.

The money raised is for the school unless it is a PTO/PSTA/PTA or Booster Club sponsored fundraising activity.

Money raised for the school should be used for the benefit of the school-sponsored student group responsible for raising the money.

Mere participation of student or faculty in connection with a fundraising activity does not automatically make the activity a school-sponsored event.

Fundraising activities are not confined to regular school hours but are considered an extension of the school program.

### **Approvals Required**

Only approved fundraising activities may be scheduled.

All fundraising activities must be formally approved two weeks in advance by the Principal before starting the activity. This shall be accomplished by completing the front side of Form AF-108, Principal's Permission Request and Operating Report for Fundraising Activity. A copy of the form is returned to the teacher after necessary approvals are secured. The fundraising event cannot begin until the teacher is notified that the activity is approved.

Form AF-108 must be completed for each fundraiser.

Students or teachers may not initiate or conduct fundraisers in the name of the school without prior approval.

### **Accounting for Fundraising Activities**

- All collections from the fundraising activity must be receipted into the school's activity fund in accordance with the Activity Funds Procedure Manual.

- All disbursements associated with fundraising activities must be transacted through the activity fund.
- Follow proper procedures regarding sales tax in accordance with the Activity Funds Procedure Manual.
- Page 2 of Form AF-108, Principal's Permission Request and Operating Report for Fundraising Activity, shall be completed at the end of the activity by the sponsor/coordinator and a copy filed with the school designee (usually the financial clerk) while retaining the original.

Form AF-108 must include:

- ✓ Gross collections.
- ✓ List of expenses related to the activity (merchandise, advertising, sales tax, prizes, etc.).
- ✓ Disposition of the net proceeds (net profits).
- ✓ Signature of person requesting activity and preparing report.
- ✓ An ending inventory summary of unsold goods.
- ✓ A list of students' names and amounts of uncollected sales.

If a profit is not realized from a fundraising activity, the sponsor shall attach a written statement of explanation.

#### **Other Records**

The club sponsor or activity chairman is responsible for keeping accurate records for all fundraising activities. Such records shall include at a minimum:

- Distribution lists,
- Daily collection reports,
- Tabulation of sales tax collections,
- Original cash receipts received for money turned in to the financial clerk,
- Control of beginning and ending inventory of items held for re-sale, and
- A list of students still owing for sales.

At the conclusion of the fundraising activity, all records shall be turned in to the principal or financial clerk with the report and retained for audit purposes.

#### **Fundraisers – Senior Class**

Money raised by the senior class should benefit all members of the senior class. If all money raised by the senior class is not spent before graduation, the senior class officers may designate that the remaining money be:

- a. donated to another student activity fund, or
- b. used by the school toward the purchase of a gift for the school in the name of the senior class.

If no designation is made, the remaining funds shall be liquidated in accordance with the Activity Funds Procedure Manual section regarding disposition of dormant funds.

### **Student Safety**

#### Student Safety

The safety of the student should be considered before any fundraising activities are approved. **The Principal should consider student safety before approving any fundraising activities. Students at elementary and middle schools will not participate in any door to door sales.**

All off campus fundraisers involving elementary or middle school students require approval from the Executive Director two weeks prior to the event.

Some off campus fundraisers are pre-approved for high school and middle school students (see below). Fundraisers not on the “High School Only – Approved Fundraisers” list must be submitted to the Executive Director two weeks prior to the event.

### **APPROVED ON-CAMPUS FUNDRAISERS – ALL SCHOOLS**

|                              |                                               |
|------------------------------|-----------------------------------------------|
| Book Fairs                   | School Mugs                                   |
| Class Rings                  | School Pride items (with school name or logo) |
| Club IDs                     | School Store (school supplies/seasonal items) |
| Dances (w/ approved vendors) | T-shirt sales                                 |
| Pencil Machine Sales         | Yearbooks                                     |
| Pictures                     |                                               |

### **MIDDLE SCHOOL – ADDITIONAL APPROVED FUNDRAISERS**

Concession Sales

### **HIGH SCHOOL – ADDITIONAL APPROVED FUNDRAISERS**

|                                                   |                                               |
|---------------------------------------------------|-----------------------------------------------|
| Admission Tickets (to approved school activities) | Magazine sales (6 months + subscriptions)     |
| Approved Charitable Events                        | Pizza Kits                                    |
| Bake sales (at appropriate times)                 | Relay for Life                                |
| Balloon Sales                                     | Recycling (aluminum, cell phones)             |
| Candle sales                                      | School Newspapers                             |
| Candy sales (at appropriate times)                | School Pride items (with school name or logo) |
| Car Wash                                          | School Wide Yard Sales                        |
| Catalog Fundraisers (w/ approved vendors)         | Silent Auctions                               |
| Concession Sales                                  | Walk-A-Thon                                   |
| Cookie Dough                                      |                                               |
| Flower Sales                                      |                                               |

### **DISAPPROVED FUNDRAISERS – FOR ALL CAMPUSES**

- Raffles (the exchange of money for a ticket for a chance to receive something)
- Fundraisers that violate the District Wellness Policy & Smart Snacks guidelines\*

- Fundraisers that may cause bodily injury (bungee jumping, paintball, etc)
- Cash for Trash (Box Tops, Labels for Education) cannot be used as a campus activity fundraiser (should be a club, PTO or PTA). Student Activity club sponsors (teachers) may collect, count and submit box tops outside of the instructional day. Hourly/non-exempt employees (i.e. secretaries and aides) are not allowed to be involved in the processing of a box top fundraiser during or after instructional day. All proceeds collected by the student club shall remain in the student club's account

\*For information on District Wellness Policy & Smart Snacks guidelines, please refer to the School Nutrition Director at x0775.

## 533 Fundraisers – PTA/PSTA/ PTO and Booster Clubs

### Outside Organizations

Many organizations offer valuable assistance to the District in fundraising, voluntary help, and substantial fan support for school activities. Although the intent of these organizations is to assist and support school activities, these organizations are not to be managed by the District. **In addition, any parent organizations or other outside organizations must adhere to various district policies, UIL guidelines, and state and federal regulatory guidelines including the District Advertising Policy in accordance with GKB Local and the Facilities Use Policy in accordance with GKD Local.**

Outside organizations conducting fundraising activities shall manage and assume responsibility for their own finances.

Outside organizations may make donations to the school or an individual student club either for a specific purpose or for expenditures at the discretion of the principal.

The principals, the financial clerks, sponsors, or other staff may **not** be involved with:

- Receiving goods for any outside organization.
- Receipting, depositing, or accounting for activities of any outside organization associated with their campus.
- Serving as a Treasurer or having signature authority on a bank account for an outside organization

A sponsor or other District employee may not commingle in a personal and/or savings account or maintain a bank account and/or savings account and/or safety deposit box for any money which is related to any school project or purpose.

There are two types of independent outside organizations:

Parental -PTA/PSTA/PTO  
Booster Clubs (High School only)

Fundraising activities sponsored by the outside organization are allowable subject to the following:

- The outside organization initiates the activity and assumes responsibility for conducting it.



- If so, the outside organization may involve participation by the students (as a whole) and school personnel either as contributors (consumers) or fundraisers (workers).
- *But*, the Principal, Financial Clerk, or other school staff cannot be involved with:
  - ⊗ receiving goods for an outside organization, or
  - ⊗ receipting, depositing, or accounting for money raised by the outside organization.

An outside organization fundraising activity requires prior approval of the Principal when it involves:

- School personnel during school hours, or
- Use of school property.

Money generated by the outside organization must be deposited to the account of the outside organization, not to the school's activity funds account. Money belonging to outside organizations is NOT to be stored in the school vault at any time. Instead, outside organizations are to provide a secure lockbox, requiring key entry, to store their monies on campus.

Parent-teacher groups should work in full cooperation with the Principal in planning activities or fundraising. Utmost discretion should be used in limiting such fundraising activities to those which are necessary for the school.

Fundraising activities of booster clubs may not:

- Be conducted during normal school hours, or
- Involve students, a student body, or school sponsored groups or its sponsors as contributors or fundraisers during the regular school day.

## 534 Sales Tax

### A. Exempt Organization

1. As a special district authorized by the State of Texas, Killeen ISD is exempt from paying sales taxes on goods and services used for educational purposes.
2. Since the District is exempt from sales taxes when proper purchasing procedures are followed; employees will NOT be reimbursed for sales taxes paid on individual purchases—even if they are for use by the District.
3. The sales tax exemption derives from the special status of the District; therefore, the Killeen ISD tax identification number CANNOT be used by employees, parent groups, patrons, or other organizations to secure exemption from sales taxes under any circumstances.

### B. Purchases by an Exempt Organization

The purchase, lease, or rental of a taxable item is exempt from tax when:

1. The item is directly related to the educational purpose of the school
2. The item remains school property and ownership does not pass to an employee, student or other individual
3. The school or employee pays for the item; and
4. The vendor is provided with a Texas Sales Tax Exemption Certificate or Purchase Order issued by the District

### C. School Purchases

1. Campus Activity purchases are exempt from sales tax. A Texas Sales Tax Exemption Certificate should be provided to vendor at purchase.
2. Student Activity purchases are not exempt from sales tax. However, if the student/faculty club plans to sell items in a fundraiser, the purchase then becomes non-taxable and a Texas Sales Tax Exemption or Texas Sales and Use Tax Resale certificate is to be given to vendor at purchase.

**D. Non Taxable Sales**

The following are not taxable, no matter how many sales occur during the year:

1. Food, soft drinks, and candy
  - a. Sold during the regular school day, including sales from vending machines
  - b. Sold by a person under 18 years of age as part of a fundraiser sponsored by the school or club (Includes concession stands run by students which have been approved as a fund raising project)
2. Fees and admission tickets, including athletic, play, and dance tickets—provided that no part of the proceeds benefit an individual
3. Newspapers sold by subscription or single copy
4. Club Memberships
5. Passbooks/Discount Cards (considered intangible items by the State Comptroller)
6. School sponsored trips:
  - a. Meals purchased by the school for athletic teams, bands, etc., on authorized school trips are exempt from the sales tax if the school contracts for the meals. The SCHOOL must pay for the meals and provide the eating establishment with a Texas Sales Tax Exemption Certificate. Teachers, coaches, sponsors, and others must pay sales taxes on individual purchases even though the school reimburses them for expenses.
  - b. School Districts are exempt from the state's 6% hotel occupancy tax as an "education organization". The Texas Hotel Occupancy Tax Exemption Certificate must be presented when checking into your accommodations. The District will not reimburse staff for state hotel taxes paid. The District, however, will continue to pay or reimburse local hotel taxes. Complete itemized hotel receipts showing room and tax charges per night are required for reimbursement.

**E. Taxable Sales**

1. Items sold to students/individuals for their own use even if connected with the school. This includes items purchased or produced by the school and later sold to students/individuals that become their own personal property. For example: spirit items/athletic programs sold during an athletic event, clothing (including athletic, band and cheerleader uniforms, t-shirts and shoes kept by the student), pencils, pens, paper, kindergarten mats, kindergarten folders, music recorders, student store items and other supplies sold throughout the year.
2. Fees for materials when the end product becomes a possession of the student or staff member
3. Student publications such as yearbooks and football programs
4. School pictures/yearbooks
5. Staff shirts purchased by the staff
6. Any materials used in the classroom if the end product becomes a possession of the student, such as dress material or art supplies.
7. Stationary, note pads, etc. produced in a classroom or vocational class
8. Books sold to students at book fairs (These sales taxes are paid directly to the vendor at time of payment. Vendor submits sales tax)
9. Purchases from student or faculty clubs for hospitality, condolence, etc.

### 535 Sales Tax – Fund-Raising Sales

1. An exempt organization is not required to collect sales taxes on taxable items sold during **qualified one-day fundraisers**. (A sale, such as yearbooks, can qualify as a one-day sale as long as all of the items sold are DELIVERED to the purchasers on one day. If any items are left over or if a new delivery arrives on a separate date, the items may still be sold, but sales taxes would have to be charged on those items.)
2. For a sale to qualify as a **one-day tax-exempt** sale, the merchandise for sale must be transferred by the qualified exempt organization to the purchasers in a 24-hour period. As an example, in order for t-shirts to qualify as a one-day tax exempt sale, all the t-shirts must be delivered by the student club to the purchasers in a 24-hour period. Payment, however, does not have to be collected in this 24-hour period. If t-shirts are left over, they may still be sold, but the sales taxes would then have to be charged on these items.
3. A club does not have to realize a profit for a sale to qualify as a one-day tax exempt sale. The one-day tax-free sale applies to all sales regardless of whether or not the exempt entity realizes a profit or gain from the sale. As an example, if a sponsor plans ahead, uniforms can be delivered to the students (purchasers) in a 24-hour period and qualify as a one-day tax-exempt sale.
4. Each student/faculty activity club, each school, and the District itself are considered separate exempt organizations, and each may hold **two tax-exempt sales per calendar year** (not school year) – provided that the ONE-DAY rule is met.
5. **To qualify as a tax-free sales day, permission for the fundraiser must be acquired by completing and submitting form AF-108. The intent for a tax free day and the date of delivery must be documented on form AF-108 when submitted for principal approval.** A tax –free sales day cannot be designated at any other time. Other fundraisers (taxable) may be held outside of the club’s two sales tax free days.
6. There is a \$5,000.00 limit on the sales price of any one item to be eligible for tax-free treatment if sold during a one-day sale.
7. If a sale item was manufactured by the District or if a sale item is donated to the District and in turn sold, there is no limit on the sale price for the sale to be eligible for the tax-free treatment if the item is sold during a one-day event.

### 536 Sales Taxes – Collection and Remittance

1. The principal is responsible for ensuring that sales taxes are being collected by the clubs and fundraisers. Amounts owed as a result of an audit will be paid from activity funds.
2. Sales tax is to be collected and submitted for all taxable sales unless there is an approved AF-108 on file designating a tax free day.
3. All contracts with outside vendors for the sale or rental of items must specify which party is responsible for the collection and remittance of sales tax.
4. If the school assumes responsibility for the activity and/or sales, the school is responsible for insuring that sales tax is paid. The school will purchase items tax free and must collect the tax when the items are sold.
5. Vendors (Scholastic) that collect sales tax are responsible for submitting the sales tax. Not the campus.
6. The current sales tax rate for Killeen, Harker Heights and Nolanville is 8.25%. Ft Hood has a different rate of 6.75%.
7. The campus has the option of:

- a) Adding the tax to the selling price of the item
- b) Absorbing the tax in the selling price of the item. (preferred)
8. All taxable sales, including tax free sales, collected by the campus shall be remitted by the 5<sup>th</sup> business day of each month to the Treasury department on Form AF-105, Monthly Collections for Monies Due to KISD. (see Accounting department web page)
9. If there are no taxable sales (including no tax free Sales) income for the month, an email to the FIN-Cash Receipts account stating that your campus has no taxes collected for the month will replace sending the AF-105.
10. Form AF-105 Monthly Sales Tax Recap should include the following:
  - a) Club name
  - b) Sales description (t-shirts, yearbooks, etc.)
  - c) Receipt number
  - d) Receipt date
  - e) Gross sales (Taxable & Nontaxable)
  - f) Taxable sales
  - g) Sales tax
11. Gross Sales = the total amount of money the campus received from all sales. (Gross sales = Taxable sales – sales tax)
12. Taxable Sales = the amount of money the campus received from taxable sales only. This amount is included in the gross sales amount. Taxable sales are the amount used to calculate the sales tax owed to the state.
13. The Sales Tax forms for each city from the Accounting department web page will calculate sales tax due; including the discount to remit to Treasury. The forms also allocate the discounted sales tax to each of the clubs.
14. The Treasury department will transmit all sales tax collections from AF-105 to the State.
15. The AF-105 submitted to Treasury or email to the FIN-Cash Receipts account is required to be kept with the bank reconciliation documentation submitted to Accounting each month.

Computation of Sales Tax

When imposing sales tax, the school has the option of:

1. Adding the tax to the selling price of the item. Thus, if the selling price of an item is \$10.00 and the tax rate is 8.25%, the school would collect \$10.83 from the buyer for each item sold. Sales tax collected should be shown separately on all master and alternate cash receipts.
2. Absorbing the tax in the selling price of the item. The absorbing tax rate for Killeen, Harker Heights and Nolanville is .0762, and .0632 for campuses on Fort Hood. Thus, if an item is sold for \$10.00 including tax, the school would retain \$9.24 (taxable sales amount), and remit \$.76 for sales tax. If this method is used, multiply the total collection by the appropriate absorbing tax rate that applies to your school. This product is the amount of state and local taxes due on the total collections.

To illustrate absorbing the tax:

|                             |          |
|-----------------------------|----------|
| Total Sales (Gross)         | \$ 10.00 |
| x <u>Absorbing tax rate</u> | x .0762  |
| = Total Sales Tax Collected | \$ 0.762 |

To compute for taxable sales:

|                                    |                |
|------------------------------------|----------------|
| Total Sales                        | \$ 10.00       |
| <u>- Total Sales Tax Collected</u> | <u>- 0.762</u> |
| = Taxable Sales                    | \$ 9.238       |

To compute for sales tax to be paid:

|                         |                |
|-------------------------|----------------|
| Taxable Sales           | \$ 9.238       |
| <u>x Sales Tax Rate</u> | <u>x .0825</u> |
| = Sales tax to be paid  | \$ .7620       |